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

AT A GLANCE

- 566 employees across the state during peak season.
- Analyzed over 4,500 dairy product samples and 2,000 meat and poultry samples in partnership with the MDA Laboratory Division during FY19/20.
- Conducted over 11,500 inspections—including 3,500 manufactured food, 7,000 retail food, and 1,000 animal feed inspections—to ensure the safety and quality of food and feed manufactured and distributed in Minnesota.
- Certified approximately 437 million pounds of agricultural products as plant pest free for export to 61 countries by 128 Minnesota companies during 2019.
- Assisted Minnesota counties, townships, and cities with the enforcement of noxious weed issues.
- Annual Agricultural Growth, Research, and Innovation (AGRI) state spending of \$13.311 million in FY19 spurred \$75 million in private spending.
- More than 1,341 farms and farmers' markets licensed to use the Minnesota Grown logo.
- Convened listening sessions around the state to hear about barriers for emerging farmers and how to can overcome them.
- In partnership with all Minnesota counties, collected over 600,000 pounds of waste pesticides in 2019. Over 9 million pounds of waste pesticide have been collected since 1990.

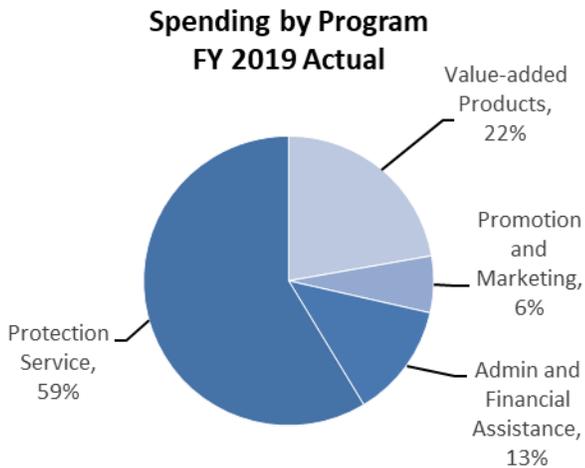
PURPOSE

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.

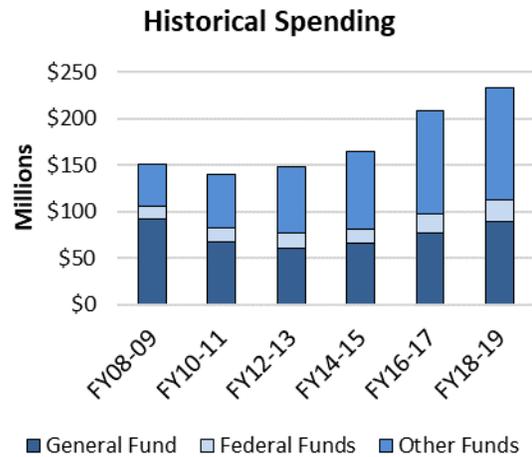
The Minnesota Department of Agriculture (MDA) provides many services to Minnesota farmers, agribusinesses and their consumers to support the agriculture economy. Among MDA's many efforts, it:

- Invests in family farms through education and grants aimed at modernization and profitability; invest in the future of the agricultural economy with grants for research and value-added processing;
- Ensures that state and federal regulations for food safety and public health are followed;
- Educates producers, suppliers, and consumers on proper production and handling of food products;
- Educates Minnesotans about environmental hazards to keep our farms, homes, businesses, and neighborhoods safe;
- Promotes the consumption of Minnesota-grown foods; and
- Promotes the export of Minnesota crops and livestock.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

MDA's budget comes from four primary sources. The most significant funding resource is the state's general fund which makes up over one-third of the agency's budget. A large portion of the general fund budget passes through MDA in AGRI (Agricultural Growth, Research, and Innovation) and other assistance programs. The fee revenues are also a large part of the agency's budget at slightly more than one-third of the budget. These revenues must be spent to support the activities from which they are collected. In FY18/19 and FY20/21 federal funds and legacy funds each accounted for about 10 percent of the MDA's budget.

STRATEGIES

MDA uses a range of regulatory and voluntary strategies to support its mission. This includes the use of registration, labeling, licensing, permitting, inspection, and enforcement efforts. Additionally, MDA coordinates and conducts education and outreach activities such as workshops, conferences, and field demonstration projects.

MDA staff conducts inspections and verifies samples to ensure that producers, processors, wholesalers, haulers, grocery stores, convenience stores, and other industry participants are producing and handling dairy, food, meat, and feed products in a safe manner to protect products from unintended adulteration and contamination.

MDA ensures that Minnesota plant products meet the import requirements of trading partners and grading standards established in contracts, that seeds meet viability and purity standards, that nursery stock meet general health standards, and that products are free from harmful plant pests.

MDA's marketing and promotional initiatives offer farmers, ranchers, and agribusinesses technical and financial assistance in a variety of areas to address current challenges and global issues. Activities include the development, marketing, and promotion of local foods, organics, livestock, and renewable fuels, the support of emerging farmers, as well as the development of domestic and international market opportunities for agricultural products. MDA also fosters research with stakeholders on the use and protection of agricultural land and emerging conservation practices and agricultural systems.

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 FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	41,123	47,789	46,511	44,659	44,129	44,129	46,065	44,774
1251 - COVID-19 Minnesota			1,239	2,963				
2000 - Restrict Misc Special Revenue	1,971	1,347	1,474	1,710	1,594	1,314	1,594	1,314
2001 - Other Misc Special Revenue	5,348	6,024	6,068	6,865	6,740	6,876	6,740	6,876
2018 - Agriculture	38,486	38,457	41,351	41,556	42,113	41,466	45,713	47,317
2050 - Environment & Natural Resources	662	1,069	1,536	477				
2301 - Arts & Cultural Heritage	138	149	358	407	56		56	
2302 - Clean Water	12,343	12,213	12,044	13,271	1,318		11,148	9,830
2403 - Gift		36		26	10	5	10	5
2801 - Remediation	1,508	1,446	1,690	1,972	1,959	1,959	1,959	1,959
3000 - Federal	13,017	10,377	10,144	14,389	13,658	13,459	13,658	13,459
3010 - Coronavirus Relief			74	14,226				
6000 - Miscellaneous Agency	66		61					
Total	114,662	118,907	122,551	142,521	111,577	109,208	126,943	125,534
Biennial Change				31,503		(44,287)		(12,595)
Biennial % Change				13		(17)		(5)
Governor's Change from Base								31,692
Governor's % Change from Base								14

Expenditures by Program

Protection Services	67,123	69,755	72,586	75,876	63,376	61,433	74,356	74,390
Promotion and Marketing	6,891	7,512	6,874	9,099	8,860	8,857	9,164	9,066
Value-added Products	25,895	26,427	26,205	31,970	24,023	24,023	27,788	26,802
Administration and Financial Assistance	14,752	15,212	16,885	25,576	15,318	14,895	15,635	15,276
Total	114,662	118,907	122,551	142,521	111,577	109,208	126,943	125,534

Expenditures by Category

Compensation	43,567	44,871	47,186	50,003	46,827	46,445	50,964	51,659
Operating Expenses	33,878	36,223	36,599	43,791	33,341	31,672	37,837	36,230
Grants, Aids and Subsidies	37,037	37,460	38,577	47,956	31,121	30,771	37,742	35,957
Capital Outlay-Real Property	93	24	7	607	225	267	291	1,589
Other Financial Transaction	86	330	181	164	63	53	109	99

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Total	114,662	118,907	122,551	142,521	111,577	109,208	126,943	125,534

Total Agency Expenditures	114,662	118,907	122,551	142,521	111,577	109,208	126,943	125,534
Internal Billing Expenditures	5,343	4,685	6,149	7,280	6,397	6,320	7,168	7,229
Expenditures Less Internal Billing	109,319	114,222	116,402	135,241	105,180	102,888	119,775	118,305

<u>Full-Time Equivalents</u>	480.57	482.97	486.79	482.18	456.50	449.88	488.57	487.90
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Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	1,267	5,768	6	1,817				
Direct Appropriation	52,703	52,798	55,059	53,808	53,853	53,853	56,789	55,498
Transfers In	901	2,388	3,474	1,580	85	85	85	85
Transfers Out	11,050	12,915	10,210	11,216	9,809	9,809	10,809	10,809
Cancellations		251		1,330				
Balance Forward Out	2,698		1,817					
Expenditures	41,123	47,789	46,511	44,659	44,129	44,129	46,065	44,774
Biennial Change in Expenditures				2,259		(2,912)		(331)
Biennial % Change in Expenditures				3		(3)		(0)
Governor's Change from Base								2,581
Governor's % Change from Base								3
Full-Time Equivalents	159.40	177.49	175.34	164.49	174.06	173.26	149.06	147.76

1251 - COVID-19 Minnesota

Balance Forward In				2,963				
Direct Appropriation			4,202					
Balance Forward Out			2,963					
Expenditures			1,239	2,963				
Biennial Change in Expenditures				4,202		(4,202)		(4,202)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	10,793	9,563	7,860	6,993	5,671	5,310	5,671	5,310
Receipts	2,154	1,698	1,527	961	1,258	1,269	1,258	1,269
Transfers In		150	320	100	100	100	1,100	1,100
Transfers Out	2		200					
Net Loan Activity	(1,411)	(2,205)	(1,042)	(673)	(125)	(100)	(1,125)	(1,100)
Balance Forward Out	9,563	7,860	6,991	5,671	5,310	5,265	5,310	5,265
Expenditures	1,971	1,347	1,474	1,710	1,594	1,314	1,594	1,314
Biennial Change in Expenditures				(134)		(276)		(276)
Biennial % Change in Expenditures				(4)		(9)		(9)

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.01	9.35	10.91	10.38	10.04	7.67	10.04	7.67

2001 - Other Misc Special Revenue

Balance Forward In	8,663	8,651	7,416	7,430	7,734	7,303	7,734	7,303
Receipts	5,458	4,859	6,149	7,249	6,389	6,297	6,389	6,297
Internal Billing Receipts	5,335	4,685	6,149	7,249	6,389	6,297	6,389	6,297
Transfers Out	139	78	66	80	80	80	80	80
Balance Forward Out	8,633	7,407	7,431	7,734	7,303	6,644	7,303	6,644
Expenditures	5,348	6,024	6,068	6,865	6,740	6,876	6,740	6,876
Biennial Change in Expenditures				1,561		683		683
Biennial % Change in Expenditures				14		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.48	30.55	30.97	36.76	36.76	36.76	36.76	36.76

2018 - Agriculture

Balance Forward In	22,788	25,575	27,909	24,580	20,786	16,614	20,786	16,614
Receipts	30,550	29,596	28,535	28,376	28,455	28,584	32,055	34,435
Transfers In	12,062	12,001	11,939	11,717	11,877	11,877	11,877	13,803
Transfers Out	2,276	2,215	2,453	2,331	2,391	2,391	2,391	4,317
Balance Forward Out	24,638	26,501	24,579	20,786	16,614	13,218	16,614	13,218
Expenditures	38,486	38,457	41,351	41,556	42,113	41,466	45,713	47,317
Biennial Change in Expenditures				5,964		672		10,123
Biennial % Change in Expenditures				8		1		12
Governor's Change from Base								9,451
Governor's % Change from Base								11
Full-Time Equivalents	186.33	173.30	178.40	180.06	175.87	172.64	204.87	208.09

2050 - Environment & Natural Resources

Balance Forward In	400	1,049	1,017	477				
Direct Appropriation	1,025	681	1,000					

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Transfers In	173							
Cancellations	3		5					
Balance Forward Out	933	662	476					
Expenditures	662	1,069	1,536	477				
Biennial Change in Expenditures				282		(2,013)		(2,013)
Biennial % Change in Expenditures				16		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.94	4.55	4.44	1.15				

2301 - Arts & Cultural Heritage

Balance Forward In		16	21	63	56		56	
Direct Appropriation	150	150	400	400	0	0	0	0
Transfers In					56		56	
Transfers Out					56		56	
Balance Forward Out	12	16	63	56				
Expenditures	138	149	358	407	56		56	
Biennial Change in Expenditures				477		(709)		(709)
Biennial % Change in Expenditures				166		(93)		(93)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	5,570	4,610	5,087	3,891	1,318		1,318	
Direct Appropriation	8,283	9,283	11,010	10,710	0	0	9,830	9,830
Transfers In				1,318	1,318		1,318	
Transfers Out		60		1,318	1,318		1,318	
Cancellations			161	12				
Balance Forward Out	1,511	1,620	3,892	1,318				
Expenditures	12,343	12,213	12,044	13,271	1,318		11,148	9,830
Biennial Change in Expenditures				760		(23,997)		(4,337)
Biennial % Change in Expenditures				3		(95)		(17)
Governor's Change from Base								19,660

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's % Change from Base								
Full-Time Equivalents	32.31	30.84	29.16	28.69			28.07	28.07

2403 - Gift

Balance Forward In	80	81	46	48	23	14	23	14
Receipts	1	2	1	1	1	1	1	1
Balance Forward Out	81	46	47	23	14	10	14	10
Expenditures		36		26	10	5	10	5
Biennial Change in Expenditures				(10)		(11)		(11)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Balance Forward In		12		13				
Direct Appropriation	393	398	399	399	399	399	399	399
Open Appropriation	1,126	1,059	1,304	1,560	1,560	1,560	1,560	1,560
Cancellations		23						
Balance Forward Out	11		13					
Expenditures	1,508	1,446	1,690	1,972	1,959	1,959	1,959	1,959
Biennial Change in Expenditures				709		256		256
Biennial % Change in Expenditures				24		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.57	2.45	2.80	2.80	2.80	2.80	2.80	2.80

3000 - Federal

Balance Forward In	4		2	4				
Receipts	13,014	10,377	10,147	14,385	13,658	13,459	13,658	13,459
Transfers Out	2							
Balance Forward Out			4					
Expenditures	13,017	10,377	10,144	14,389	13,658	13,459	13,658	13,459
Biennial Change in Expenditures				1,139		2,584		2,584

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Biennial % Change in Expenditures				5		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	54.22	54.43	54.77	57.75	56.97	56.75	56.97	56.75

3010 - Coronavirus Relief

Balance Forward In				6,526				
Direct Appropriation			6,600	7,700	0	0	0	0
Balance Forward Out			6,526					
Expenditures			74	14,226				
Biennial Change in Expenditures				14,300		(14,300)		(14,300)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				0.10				

6000 - Miscellaneous Agency

Balance Forward In	284	233	227	2				
Receipts	(32)	(1)	(164)	(2)				
Transfers In	50							
Transfers Out	6	6						
Balance Forward Out	230	227	2					
Expenditures	66		61					
Biennial Change in Expenditures				(5)		(61)		(61)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.31	0.01						

8200 - Clean Water Revolving

Balance Forward In	25,163	18,473	8,213	11,039	7,039	5,839	7,039	5,839
Transfers In		1,000	5,500					
Net Loan Activity	(6,690)	(11,260)	(2,674)	(4,000)	(1,200)	(2,400)	(1,200)	(2,400)

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Balance Forward Out	18,473	8,213	11,039	7,039	5,839	3,439	5,839	3,439

8250 - Rural Finance Administration

Balance Forward In	4,682	4,895	4,917	3,790	3,178	2,620	3,178	2,620
Receipts	77	122	85	130	129	129	129	129
Transfers In				900				
Transfers Out				900				
Net Loan Activity	136	(100)	(1,212)	(742)	(687)	(450)	(687)	(450)
Balance Forward Out	4,895	4,917	3,790	3,178	2,620	2,299	2,620	2,299

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	53,808	53,808	53,808	107,616
Base Adjustments				
All Other One-Time Appropriations		(282)	(282)	(564)
Current Law Base Change		2	2	4
Transfer Between Agencies		325	325	650
Approved Transfer Between Appropriation		0	0	0
Forecast Base	53,808	53,853	53,853	107,706
Change Items				
Biofuels Infrastructure		2,000	2,000	4,000
Bioincentive Program		750	750	1,500
Expand Farm Advocate Program		20	20	40
Farm and Agriculture Mental Health Outreach		50	50	100
Farm Transitions		100	50	150
Hemp Program		50		50
International Trade		100		100
Lab Equipment Fund		66	66	132
Livestock Processing		1,000		1,000
Meat Inspection Program		110	110	220
Agricultural Best Management Practices Loan Program		1,000	1,000	2,000
Noxious Weed Prevention Program		225	225	450
Dedicate Food License Fees		(3,600)	(3,600)	(7,200)
Climate Smart Farms Project		500		500
Operating Adjustment		565	974	1,539
Total Governor's Recommendations	53,808	56,789	55,498	112,287
Fund: 2301 - Arts & Cultural Heritage				
FY2021 Appropriations	400	400	400	800
Base Adjustments				
One-Time Legacy Fund Appropriations		(400)	(400)	(800)
Forecast Base	400	0	0	0
Total Governor's Recommendations	400	0	0	0
Fund: 2302 - Clean Water				
FY2021 Appropriations	10,710	10,710	10,710	21,420
Base Adjustments				
One-Time Legacy Fund Appropriations		(10,710)	(10,710)	(21,420)
Forecast Base	10,710	0	0	0
Change Items				

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Clean Water Legacy - MN Agricultural Water Quality Certification Program		3,000	3,000	6,000
Clean Water Legacy - Research Inventory Database		40	40	80
Clean Water Legacy - Forever Green Agricultural Initiative		1,936	1,936	3,872
Clean Water Legacy - Monitoring for Pesticides in Surface Water and Groundwater		350	350	700
Clean Water Legacy - Pesticide Testing of Private Wells		339	339	678
Clean Water Legacy - Nitrate in Groundwater		2,503	2,503	5,006
Clean Water Legacy - Irrigation Water Quality Protections		135	135	270
Clean Water Legacy - Technical Assistance		1,452	1,452	2,904
Clean Water Legacy - AgBMP Loan Program		75	75	150
Total Governor's Recommendations	10,710	9,830	9,830	19,660
Fund: 2801 - Remediation				
FY2021 Appropriations	399	399	399	798
Forecast Base	399	399	399	798
Total Governor's Recommendations	399	399	399	798
Fund: 3010 - Coronavirus Relief				
FY2021 Appropriations	7,700	7,700	7,700	15,400
Base Adjustments				
All Other One-Time Appropriations		(7,700)	(7,700)	(15,400)
Forecast Base	7,700	0	0	0
Total Governor's Recommendations	7,700	0	0	0
Open				
Fund: 2801 - Remediation				
FY2021 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	1,710	1,594	1,314	2,908
Forecast Base	1,710	1,594	1,314	2,908
Total Governor's Recommendations	1,710	1,594	1,314	2,908
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	6,865	6,740	6,876	13,616
Forecast Base	6,865	6,740	6,876	13,616
Total Governor's Recommendations	6,865	6,740	6,876	13,616

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Fund: 2018 - Agriculture				
Planned Spending	41,556	42,113	41,466	83,579
Forecast Base	41,556	42,113	41,466	83,579
Change Items				
Dedicate Food License Fees		3,600	3,600	7,200
Pesticide Fee Increase to Fund Laboratory			2,251	2,251
Total Governor's Recommendations	41,556	45,713	47,317	93,030
Fund: 2403 - Gift				
Planned Spending	26	10	5	15
Forecast Base	26	10	5	15
Total Governor's Recommendations	26	10	5	15
Fund: 3000 - Federal				
Planned Spending	14,389	13,658	13,459	27,117
Forecast Base	14,389	13,658	13,459	27,117
Total Governor's Recommendations	14,389	13,658	13,459	27,117
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	961	1,258	1,269	2,527
Total Governor's Recommendations	961	1,258	1,269	2,527
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	7,249	6,389	6,297	12,686
Total Governor's Recommendations	7,249	6,389	6,297	12,686
Fund: 2018 - Agriculture				
Forecast Revenues	28,376	28,455	28,584	57,039
Change Items				
Dedicate Food License Fees		3,600	3,600	7,200
Pesticide Fee Increase to Fund Laboratory			2,251	2,251
Total Governor's Recommendations	28,376	32,055	34,435	66,490
Fund: 2403 - Gift				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Fund: 3000 - Federal				
Forecast Revenues	14,385	13,658	13,459	27,117
Total Governor's Recommendations	14,385	13,658	13,459	27,117
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	(2)			
Total Governor's Recommendations	(2)			
Fund: 8250 - Rural Finance Administration				
Forecast Revenues	130	129	129	258
Total Governor's Recommendations	130	129	129	258
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	3,947	3,909	3,955	7,864
Change Items				
Dedicate Food License Fees		(3,600)	(3,600)	(7,200)
Total Governor's Recommendations	3,947	309	355	664
Fund: 2801 - Remediation				
Forecast Revenues	125	125	125	250
Total Governor's Recommendations	125	125	125	250

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Biofuels Infrastructure

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	2,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	1	1	1	1

Request:

The Governor recommends an ongoing general fund appropriation of \$2 million beginning in FY2022 to establish a biofuels infrastructure grant program. The appropriations encumbered under contract for grants on or before June 30, 2023, are available until June 30, 2027. At least \$3.8 million would be for grants and up to \$200,000 each biennium would support MDA's administration of the grant program.

Rationale/Background:

Making higher blends of biofuels—including E15—the "new regular" in Minnesota (currently all gasoline sold in Minnesota is required to be E10 or greater) is a major priority for the Governor's Council on Biofuels (established by Executive Order 19-35). But, according to the Minnesota Pollution Control Agency (MPCA), only 15% of service-station sites were estimated to be compatible with E15, leaving 85% of sites needing replacement of underground storage tanks (USTs), piping, dispensers, and other miscellaneous equipment.

The Governor's Council on Biofuels recommended a funding package for biofuels infrastructure to provide a stable and reliable source of financial assistance, particularly for independent retailers and small chains.

Proposal:

This proposal provides \$2 million annually to make available grant funding to help service stations, particularly independent retailers and small chains, upgrade or replace fuel-dispensing infrastructure in order to safely store and deliver higher blends of biofuels. It also provides funding for one FTE to administer the program.

Impact on Children and Families

This proposal will indirectly benefit children and families because biofuels have lower emissions of carbon and air pollutants (including aromatic hydrocarbons and particulates) than petroleum-based fuels.

Equity and Inclusion:

This proposal will indirectly benefit people of color and Native Americans because these groups are disproportionately affected by pollution, and because biofuels have lower emissions of carbon and air pollutants (including aromatic hydrocarbons and particulates) than petroleum-based fuels.

IT Related Proposals:

This is not an IT proposal.

Results:

This will be a new program. For quantity measures, we will track the number of grants and grant amounts, which will be collected in our financial accounting system. For measures of quality, we will survey grantees regarding ease, timeliness, and responsiveness of the process and program. For results, we hope to collect data on E15 and other higher blend biofuels sales, since bringing higher volumes of E15 and higher blend biofuels to market is the objective of the biofuels infrastructure financial assistance program. Higher volumes of these biofuels are intended to reduce greenhouse gases as well.

Results will be shared on the MDA website, reports to the legislature, and periodic media releases.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Bioincentive Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	750	750	750	750
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	750	750
FTEs	0	0	0	0

Recommendation:

The Governor recommends an ongoing annual general fund appropriation of \$750,000 beginning in FY22 within Agricultural Growth, Research, and Innovation (AGRI) to support the Bioincentive Program. This proposal represents a 5% increase to AGRI's FY22-23 base appropriation of \$14.693 million per year.

Rationale/Background:

The purpose of the Bioincentive Program is to spur private investment in production of advanced biofuels, renewable chemicals, and biomass thermal energy. Claims for Bioincentive payments greatly exceed available funds. In FY20, claims were over \$5 million, exceeding the \$2.5 million appropriation by over \$2.5 million. Additional claimants are expected in FY21, resulting in an even greater shortfall than in FY20. The appropriation was increased to \$3 million for FY22 and FY23 but a substantial shortfall is still expected. The proposed increase of \$750,000 per year (to total \$3.75 million per year) will reduce, but not eliminate, the shortfall. Fully funding the Bioincentive Program is one of the recommendations of the Governor's Council on Biofuels. Representatives of bioproduct industries have also advocated for fully funding the Bioincentive Program in previous legislative sessions.

Proposal:

This proposal is a change to the Bioincentive Program which was established by the Legislature during the 2015 session to encourage commercial-scale production of advanced biofuels, renewable chemicals, and biomass thermal energy through production incentive payments (Minnesota Statutes, sections 41A.16-41A.19).

Incentive payments are available for three types of production: advanced biofuels, renewable chemicals, and biomass thermal energy. Payment rates are established by statute. Also established by statute are criteria for minimum production levels, and standards for the sourcing of the biomass feedstock. A minimum of 80% of the biomass must be obtained ("sourced") from Minnesota, and there are standards for harvest of forestry and agricultural cellulosic (i.e., fibrous material, such as wood or plant stalks) biomass intended to protect natural resources and the environment.

Funding for the Bioincentive Program is from the AGRI program appropriation. Funds appropriated from AGRI for the Bioincentive Program are shown below in Table 1

Table 1 Bioincentive Program appropriations

Biennium	Year 1	Year 2
2016-2017	\$500,000	\$1,500,000
2018-2019	\$1,500,000	\$1,500,000
2020-2021	\$2,500,000	\$2,500,000
2022-2023	\$3,000,000	\$3,000,000

The \$3,000,000 shown per year for FY2022-23 is an increase in the base amount for the Bioincentive Program allocation contained in the FY2020-21 appropriation language.

There have now been claims in five fiscal years of the Bioincentive Program. Details of reimbursements made to date are summarized in Table 2 by fiscal year and production type.

Table 2. Program reimbursement by production type for FY2017-FY2020 and through quarter 1 of FY2021

FY	Production Type	Amount Claim (unit)	Units	Amount Claimed (\$)	Amount Paid (\$)	Amount Not Paid (\$)
FY17	Advanced Biofuel	0	MMBtu	\$0	\$0	\$0
	Renewable Chemical	986,636	Pounds	\$29,599	\$29,599	\$0
	Biomass Thermal	0	MMBtu	\$0	\$0	\$0
Total		986,636		\$29,599	\$29,599	\$0
FY18	Advanced Biofuel	0	MMBtu	\$0	\$0	\$0
	Renewable Chemical	3,234,517	Pounds	\$97,036	\$97,036	\$0
	Biomass Thermal	3,589	MMBtu	\$17,945	\$17,945	\$0
Total				\$114,981	\$114,981	\$0
FY19	Advanced Biofuel	0	MMBtu	\$0	\$0	\$0
	Renewable Chemical	23,150,019	Pounds	\$1,291,385	\$1,264,495	\$26,890
	Biomass Thermal	47,100	MMBtu	\$235,505	\$235,505	\$0
Total				\$1,526,890	\$1,500,000	\$26,890
FY20	Advanced Biofuel	129,519	MMBtu	\$1,254,058	\$435,706	\$818,352
	Renewable Chemical	20,653,952	Pounds	\$3,417,802	\$1,739,672	\$1,678,130
	Biomass Thermal	65,815	MMBtu	\$397,304	\$324,623	\$72,682
Total				\$5,069,164	\$2,500,000	\$2,569,164
FY21 (Qtr 1)	Advanced Biofuel	208,944	MMBtu	\$439,889	\$439,889	\$0
	Renewable Chemical	10,554,349	Pounds	\$633,261	\$633,261	\$0
	Biomass Thermal	54,094.7	MMBtu	\$270,474	\$270,474	\$0
Total (Qtr 1)				\$1,343,623	\$1,343,623	\$0
Grand Total				\$8,084,256	\$5,488,203	\$2,596,053

FY19 was the first year that claims were higher than funding. Total claims exceeded the \$1.5 million in the program by \$26,890. For FY19 the last applicant to enter the program was not reimbursed their full claim. Claims exceeded the \$2.5 million in funding for FY20 as well. Total claims for FY20 amounted to \$5,069,164, exceeding the total funding available in the program by \$2,569,164.

For the first quarter of FY21 \$1,343,623 in claims were reimbursed. In FY21, should the funding be depleted, the remaining funds will be distributed on a pro-rata basis in accordance with the new statutory language in the Bioincentive Statutes

Impact on Children and Families:

This proposal will indirectly benefit children and families because, in general, bio-based fuels, chemicals, and thermal energy from biomass have lower emissions of carbon and air pollutants than petroleum-based fuels, chemicals, and energy.

Equity and Inclusion:

This proposal will indirectly benefit people of color and Native Americans because these groups are disproportionately affected by pollution and, in general, bio-based fuels, chemicals, and thermal energy from biomass have lower emissions of carbon and air pollutants than petroleum-based fuels, chemicals, and energy.

IT Related Proposals:

This is not an IT proposal.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous (First quarter of FY20)</i>	<i>Current (First quarter of FY21)</i>	<i>Dates</i>
Quantity	Advanced biofuel production in MMBtu	272,975	439,889	Oct 31, 2020 and Oct. 31, 2021
Quantity	Renewable chemical production in pounds	1,239,235	633,261	Oct 31, 2020 and Oct. 31, 2021
Quantity	Biomass thermal energy production in MMBTU	314,237	220,474	Oct 31, 2020 and Oct. 31, 2021

In their quarterly claims for production incentive payments, producers are required to submit data on volume of production. Units of volume are millions of British thermal units (MMBtu) in the case of advanced biofuels and biomass thermal energy production, and pounds in the case of renewable chemical production.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Expand Farm Advocate Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	20	20	20	20
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	20	20	20	20
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund increase of \$20,000 in each year to the Minnesota Department of Agriculture's (MDA's) Farm Advocate Program. The funds will be used to pay Farm Advocates contracting with the Department of Agriculture. There are not any changes to the program itself being proposed.

This program's current general fund base is \$267,000 per fiscal year. This recommendation represents a 7.5% increase to the program and will address the need for service delivery to the southeastern area of the state.

Rationale/Background:

The farm advocate program at MDA has been providing assistance to Minnesota farmers for over 20 years. As of December 2020, the department maintains contracts with 10 Farm Advocates across the state who are not state employees. In a typical year the Farm Advocates will assist over 200 farmers and subsequently their families.

The program's purpose is to assist Minnesota farmers with resolving financial problems by informing them of their rights and options as borrowers, helping with lender negotiations/mediations, identifying problems and potential need for legal assistance, and offering referrals to other helping agencies. Due to the current financial obstacles of agriculture in the State, additional resources are needed to assist Minnesota farmers through these tough times.

Proposal:

This proposal increases the existing Farm Advocate general fund appropriation by \$20,000 which would allow the program to contract for an additional farm advocate to provide various forms of assistance to Minnesota farmers.

Impact on Children and Families:

The Farm Advocates assist children in that by assisting their parent farmers, their children are more likely to have a healthier and economically stable lifestyle. The Advocate's ability to assist these families often at some of the toughest times during their life is invaluable.

Equity and Inclusion:

The Farm Advocates do not target any specific groups. They will assist any farmer that calls them for assistance.

IT Related Proposals:

This proposal does not include an IT component.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Add one additional Farm Advocate	10	10	FY22-25
Quality	Quality is a highly subjective measure in regard to this program as complex services are provided, and an Advocate is only in an advisory position			
Results	Farmers Served	About 250	About 275	FY22-25

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Farm and Agriculture Mental Health Outreach

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	50	50	50	50
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	50	50	50
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund increase of \$50,000 per year to create and promote programs, services, and outreach efforts that reduce stress and support and promote better mental health for farmers, farm families and others who work in and with Minnesota’s agricultural sector. Efforts will target both farmers and public/private sector agricultural professionals.

This proposal represents a 0.2% increase to the Ag Marketing & Development Division’s overall FY21 general fund budget of \$27.65 million. The division will administer the increase with existing staff resources.

Rationale/Background:

Farmers and other rural residents continue to experience high levels of stress, linked to farm production challenges, financial distress, changes in the social fabric of rural living, COVID-19, and other factors beyond their control. Market access and prices for agricultural commodities have fluctuated wildly, and corn, soybean and milk prices were at or below the cost of production for successive years, sapping the net worth of farming operations. Minnesota Farm Advocates believe the number of farm bankruptcies and foreclosures will continue to rise. Stresses like these take their toll; there are indications that suicide, divorce, and substance abuse rates are all climbing in this population.

The MDA convened agriculture partners in 2017 to identify share concerns about the impacts of chronic stress on farm families. We continue to expand these partnerships with both private and public sector entities and to foster additional collaborative efforts. In addition, MDA staff have worked with peers at MDH and DHS to inform one another’s efforts and pursue several joint projects.

MDA farm stress and mental health programming in FY20 and FY21, supported by legislative appropriation and federal awards, included: a radio and podcast program to reduce the stigma of stress and mental health challenges for farmers (61,000); professional development workshops on navigating conflict in agriculture (700), preventing suicide in agricultural communities (600), and supporting farm youth in stress (500); and cultural competency training for human service, mental health, and other professionals who are interested in serving farmers and farm family members more effectively (300). (Numbers in parentheses indicate attendees or impressions.)

Proposal:

This initiative continues our current level of effort, which was funded with a one-time appropriation of \$50,000/annum for the FY20-21 biennium. The initiative will,

- Continue to provide a professional 24-hour confidential hotline, text, and e-mail service that connects farmers and other rural residents in distress with a trained counselor or other appropriate resources. \$22,000
- Respond to both emerging and ongoing needs identified by farmers, agricultural and rural professionals by creating or contracting training and other learning opportunities for this sector. \$16,000
- Coordinate public information and outreach activities and engage farm groups and other agriculture organizations to reduce the stigma of stress, anxiety, and other mental health challenges. \$12,000

The proposal compliments work going on in at least two other State agencies: MDH's efforts to understand and reduce farm-related suicides and DHS's work to promote well-being for rural individuals and communities.

Impact on Children and Families:

A struggling farm economy and other concurrent production, social, cultural challenges, including COVID-19, have been difficult and even destructive for farm families. These adverse situations they don't just affect the well-being of farm and ranch owners – they impact family members as well. Children and adolescents in farm families may be living in tense situations, feeling isolated, and with little ability to make sense of what is going on around them. In FY20/21 the MDA offered professional development workshops to help agriculture, education, and other rural professionals understand, identify, and respond to the needs of farm youth in stress. We will continue to assess and respond to the needs of farm youth and families in stress and to advocate for their needs on the Children's Cabinet Mental Health and Wellbeing Action Team.

Equity and Inclusion:

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

This effort continues and enhances existing activities. Many partners are involved and interested in working collaboratively, diffusion and sustainability are built into the project. Thus, the MDA does not bear the entire burden of outreach and delivery.

IT Related Proposals:

This is not an IT-related proposal

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous (FY21)</i>	<i>Projected (FY22)</i>	<i>Dates</i>
Quantity	# citizens served by MN Farm & Rural Helpline	104	125	FY21 - FY22
Quantity	# of ag and rural professionals trained in response to emerging and ongoing needs	>500	>750	FY21 - FY22
Quality	Training evaluation data	>80% would recommend training to colleague/coworker	>80% would recommend training to colleague/coworker	FY21 - FY22

To protect their privacy and encourage use of the service, we collect limited data about individuals who contact the Minnesota Farm & Rural Helpline. However, we can quantify the volume of contacts and the reasons people contact this service. We request participant evaluation feedback after every workshop and seminar we deliver. We are committed to sharing results with programming partners, the Governor’s office, and legislators.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Farm Transitions

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	100	50	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	100	50	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund appropriation of \$100,000 in the first year of the biennium and \$50,000 in the second to be used for program and service efforts that support and promote getting the next generation of farmers on the land. For the FY22-23 biennium this is a 0.3% increase to the Ag Marketing & Development Division's (AMDD) overall general fund budget compared to the FY20-21 biennium. AMDD will administer the increase with existing staff resources.

Rationale/Background:

According to the 2017 Agricultural census, the average Minnesota farmer is 56.5 years old. This same census has less than 1.5% of Minnesota's population being principal farm owners with average farm size at roughly 320 acres and rising. The coming years will see millions of farmland acres change ownership as these farmers retire, presenting a significant opportunity for the state to encourage young, beginning and emerging farmers to join the agricultural economy through farmland ownership and lease agreements. Farm owners selling land to neighbors already farming does not need to be the only viable option.

Urban agriculture is also emerging as a viable agricultural enterprise with significant interest. FarmLink can assist in filling the void of communication between non-farming landowners in urban areas and beginning/emerging farmers seeking land to farm and sell product locally.

Many young people are increasingly interested in agricultural careers and often have little or no background in the field. A plethora of existing farm owners are always seeking assistance on farms via part or full-time employment. Encouraging connections between these interests can also present a significant opportunity for the state to encourage young, beginning and emerging farmers to join the agricultural economy, increase career interest, build equity and open opportunities for a new generation of farmers.

This initiative includes a one-time investment in upgrading FarmLink (MDA's online platform that connects farmers looking for land with farmers looking to transition their land, lists land opportunities for sale/rent and lists livestock farms available for sale or rent). The FarmLink web application is outdated and all information uploaded must be manually entered by staff. Improvements to FarmLink will allow it to be a self-serve program (users will be allowed to create, manipulate and amend their own data) and will also expand its resources to include areas where the public can upload resume type information for those seeking jobs and mentorships and allow existing farmers to advertise job and mentorship availability. It also provides one-time funding for a pilot project creating Farmland Access Teams that would provide technical assistance to potential beginning farmers. These teams would be modeled after the successful Dairy Profitability Teams.

Proposal:

This initiative expands our current level of effort as follows:

- Upgrade the Minnesota FarmLink web application by making it a self-service portal where existing farmers will be able to enter their own profiles (and go back in to amend or remove) regarding transition, employment and mentorship opportunities. Likewise, beginning and emerging farmers will also be able to enter their own profiles (and go back in to amend or remove) with the intent of transitioning, seeking employment or seeking mentorships. The program will also allow the public to create profiles (and go back in to amend or remove) for land parcels and farms that are for sale and rent.
- Fund the pilot Farmland Access Teams, which will be designed similarly to the Minnesota Dairy Profitability Teams (DPT) which are funded by the MDA and implemented by the Minnesota Dairy Initiative (MDI). The program is available to those who are open to change and have a sincere desire to stay in the dairy business. It is available to all dairy producers, regardless of size or production, and is flexible and custom fit to the needs of each dairy business. MDI's mission is to help existing and potential producers succeed through team-based on-farm education resources that can include professionals in the areas of law, accounting, estate planning, nutrition, extension, etc., and networking. The Farmland Access Teams will be similar. A Coordinator will work with existing farmers and emerging/beginning farmers on transitioning and the like. This could include, but is not limited to acting as a mediator, designing contracts, finances, tax preparation, estate planning and housing.

A Farmland Access Coordinator will be filled through a competitive grant process like the Dairy Profitability Teams. This grant will include reimbursement for time and travel. \$50,000 will be available each year of the FY22-23 biennium for two Farmland Access Coordinators to work across the state.

\$50,000 in the first year of the biennium will replace the existing FarmLink web application that has reached the end of its useful life. Currently, all data and changes or deletion after entry are done by one MDA staff person, with correspondence between interested parties relying on that single MDA staff person. Much of the existing program cannot be updated because of the age and low function ability. An upgrade will include a self-service approach where existing farmers and beginning and emerging farmers create accounts and fill in and submit data specific to their needs. They will be able to return and amend as needed and communicate with other participants through blind emails like Craigslist. Much of the modeling for the new program is like the Cropland Grazing Exchange created by MNIT. These improvements will increase function, increase accessibility (currently all information forms must be submitted hard copy to MDA staff for processing), give participants more control and improve the quality of the experience.

Adding the FarmLand Access Coordinators will also increase the overall function of FarmLink by having the follow-through necessary for successful transitions. Introductions between two parties that desire to work together to transition is just the beginning of a long journey. Having the expertise of a Farmland Access Team will allow for a quality experience and enhance positive outcomes.

Impact on Children and Families:

The FarmLink program is all about securing the next generation of farmers in Minnesota. This often is individuals but impacts many families. Nearly half of the information forms collected by beginning and emerging farmers include in their narrative the desire to get their children on the land to work with them, learn the trade and learn the positive characteristics farming youth possess. Finally, it will plant the seed and instill a passion that will make them the next generation of farmers.

Equity and Inclusion:

FarmLink is open to all types of individuals and types of farms. Historically, the program has had existing fruit and vegetable farmers seeking to transition to a non-related beginning farmer as well as organic and conventional farms. Size of farms ranges from 5 acres to thousands of acres. Some parcels of land in FarmLink support urban agriculture while others are rural. Beginning and emerging farmers in the program vary significantly. Participation has come from those with little to no experience in agriculture, those with vast experience and education in

agriculture and immigrant farmers. Access to all types of individuals and all types of agriculture are vital to the success of the program.

IT Related Proposals:

Based on initial meetings with MNIT staff, we believe the new Minnesota FarmLink web application can be created in-house by existing MNIT staff.

<i>Category</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>
Payroll	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
Software	50	0	0	0	0	0
Training	0	0	0	0	0	0
Enterprise Services	0	0	0	0	0	0
Professional/Technical Contracts	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	50	0	0	0	0	0
MNIT FTEs	0	0	0	0	0	0

Results:

Within the current FarmLink web application, performance is measured by number of participants and the number of connections that are made between existing farmers and beginning/emerging farmers. As of January 20, 2021, FarmLink has sixteen existing farmers and eighty beginning/emerging farmers participating. These numbers routinely shift throughout the year and have been up to twenty-five existing farms and over 130 beginning/emerging farmer participants. In addition, over 300 properties that are for sale or rent are listed each year. With the average age of the Minnesota farmers being over 56, many farms will transfer ownership in the next decade. It will be either be sold to the highest bidder or the farm could be the opening for a beginning/emerging farmer to step in and be the next generation. Farm transitions between non-family members take significant time. A farm owner can visit with a multitude of prospects before finding an individual of family to consider and even if a working agreement is made, it can be five to ten years before a transition begins.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of beginning/emerging farmer participating	n/a	135	FY21
	Number of existing farms participating	n/a	23	FY21
	Number of listing for sale or rent	n/a	324	FY21
Quality	Number of information exchanges	n/a	313	FY21

The updated web application will be able to track participants and communication between them.

The creation of the Farmland Succession/Access Teams pilot program provides the direct service to individuals as they work through farm transition. The goal is for the teams to directly assist eight farms throughout each fiscal year and act as a resource for transitioning inquiries. Inquiries and resources offered will be tracked to show interest within the pilot program.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Hemp Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time appropriation of \$50,000 in FY22 to complete development of IT infrastructure for licensing and managing data for hemp producers and processors. Hemp licensing and oversight is supported by an ongoing appropriation of \$175,000 per fiscal year. In addition, during FY20 the hemp program collected \$358,000 in program-based fees.

Rationale/Background:

The Hemp Program has grown from 7 licensee's in 2016 to 583 in 2020. Many hemp growers have more than one location where hemp is produced. Each location where hemp is being grown or processed must be tracked by the Department. In addition, each variety of hemp grown by each licensee must be tested for THC content. All of these data must be tracked by the Department.

Beginning in 2021, the Department must also share all data on hemp production with the United States Department of Agriculture (USDA), as the Departments hemp program will now be formally conducted under the oversight of the USDA. In order to collect, manage and use these data the Department has worked with MNIT and a third-party vendor to develop solutions for licensing hemp growers and processors as well as to manage the data. Significant progress has been made in developing these solutions, but some work remains to be done in order to meet all the functional requirements needed.

Meanwhile, hemp is a developing crop for which markets have been turbulent. This limits the Department's ability to collect fees that would support the completion of this IT development work. Fees collected from hemp licensee's, as well as a general fund appropriation, have supported IT development to date, but these sources are insufficient to bring these projects to completion.

Proposal:

The Department is requesting \$50,000 to contribute to the completion all of the needed IT functionality for the tools being used. Total costs are estimated at \$76,000 for design and development by MNIT and enterprise services on functionality. This cost will be covered with program funds from the Department. In addition, an estimated\$50,000 is needed for design and development by a third-party vendor on the software being used to track sampling and testing data for THC content of hemp lots. We are requesting funding to cover this cost. The entire project will consist of:

1. Design, develop and implement USDA reporting capability;
2. Add data to Grower's physical license;
3. Add flexibility for growing field location data entry;
4. Design and write system and data guides;
5. Add flexibility to tie growing field location with license periods;

6. Third party vendor design, development and implementation - #3 and #5 above; and
7. Third party vendor support for #1-5 above

Impact on Children and Families:

This proposal is unlikely to have any impact on children and families.

Equity and Inclusion:

This proposal is unlikely to have an impact related to equity and inclusion.

IT Related Proposals (dollars in thousands):

<i>Category</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>
Payroll						
Infrastructure						
Software						
Training						
Enterprise Services						
Professional/Technical Contracts	50					
Other						
Total	50					
MNIT FTEs	0					

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of paper applications received	725	1	2019-2021
Quantity	Number of days between application and license issuance	52	12	2019-2021
Quantity	Number of duplicate records needing resolution in licensing database	56	3	2019-2021

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: International Trade

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	100	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)	100	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund appropriation of \$100,000 in FY2022 for international trade expansion. Funding will support international trade promotion and development projects that includes a pilot in-market representative in Taiwan to represent Minnesota’s food and agricultural export development initiatives and business development missions in targeted foreign markets. This proposal represents a 0.3% increase to the Ag Marketing & Development Division’s overall FY21 general fund budget of \$27.65 million.

Rationale/Background:

Minnesota is the fourth largest U.S. food and agricultural exporting state with top exports in soybean, corn, pork, dairy, animal feed, and consumer-orientated products. In order to ensure this trend continues, additional resources are required to maintain quality programming to producers, processors and companies around the state.

Export markets are increasingly important for Minnesota farmers and processors. The trade climate has become more complicated and uncertain due to renegotiated trade agreements, the implementation of retaliatory tariffs, COVID-19, and the prospect for new free trade agreements in emerging foreign markets. MDA needs additional resources to keep up with industry and trade trends, communicate with our state’s food and agricultural companies, and execute existing marketing efforts including education and inbound and outbound trade missions.

Proposal:

This initiative provides \$50,000 to conduct a pilot program in Taiwan to increase access to this strategic location in Asia. This pilot includes contracting with in-market representation in Taiwan to work on behalf of Minnesota agricultural producers and processors. This will focus on finding opportunities for and facilitating sales by Minnesota food and agricultural producers, assisting companies in the completion of export transactions, promoting Minnesota products and providing on-the-ground services.

Taiwan was the United States 6th largest food and agricultural export market in 2019 at \$3.6 billion USD. Because of its dependence on imported agricultural products, Taiwan is expected to remain a large and growing destination for Minnesota exporters.

In addition to the pilot in-market representative, this initiative Includes \$50,000 per year to support international business development trade missions.

Impact on Children and Families:

The MDA does not anticipate this proposal having a direct impact on children and families.

Equity and Inclusion:

This proposal is not specifically targeted toward people of color, Native Americans, people with disabilities, people in the LGBTQ community, veterans, or other protected communities.

Native American communities seeking to expand the sales of food products produced in their region may benefit positively from expanded export promotion and sales to foreign markets interested in these types of food products (hand-harvested wild rice, for example).

IT Related Proposals:

This is not an IT-related proposal.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current/Projected</i>	<i>Dates</i>
Quantity	One inbound trade mission	N/A	<ul style="list-style-type: none"> • 20 new contacts made on mission • 10 high value conversations • ≥ 10% increase in estimated sales in 6-12 months. 	FY 2022
Quantity	One outbound trade mission	N/A	<ul style="list-style-type: none"> • 20 new contacts made on mission • 15 high value conversations • 5 new distributor relationships • ≥15% increase in estimated sales in 6-12 months. 	FY 2021

The contract with the In-Market Representative will include a requirement to track number of new contacts, number of activities performed, number of distributor relationships established, and number of missions organized.

Mission metrics will be collected through participant surveys.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Lab Equipment Account

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	66	66	66	66
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	66	66	66	66
FTEs	0	0	0	0

Recommendation:

The Governor recommends an ongoing general fund increase of \$66,000 to the Minnesota Department of Agriculture's (MDA's) Laboratory Services Division for capital equipment. FY2022-23 base capital equipment budget is currently set at \$225,000 each year. This increase will allow MDA's lab to replace fully depreciated items for our Microbiology Unit; our Chemistry/Toxicology Unit; and the Plant Analysis Unit. These units along with our Environmental Analysis (EA) and Water Analysis (WA) Units require large capital equipment items to carry out their work. A separate change item request by the department's Pesticide and Fertilizer Management Division addresses the considerable equipment needs of the EA and WA units.

The Laboratory Services Division maintains an inventory of capital items which includes the current value of each item, as well as a depreciation table. The additional \$66,000 per year adjustment will allow us to replace the Lab's fully depreciated capital equipment that isn't included in the separate request submitted with the Pesticide and Fertilizer Management Division. Upon review of our fully depreciated equipment in the Microbiology Unit, Chemistry/Toxicology Unit and Plant Analysis unit, 6 pieces of capital equipment, not supported by the Pesticide Regulatory Account, were identified as fully depreciated and critical to the analysis work done by the Lab. The replacement cost for these 6 items would require an additional \$66,000 per year to our base budget.

Rationale/Background:

The laboratory plays a critical role in emergency response, surveillance and consumer protection. The MDA Laboratory provides data critical for decision making on issues affecting food safety and security, the environment, plant health, and the overall agricultural sector. In order to provide this data, the laboratory must maintain an extensive array of specialized capital and non-capital equipment.

In 2018 the legislature established a base appropriation for capital equipment which is funded at \$225,000 for each year of the biennium. Due to prior limitations on investments in replacement of laboratory capital equipment, the Laboratory continues to struggle to sustain these assets in a condition necessary to provide expected service levels. The requested \$66,000 increase in this accounts base for each year of the biennium is projected to be enough to address issues with equipment that supports programs other than those performing pesticide related testing. The significant issues in these programs are being addressed in a change item being submitted by the Pesticide and Fertilizer Management Division.

Proposal:

The increase in funding for capital equipment will allow us to replace fully depreciated items for our Microbiology Unit and our Chemistry/Toxicology Unit. Adding \$66,000 to our capital equipment each of the next two fiscal

years fund will bring the total to \$582,000 for the biennium which will be used to purchase two autoclaves, a Bax Q7 Cyclor, a Vidas Analyzer 60, and 2 Agilent ICM-MS7700s. Autoclaves are the most critical pieces of equipment in any microbiology laboratory. They are used to sterilize our media, reagents, and supplies. They are also used for decontaminating laboratory waste. The BAX Q7 Cyclor is used for testing meat samples for pathogenic *E. coli*. The Vidas Analyzer 60 is used for testing food, meat, dairy, and environmental samples for *Listeria* and *Salmonella*. They are both necessary for the Microbiology Unit to maintain our testing capability and capacity for testing high numbers of *E. coli*, *Listeria* and *Salmonella* samples. ICP-MS equipment is used to analyze heavy metals (such as Arsenic, Cadmium, Copper, Lead, Mercury, Selenium) in our state's animal feed samples and human food submitted by Feed and Food Division. It determines the label claims and/or adulteration in food, verifying that levels found are safe for consumption. ICP-MS is also used to help analyze natural levels of heavy metals in ground and surface waters and determines if water has been contaminated. Lastly, the ICP-MS is used to monitor levels of metals in food and determine if food has been contaminated or altered. This information is used to verify levels are acceptable for consumption.

Impact on Children and Families:

The Laboratory Services Division provides scientifically and legally defensible data for regulatory decision making that protect food safety and the environment which improves Minnesotans lives. These decisions may impact children, youth, and families throughout Minnesota.

Equity and Inclusion:

All citizens of the State will derive benefit in our ability to efficiently and effectively respond to analysis requests.

The current mechanism and level of funding is not sustainable. To the extent that the state requires an Agriculture laboratory for emergency response, surveillance and consumer protection we believe this to be part of the core infrastructure of the facility the state maintains for this purpose.

IT Related Proposals:

This proposal does not include an IT component.

Results:

The Department grades laboratory performance on our ability to provide accurate defensible data that meets established program objectives in a timely manner. To measure this performance, we survey our customers annually to measure their satisfaction level with our services. We discuss problem areas and address them through our formal corrective action procedure. The performance measures gauges satisfaction with technical assistance provided by laboratory, data quality, and overall Laboratory performance. This initiative supports the acquisition and maintenance of the fundamental tools needed to provide critical testing services for these programs. Failure to address these needs negatively impacts these established measures. The current depreciated capital value shows a trend that, if unaltered, poses significant risk to laboratory capability, effectiveness and responsiveness. As equipment ages, repair costs increase and more of our program budgets become unavailable for staffing which in turn negatively affects other performance indicators such as turnaround time, and results in decreased capacity for analyses.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: AGRI Livestock Processing

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	1,000	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)	1,000	0	0	0
FTEs	.5	0	0	0

Recommendation:

The Governor recommends a FY2022 one-time general fund increase of \$1 million in the Agricultural Growth, Research, and Innovation (AGRI) program to support meat, poultry, egg, and milk processors through grants for start-up, expansion, and modernization of facilities. This proposal represents a 6.8% increase to AGRI's FY22-23 base appropriation of \$14.693 million per year.

Rationale/Background:

Meat, poultry, egg, and milk processors are currently eligible for our highly competitive AGRI Value-Added Grant (funded at \$1 million - \$2 million per year), but they must compete with other types of value-added processing businesses for grants. In our most recent AGRI Value-Added Grant funding cycle, we received 94 proposals requesting \$5.2 million; of this amount, 45 applicants (requesting \$2.8 million) were related to meat and poultry processing. Only \$1 million was allocated towards Value-Added projects because of other significant earmarks within the AGRI budget rider. While we consistently prioritize meat/poultry projects within the scoring criteria, we are never able to meet the demand.

The impacts of COVID demonstrated the importance of expanding the state's overall livestock processing capacity. For example, several of the state's largest meat processing facilities were shut down due to outbreaks within the facilities. Smaller, regional processors were asked to increase their capacity to help fill in the gap, but many of these processors were already stretched to capacity prior to the outbreaks. Similarly, many processors made significant investments to upgrade their facilities or make changes to their physical infrastructure to maintain integrity in the supply chain by keeping their employees safe.

Proposal:

This proposal creates a dedicated line item within the AGRI appropriation to provide grants to meat, poultry, egg, and milk processors. We anticipate that these grants would be administered similarly to the AGRI Value-Added Grant (e.g., require a significant matching requirement from the grantee, create parameters on minimum and maximum awards, and focus on the processing of Minnesota grown/raised livestock to expand marketing opportunities). Consistent with existing policy, we would use up to 6.5% of this line item for administration of the program.

Impact on Children and Families:

The MDA does not anticipate this proposal having a direct impact on children and families. The FY20-21 budget rider provides "up to" amounts for the programs that have the most direct impact on families and children; we

have consistently funded these programs, such as Farm to School, Good Food Access, and Urban Agriculture, at the maximum allowable amounts. We do not anticipate any reductions in funding for these programs.

Equity and Inclusion:

The MDA does not anticipate this proposal having a direct impact on people of color, Native Americans, people with disabilities, people in the LGBTQ community, veterans, or other protected communities. Each of the competitive AGRI programs prioritize underserved communities, consistent with Office of Grants Management policy. Our proposal includes full funding of programs that have the most direct impact on underserved communities.

IT Related Proposals:

This is not an IT related proposal.

Results:

As this program is a supplement to existing AGRI Value-Added grant that funds comparable activities, current measurements are based on the grants awarded through that program. With an infusion of funding dedicated to meat, poultry, egg, and milk processors, these numbers will grow substantially. Based on our previous grant awards to these types of processors in FY 2019 and 2020, we anticipate making approximately 16 additional awards with an average value of \$60,000 in FY 2022.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of Grants to Eligible Processors	n/a	11 grants	FY 2020
Quantity	\$ Value of Grants to Eligible Processors	n/a	\$422,376	FY 2020

In addition to these measures, we can also track the growth in processing capacity amongst the recipients of these funds. For example, we can track the number of livestock and pounds of milk processed.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Meat Inspection Program Increase

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	110	110	110	110
Revenues	0	0	0	0
Federal Funds				
Expenditures	110	110	110	110
Revenues	110	110	110	110
Net Fiscal Impact = (Expenditures – Revenues)	110	110	110	110
FTEs	1	1	1	1

Recommendation:

The Governor recommends an increase of \$110,000 per year in the General Fund appropriation for the Minnesota Meat and Poultry Inspection Program (MN MPIP). 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, and as a result generate an additional \$110,000 in Federal revenue annually which increases the availability of resources each year by \$220,000. The current budget for the meat program is approximately \$3.7 million (50% State/50% Federal). This request represents an approximately 6% increase.

This increase is needed to support current staff salaries and fringe and fill one inspector vacancy so that the MN MPIP can maintain mandated inspection service levels for Minnesota's small meat processing industry.

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 FSIS. Because it meets the "Equal To" standard, the program currently receives a Federal fund match from the USDA's FSIS which provides 50% of the total program funding. To achieve this match, and meet Federal Statutory mandates, the program must demonstrate it is meeting the required inspection frequencies and maintains adequate staffing to do so.

Inspection Requirements and Availability of Inspectors

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, or the lack of availability, can affect these business' ability to sell products and can limit their markets. In order to provide these services when they are needed, the State inspection program must be adequately staffed and supported financially. 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.

Small Meat Processing in Minnesota

The COVID-19 pandemic had a substantial impact on the meat industry and shifted consumers to purchasing more locally produced foods, especially as the larger meat processors experienced shutdowns. This shift has resulted in a sustained increase in production at many small, local and niche processors. Ultimately, this shift has also highlighted the lack of local meat processing capacity that existed pre-pandemic and was exacerbated by the

pandemic. New or existing businesses have stepped in to help fill this capacity; some of these businesses require continuous inspection services to sell their products and their success depends upon the availability of a meat inspector to provide inspection services, and to help them navigate the regulatory requirements for such work.

In addition, several groups are moving forward with work to support the expansion of our small and local meat processing industry, with the intention to build a stronger, more resilient food system. These groups, which include the Minnesota Farmers Union (MFU), the University of Minnesota Extension, the University of Minnesota COVID Action Network (CFAN), the Sustainable Farming Association (SFA), the Minnesota Institute of Sustainable Agriculture (MISA), and the Land Stewardship Project (LSP), have participated in various efforts both during this current year and in past years to discover barriers to meat processing and to try to encourage and support expansion. Since the COVID pandemic, increased efforts are being made to fill gaps and needs for small meat processing and Minnesota livestock producers. The availability of inspection resources is one part of this equation and is an important part of the success of these efforts.

Intended Results

The goal of this funding is to ensure the MN MPIP has enough resources to support *current* needs. Currently, the Program has had to hold one inspector position vacant due to budgetary constraints and will be expected to have to cut further resources from the program if no additional funding is available. This program operates with extremely low staff turnover and has little room to absorb cuts or limitations in funding. The additional funding is necessary to ensure the Program can support existing meat processors and continue to support some additional inspection needs, though is not sufficient to support full-blown expansion of processing that would be expected to occur if projects intended to significantly expand capacity in Minnesota are successful.

Proposal:

As described above, this request is to support staffing needs of an existing program. This request will support one existing field inspection FTE (Cost approximately 110,000 including salary, fringe, car, computer, phone) and address current resource gaps so that the MDA can maintain its current level of service. The main driver for increasing program costs is staff salaries and benefits as well as an extremely low staff turnover rate (1 FTE currently vacant due to retirement for all Federal Fiscal 2020). The stability of staff is a very positive part of this program as it cultivates strong, consistent working relationships with industry. However, having few staff vacancies leaves little room from which to find salary savings and many staff, though not nearing retirement, are near the tops of their salary ranges. Failure to fund this request will result in staff shortages which will negatively impact the availability of inspectors to conduct mandatory inspection activities, and the ability of new meat processors to come into the market.

Outreach is also a key factor in ensuring this program is successful as the meat inspection requirements, which are largely Federal, are complex and difficult for meat processors to navigate. The small meat processing industry is diverse and varied, and MN MPIP serves a wide variety of operators, from many cultural and ethnic groups. Outreach and industry education efforts are critical and often require translation services and a significant amount of guidance. Adequate staffing levels help ensure these processors can be successful and receive the assistance they need.

Impact on Children and Families:

While meat inspectors do not often work directly with families and children, meat and poultry processors are a big part of ensuring Minnesotans, including families and children, have a healthy and safe supply of food available. As learned in the COVID pandemic, having a resilient food supply is also a critical piece of ensuring all Minnesotans can access nutritious food. Adequately supporting meat inspection is a big part of adequately supporting our local meat and poultry processors, whose success is key to ensuring the food system is stable and able to serve the needs of families and children.

Equity and Inclusion:

The MN MPIP 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 ties and have become significant parts of their local food economies, especially as it relates to meat processing. The failure to fund this proposal will have a negative impact on these groups as individuals looking for new or expanded meat inspection services are often members of these protected groups.

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:

This proposal is not an IT related proposal.

Results:

As noted, the Meat Inspection program provides inspection services to very small, local processors who serve livestock producers and as well as many small, ethnic and cultural markets. The program works to support these industries through providing both inspection services and outreach and support for new and existing businesses to start and grow their operations. This industry is experiencing continued growth; it's ability to grow and expand depends upon having adequate inspection staff to support inspection needs. Performance measures for this program reflect the continued focus on supporting the industry and ensuring the program has adequate staff to meet program mandates and provide services for new and existing processors.

Program growth, inspection capacity and performance are measured by evaluating the number of processors participating in inspection programs (either "Equal to" or custom exempt), the number of inspections performed by type and the percentage of required inspections which are completed.

Number of Plants:

Plant numbers are reviewed and reported on a monthly basis, with an overall goal to support an increase in plant numbers over time. The current trend is increasing, with an overall increase of ten establishments working under the program since January 1, 2020, and an increase of 15 from the low of 279 establishments in April 1, 2020. Plant numbers have been both negatively and positively impacted by the COVID pandemic, as market shifts due to closures of restaurants, daycares and catering based operations have also reduced the need for wholesale products; however, custom exempt demand has substantially increased during that same time.

Table 1. Minnesota Meat and Poultry Inspection Plant Numbers

Date	# of E2 Plants	# of Custom Plants	Total Plants
1/1/2020	53	231	284
2/1/2020	53	230	283
3/1/2020	53	228	281
4/1/2020	52	227	279
5/1/2020	54	229	283
6/1/2020	57	232	289
7/1/2020	57	233	290
8/1/2020	56	235	291
9/1/2020	56	238	294
10/1/2020	53	240	293
11/1/2020	53	241	294
12/1/2020	53	243	296
1/1/2021	53	241	294

Inspections Performed:

The number of “Equal To” inspections performed reflects the inspection needs of meat and poultry establishments, and a measure that can be used to help understand demand and inspection capacity changes. Table 2 provides a high-level summary of these inspection numbers. The general trend for the last three years is increasing.

Table 2. Number of Inspections Performed

Number of “Equal To” Inspections Performed	2017	2018	2019	2020	Total
Slaughter	1275	1223	1164	1229	5187
Processing	8033	7620	7692	7664	32962
Total	11366	8843	8856	8891	40926

Inspection numbers, however, do not illustrate the true needs, as inspection capacity is often limited and may not be meeting the true demand, even for existing processor needs. Ongoing assessment of staffing needs are used to determine demand versus capacity and evaluate staffing needs. The USDA FSIS requires State program meet at least 90% inspection rates at all times, with intended frequencies of 100% coverage. Minnesota rates are tracked by circuitry (geographical area) and for the total program to compare against this goal on an ongoing basis. Table 3 details rates for the last quarter of calendar 2020. In general rates are stable around 90%, with some weeks seeing significant gaps in inspection coverage (noted in red).

Table 3. Inspection Rates.

Week Of	E Circuit	J Circuit	Total Percent Performed
9/28/2020	95%	89%	92%
10/5/2020	93%	91%	92%
10/12/2020	91%	88%	90%
10/19/2020	89%	90%	90%
10/26/2020	88%	92%	90%
11/2/2020	97%	98%	98%
11/9/2020	83%	82%	83%
11/16/2020	89%	92%	91%
11/23/2020	88%	87%	88%
11/30/2020	96%	87%	91%
12/7/2020	92%	93%	92%
12/14/2020	98%	92%	95%
12/21/2020	92%	95%	93%
12/28/2020	95%	92%	94%

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Agricultural Best Management Practices (AgBMP) Loan Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time general fund appropriation of \$1 million in FY2022 and \$1 million in FY2023 to be transferred to the existing revolving fund account to increase lending capacity of the Agricultural Best Management Practices (AgBMP) program for projects and practices that help our state’s water quality.

The program has received \$83 million in appropriations since its inception. This recommendation represents a 2.4% increase.

Rationale/Background:

The purpose of the AgBMP Loan Program is to provide low interest financing through local lenders to farmers, agriculture supply businesses, rural landowners, and water-quality cooperatives for the implementation of agricultural and other best management practices that reduce environmental pollution.

This proposal helps reduce a funding shortfall for the AgBMP Loan Program. We have many counties requesting additional funding to finance eligible but unfunded projects. The 2020 local government requests exceeded available funding by more than \$20 million dollars. This additional funding would allow these counties to approve more projects than what their current funding allows. If additional funds are not made available, local governments must, prioritize, delay or deny projects that would otherwise be completed.

The impetus of this proposal comes from county requests for additional funding. An infusion of funding will allow the AgBMP Loan Program to finance more projects that would help Minnesota’s water quality.

Proposal:

This proposal’s request of \$2 million is to be added to the AgBMP Loan Program’s principal lending account. It will immediately increase the AgBMP Loan Program’s existing lending capacity by \$2 million with future repayments providing an addition \$160,000 annually in repayment revenue per year.

During calendar year (CY) 2020, the program issued approximately 600 new loans totaling \$13 million. Based on CY2020 activity, a \$2 million supplemental appropriation would capitalize over 90 loans in the first year with an additional seven projects in subsequent years as the funds revolve.

As a revolving loan fund, repayments received are made available to re-lend, creating a perpetual cycle for financing water quality projects. The AgBMP loan program receives no revenue through the lending process. Repayments are guaranteed by our partnering lenders. Since 1996 there has been no defaults to the AgBMP Loan Program by lenders.

Our proposal is complimentary with grants and other loans from the Department of Agriculture, lenders or other state and federal government agencies.

Impact on Children and Families:

It can be difficult to measure the exact effect upon the lives of children outside of this potentially helping their parents provide a healthier environment, cleaner drinking water, healthier food, or even potentially additional income to support their families.

Equity and Inclusion:

This program does not specifically target any protected group and is open to all that qualify. This program can be the difference between having access to capital in order to continue, expand, modernize, or achieve regulatory compliance in farming operations. This would most appropriately be viewed as a significant net positive for the people obtaining additional capital.

Results:

With this increase in appropriation and assuming the current average loan amount is approximately \$25,000/loan, we anticipate completing an additional 40 loans in each year of the biennium.

As a perpetual revolving loan framework, this two-year appropriation will permanently increase annual loan repayment revenue about \$260,000 per year, resulting in an additional 10 loans per year thereafter.

This ultimately helps farmers, farm supply businesses, and other rural landowners afford implementation of practices that reduce runoff, nutrient loading, or other pollutions problems, provides clean drinking water, or remediates other environmental issues.

Figure 1 shows the summary of all loan activity to date including number and amounts of loans. The chart shows the increasing demand on the program following the recent recession and the declining ability of the program to meet that demand in recent years.

Figure 1. Summary of AgBMP loan activity to date.



IT Related Proposals:

This proposal does not contain an IT component.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Noxious Weed Prevention Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	225	225	225	225
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	225	225	225	225
FTEs	2.5	2.5	2.5	2.5

Recommendation:

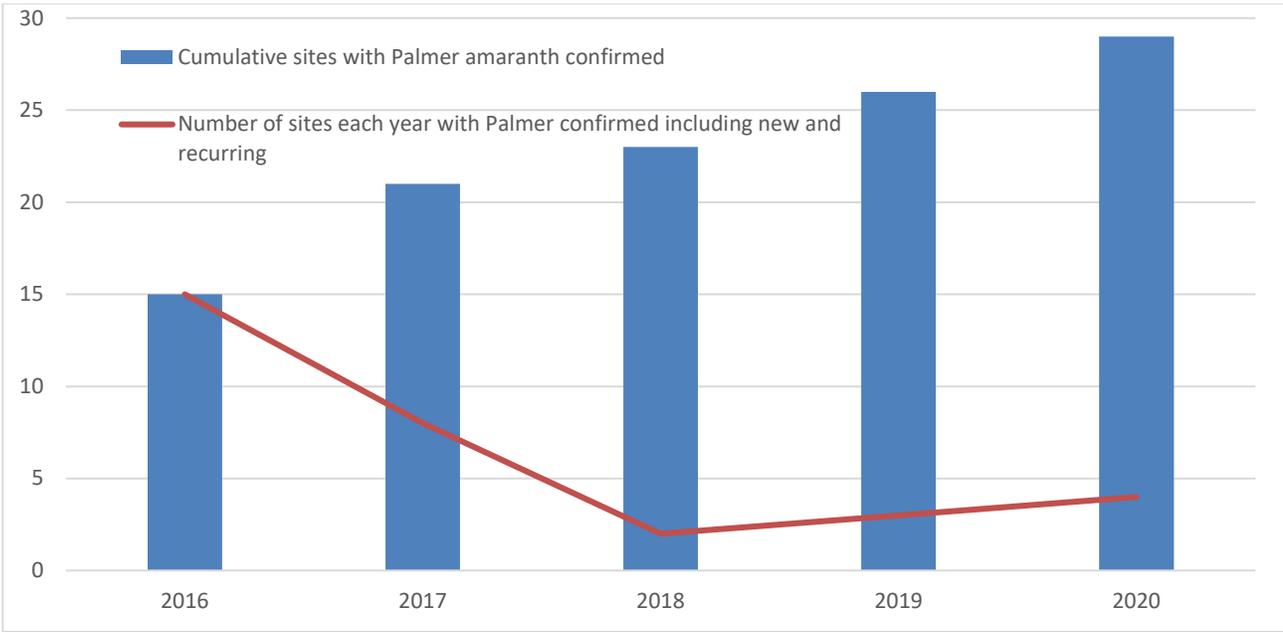
The Governor recommends a permanent appropriation of \$450,000 per biennium to fund the Noxious Weed Program. This appropriation would support assistance to local governments, weed law enforcement, training and the continuation of state-led eradication and management programs for noxious weeds on the eradicate list.

During the FY20-21 biennium the Plant Protection Department received a \$900,000 appropriation that was written to be reduced to \$450,000 per biennium beginning in FY22-23. This reduction will result in the Department eliminating three positions (two in southern Minnesota and 1 in northern Minnesota) who work directly with local governments and landowners to provide outreach and support the implementation of local weed control efforts. Appropriating an additional \$450,000 per biennium to maintain the program at the same level as in FY20-21 will allow the Department to continue to provide direct working support for local government weed control programs.

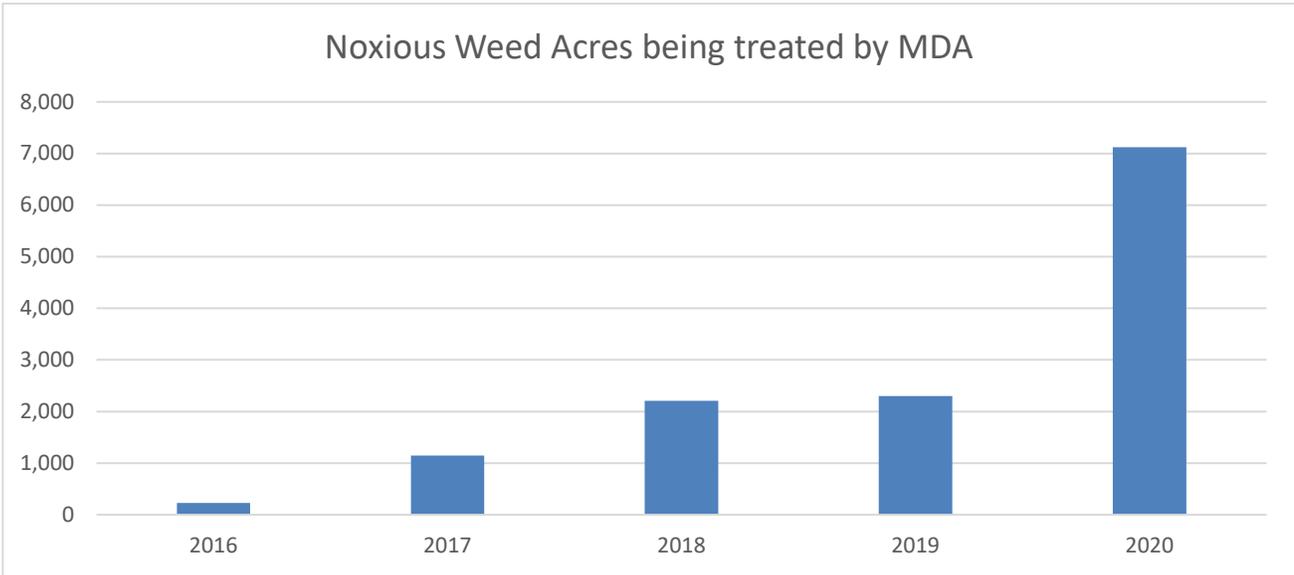
Rationale/Background:

In 2009, the Minnesota Legislature significantly expanded the Noxious Weed Law and the duties of the MDA and local enforcement partners at the county, township and city level. The revised noxious weed law also necessitates that MDA address invasive plant and pollinator issues, thus creating the need for an all-inclusive program. However, proper funding is essential to provide the resources needed to implement and maintain noxious weed and invasive plant control programs throughout Minnesota and in addressing priority invasive plant problems statewide. Without adequate funding, the MDA will not have the resources to effectively address the increasing problems with existing noxious weeds and emerging terrestrial invasive plant threats.

The recent invasion of Palmer amaranth into Minnesota is an example of why a strong proactive noxious weed program is needed in the state. Palmer amaranth has been discovered at almost 30 sites in Minnesota since 2016. However, due to outreach efforts and seed testing these infestations have been discovered early and the Department has worked with landowners to eliminate them. Without this work, there would be at least 30 sites in Minnesota with growing and spreading Palmer infestations. Instead there are currently four sites where Palmer is being controlled and eliminated (see graphic).



Palmer amaranth is just one of many examples of destructive plant species that threaten Minnesota’s agricultural industries and natural resources. Over the last several years the Department has worked with the University of Minnesota through a project funded by the Environmental and Natural Resources Trust Fund to create a “Tactical Invasive Plant Management Plan”. This plan offers guidance for identifying what noxious weed populations should be prioritized for control by considering the economic and environmental costs and benefits of action and inaction. This plan positions the Department to be confident that all weed program funding is being optimally utilized. Noxious weed work in Minnesota has increased tremendously over the last several years with the investments made by the State from just a couple hundred acres under treatment in 2016, to over 7,000 being managed in 2020.



The Department considers grants to local governments for weed control to be an important component of a noxious weed program. Funds for weed grants were included in the Departments budget initiative for the FY20-21 biennium but were ultimately removed from the appropriation and the Department was directed to the Environmental and Natural Resources Trust Fund (ENRTF) for those funds. The Department has not included funds for grants in this proposal and is instead planning to again submit a proposal for that work to the ENRTF.

Proposal:

The requested \$225,000 per fiscal year will largely be used to support weed program staff. The Department hired three temporary staff to work with local governments and landowners with funds provided by ENRTF and appropriations received in FY18-19 and FY20-21. However, with the reduction in the appropriation scheduled for FY22-23, the Department will not be able to maintain these positions. Appropriating an additional \$225,000 per fiscal year will maintain the program at the funding level for FY20-21 and would allow the Department to retain these positions. These positions are important because they are providing direct support to local governments and landowners through outreach and on-the-ground control efforts. We have relied heavily on these positions for this work over the past few years, particularly for Palmer amaranth efforts, but on other noxious weed control efforts as well. It is important for local governments and landowners to have that support network available and it helps to ensure that projects funded through grants have the best chance of succeeding.

Impact on Children and Families:

This proposal is unlikely to have any impact on children and families.

Equity and Inclusion:

This proposal is unlikely to have an impact related to equity and inclusion.

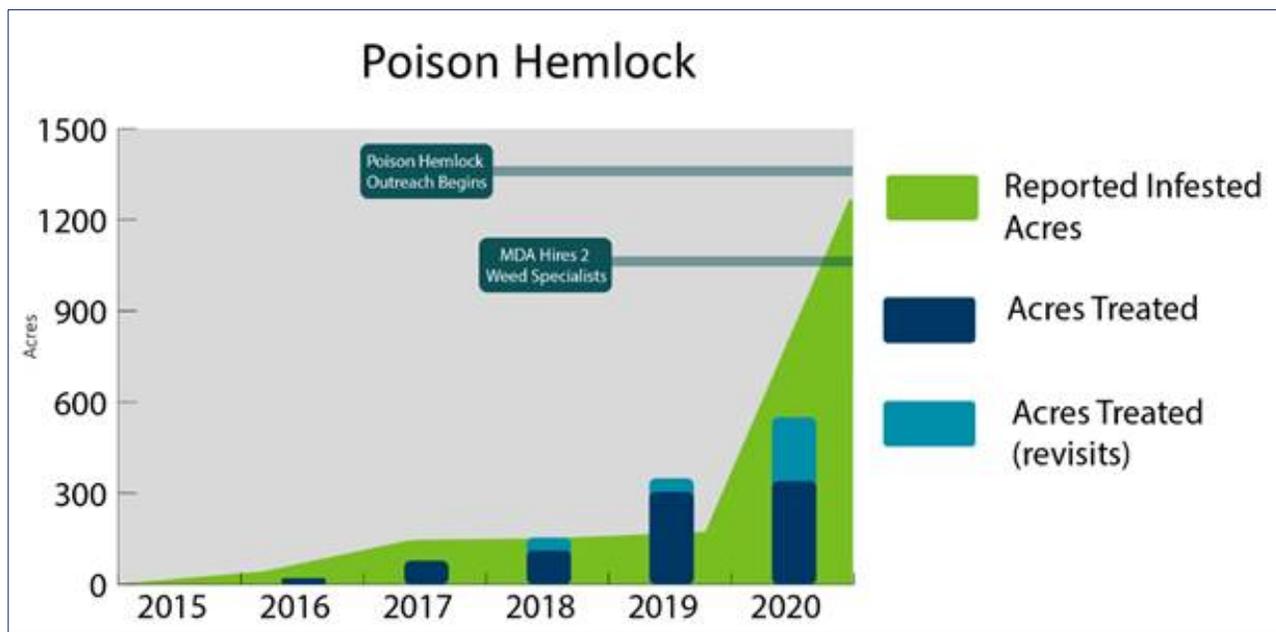
IT Related Proposals:

This proposal does not include an IT component.

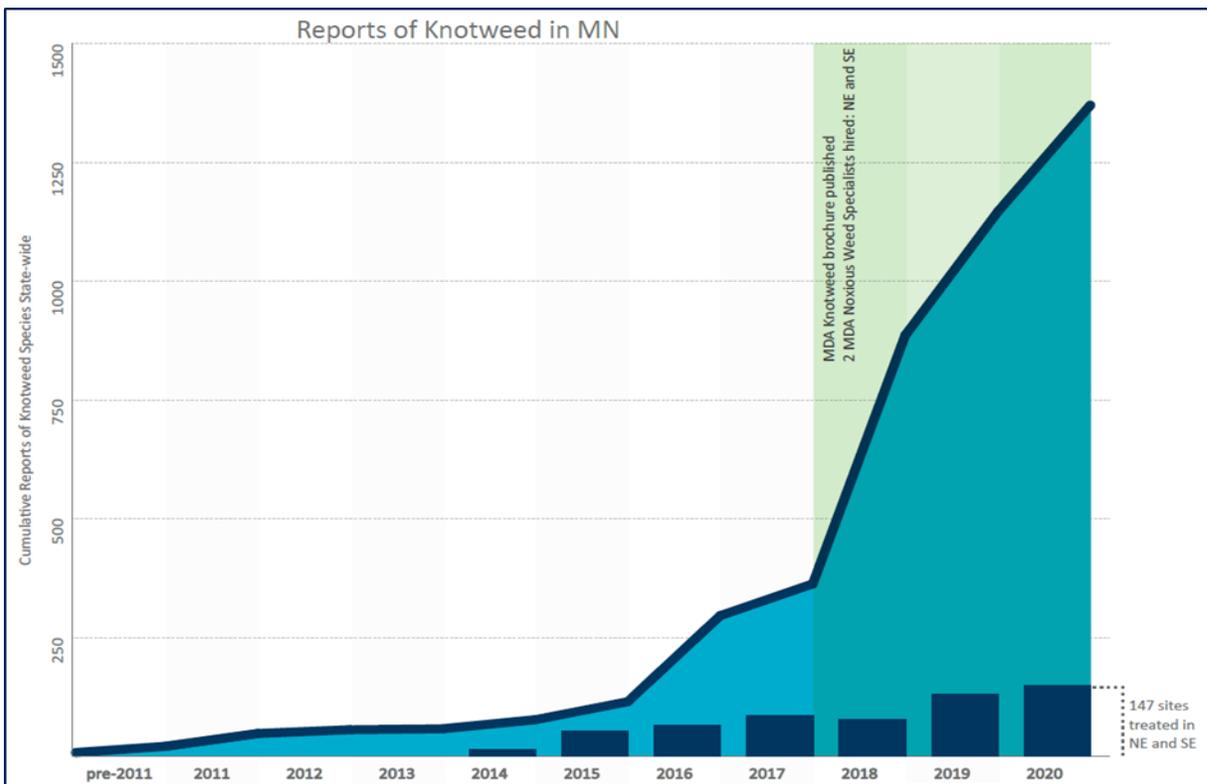
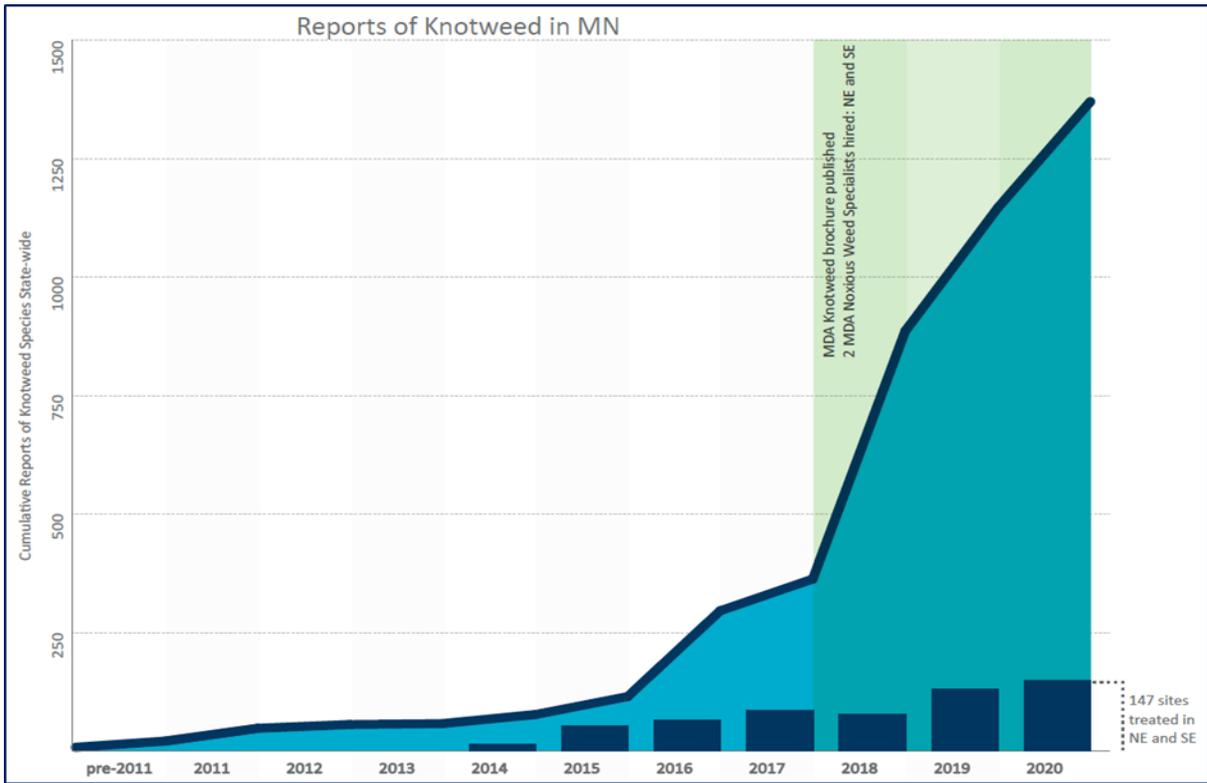
Results:

In addition to the example provided for Palmer amaranth, there are many other noxious weed success stories to be highlighted in recent years

- Poison hemlock has been a prohibited – eradicate noxious weed since it was emergency listed in 2017. MDA started an outreach campaign in 2017 to have the public identify and report locations and has steadily increased management efforts since. The outreach has proven effective with an exponential increase in reporting and sites that have been continually managed from 2017 to present have shown progress and positive movement towards eradication.



- In 2018 MDA printed and distributed a brochure about knotweeds including information about effective management of knotweeds. Hiring MDA noxious weed specialists increased outreach and scouting, leading to great increases in the number of knotweed locations reported in the state. During this time, management of knotweed has also increased. An example of management impacts at a knotweed-infested site in Duluth are also shown.



Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Minnesota Agricultural Water Quality Certification Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	3,000	3,000	0	0
Revenues	3,000	3,000	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	5.7	5.7	0	0

Recommendation:

The Governor recommends \$3 million in the first year and \$3 million in the second year for the Minnesota Agricultural Water Quality Certification Program (AWQCP). The MAWQCP is a federal-state partnership between Minnesota, the USDA and the EPA as a first of its kind program that combines the technical expertise and financial resources of federal and state government to address water quality in agricultural areas. A majority of the requested funding is passed through to local government to provide technical assistance and implementation funds. State dollars maintain a match commitment for \$9 million of federal funding for FY21 – FY25, with all federal support going to program participants.

Additionally, the program is experiencing broad expansion in participation, private partnerships, and new proposals for credit trading and other potential mechanisms for using MAWQCP's unique structure. The integration of program outreach and delivery of services through private industry partners established in multiple formal agreements are providing both a significant increase in capacity for farmer interaction and a higher demand for management of increased, new and further dispersed program operations.

Rationale/Background:

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

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

Proposal:

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

Impact on Children and Families:

Clean Water Fund activities must be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. These programs protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

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

IT Related Proposals:

This is not an IT proposal.

he MAWQCP is embraced by Minnesota’s agricultural community. As of 2021, the MAWQCP has certified 996 farms (Figure 1), representing 706,533 acres (Figure 2). In addition to tracking enrollment statistics, the MAWQCP also measures the environmental benefits generated by certified farms. The environmental benefits of the new practices implemented to earn MAWQCP-certification are calculated via BWSR’s pollution reduction estimator1 and PCA’s greenhouse gas reduction estimates. As of mid-December 2020, the MAWQCP had directly generated more than 2,000 new conservation practices (Figure 3). To date, these practices are reducing 39,280 CO2-equivalent tons per year, keeping 218 million pounds of soil on Minnesota fields annually, and preventing 76.6 million pounds of sediment and 48,346 pounds of phosphorous from entering Minnesota’s waters every year. Further, analysis documented by the Minnesota Pollution Control Agency estimates as much as a 49% reduction in nitrogen loss on MAWQCP-certified farms.

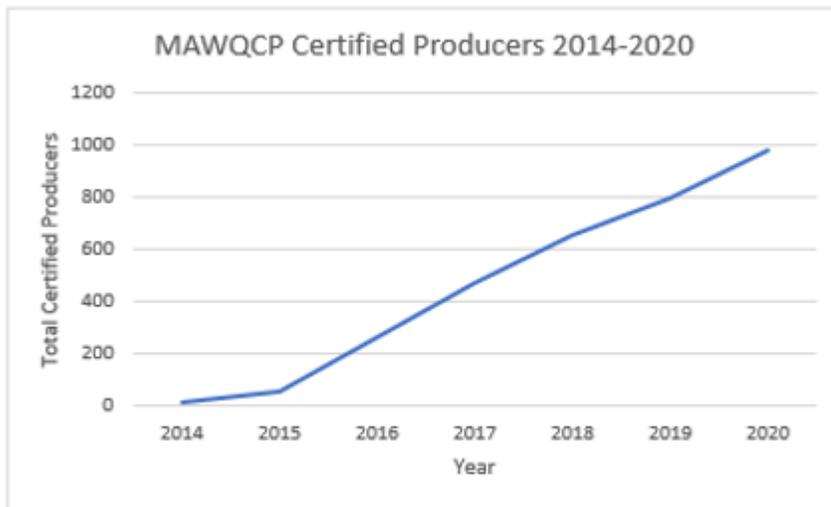


Figure 1: MAWQCP Certified Producers

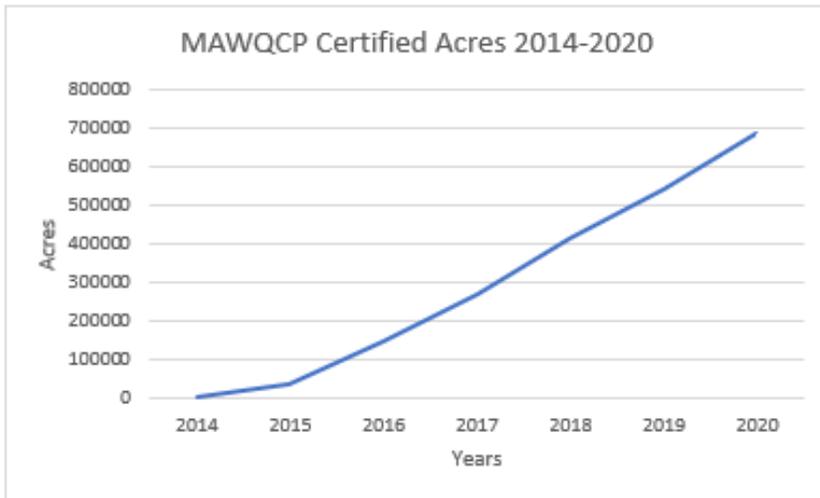


Figure 2: MAWQCP Certified Acres

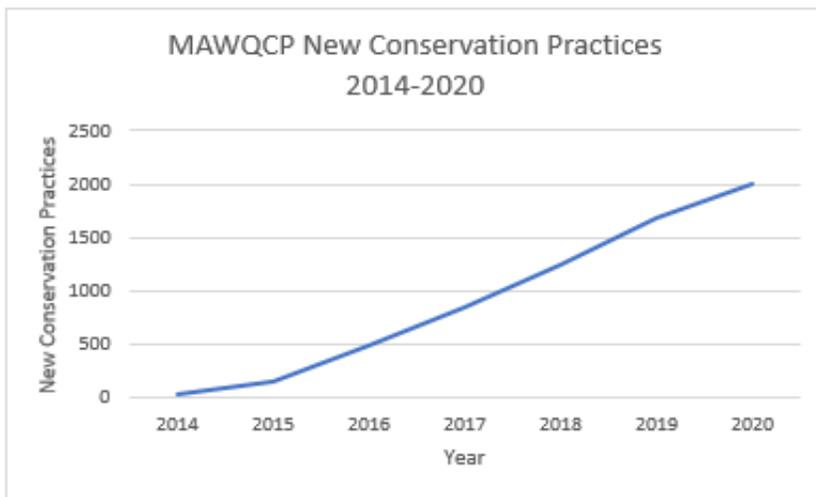


Figure 4: New Conservation Practices Generated by the MAWQCP

The MAWQCP will continue its commitment to reducing the per acre average cost of certification. Agricultural conservation, like agricultural production, is expensive. However, the MAWQCP has been able to decrease the average per acre cost of certifying a farm every year it has operated (Figure 4). Using a comparison of all funds appropriated through the life of the program to the acres certified, the initial \$1.5 million received in Fiscal Year (FY) 2014 equaled \$541.52 for the 2,770 acres certified in the program’s inaugural year. By FY20, with totals of \$16 million across 631,662 acres, the per acre cost was reduced to \$25.33. These costs are well below the average costs for prominent USDA programs operating in Minnesota. The USDA typically spends about \$200 million annually in Minnesota on conservation. In federal FY19, the Conservation Reserve Program paid \$126.69/acre annually over a typically 10-year contract. The Environmental Quality Incentives Program cost more than \$90 per acre in FY19 in Minnesota. Further reflecting the reality of agricultural conservation costs, in FY19 the Conservation Stewardship Program totaled \$53.1 million in Minnesota, at \$325 per acre.

Fiscal Year	Total Appropriations	Total Acres Certified	Cost Per Acre
FY2014	\$1,500,000	2,770	\$541.52
FY2015	\$3,000,000	26,400	\$113.63
FY2016	\$5,500,000	109,667	\$50.15
FY2017	\$8,000,000	250,400	\$31.95
FY2018	\$10,500,000	374,488	\$28.04
FY2019	\$13,000,000	512,416	\$25.37
FY2020	\$16,000,000	631,662	\$25.33

Figure 3: New Conservation Practices Generated by the MAWQCP

In 2020, researchers at Minnesota State Agricultural Centers of Excellence and AgCentric conducted a [financial analysis](#) of Farm Business Management Program participating farms and found MAWQCP certified farms had net income 26% higher than non-MAWQCP certified farms. The average net farm income of a MAWQCP farm totaled \$92,821 versus a benchmark average of \$73,643; MAWQCP farmers reported a median farm income of \$40,008 versus a median income of \$33,377 from non-certified farms (Figure 5). Farm Business Management Program participants that are MAWQCP certified also had better debt-to-asset, term-debt coverage, and operating expense ratios. Those certified farms also had higher yields than their counterparts in three out of four crops examined by researchers (corn, soybeans, alfalfa), with the fourth showing an equal average yield (corn silage).

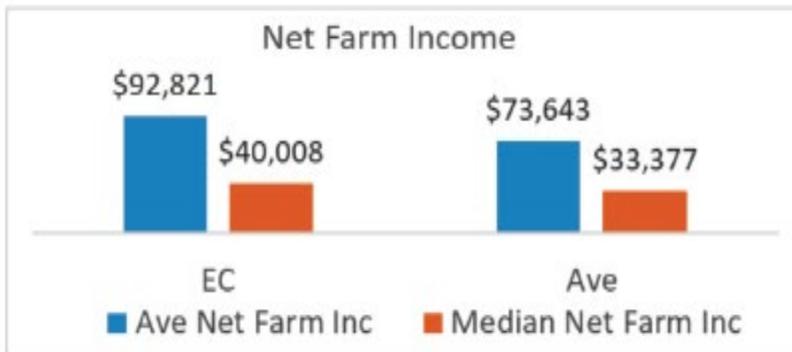


Figure 5: Graph from the “Influence of Intensified Environmental Practices on Farm Profitability” report published by AgCentric and the Minnesota State Agriculture Centers of Excellence (April 2020). MAWQCP farms are coded as Environmental Cohort (EC) and have a higher farm income than the Benchmark Average (Ave).

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Research Inventory Database

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	40	40	0	0
Revenues	40	40	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0.4	0.4	0	0

Recommendation:

The Governor recommends \$40,000 the first year and \$40,000 the second year for the Minnesota Water Research Digital Library (MNWRL) will support a user-friendly, searchable inventory of water research relevant to Minnesota. The Library provides one-stop access to all types of water research, enabling users to easily find, share, and coordinate research to support their efforts to protect, conserve, manage and restore water in Minnesota. This funding will support a portion of MDA staff to administer MNWRL.

Rationale/Background:

Water research that is relevant to Minnesota may not be easy to access or available to water resource professionals who could use this information. The Minnesota Water Research Digital Library (MNWRL) is a user-friendly, searchable inventory of water research relevant to Minnesota. It includes both peer reviewed articles as well as white papers and reports. The MNWRL provides one-stop access to all types of water research.

Proposal:

The MNWRL includes over 3,200 diverse research articles and scientific reports. It is intended to provide easy access to a broad collection of water research. The MDA provides support and training for partner organizations and conducts outreach to Minnesota's water and research organizations and communities that use this resource.

Impact on Children and Families:

The MDA does not believe this proposal directly impacts children or families.

Equity and Inclusion:

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

IT Related Proposals:

This is not an IT proposal.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Forever Green Agricultural Initiative

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,936	1,936	0	0
Revenues	1,936	1,936	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1.936 million in the first year and \$1.936 million in the second year for the Forever Green Initiative at the University of Minnesota for research, implementation, and partnership development. Funding will be used for 1) empirical research related to crop breeding, genetics, genomics, agronomy, food science, and economic aspects of Forever Green crops; 2) implementation of these new crops in targeted, critical areas of the landscape, including wellhead protection areas; and 3) to support working relationships between public, private and non-profit sectors that are critical to development of new production systems that feature perennial and winter annual crops. Each of these areas of effort are necessary, and each will leverage the others.

Rationale/Background:

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

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

Proposal:

Funding for Forever Green will provide research on new crops and systems that are protective of water quality. Funds will also be used for managing the coordination of implementation through multiple stakeholders. The MDA will work with researchers at the University of Minnesota and local partners (SWCDs, cities, counties, etc.) to identify opportunities to get perennials and winter annuals out onto vulnerable areas of the landscape. Priority will be given to areas with vulnerable groundwater or surface water and where leverage of other public and private funds are available. Funding will be 100% pass through to project partners at the University of Minnesota. All staff time at the MDA is considered in-kind and no charges will be assessed.

Impact on Children and Families:

The Forever Green Initiative is developing crops and cropping systems that preserve and enhance water quality. Targeted placement of these crops can protect water and public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

Forever Green activities protect and improve water quality and benefit all community members. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Monitoring for Pesticides in Surface Water and Groundwater

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	350	350	0	0
Revenues	350	350	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	2.3	2.3	0	0

Recommendation:

The Governor Recommends \$350,000 in the first year and \$350,000 in the second year for the Monitoring of Pesticides in Surface Water and Groundwater Program will provide ongoing pesticide monitoring support for the MDA Laboratory. This funding provides increased capability and greater capacity for pesticides samples and allows for cooperative projects with other agencies including MPCA and MDH. Funding is used to support staff positions to process and analyze an increased number of pesticide samples.

Rationale/Background:

This program activity monitors and assesses pesticides in surface and groundwater to ensure we are meeting water quality standards. Pesticides are frequently detected in surface water and groundwater and can be a source for surface water impairments and pose a risk for drinking water. Having reliable long-term data about pesticides in surface water and groundwater is extremely important for informed decision-making about imposing or removing restrictions on pesticide use to protect the environment. These are ongoing issues of public concern. Long-term pesticide monitoring allows for the evaluation of trends to protect water quality based on monitoring results. The majority of funding for the MDA Laboratory pesticide analysis is provided by fees paid on pesticide sales. The Clean Water Funding has enhanced the program and allowed the MDA pesticide monitoring program to become one of the most comprehensive programs in the nation.

Proposal:

Project funding will provide the MDA a greater capacity to continue to effectively monitor the waters of the state for pesticide contamination. Having reliable long-term data on concentration trends for pesticides in surface water and groundwater is extremely important for informed decision-making for imposing or removing restrictions on pesticide use to protect the environment. These are ongoing issues of public concern.

Impact on Children and Families:

Monitoring for pesticides in surface and groundwater is important to protect children and families because monitoring results provide information on whether the water is healthy for consumption (or other recreational or contact uses). Clean Water Fund activities must be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. These programs protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

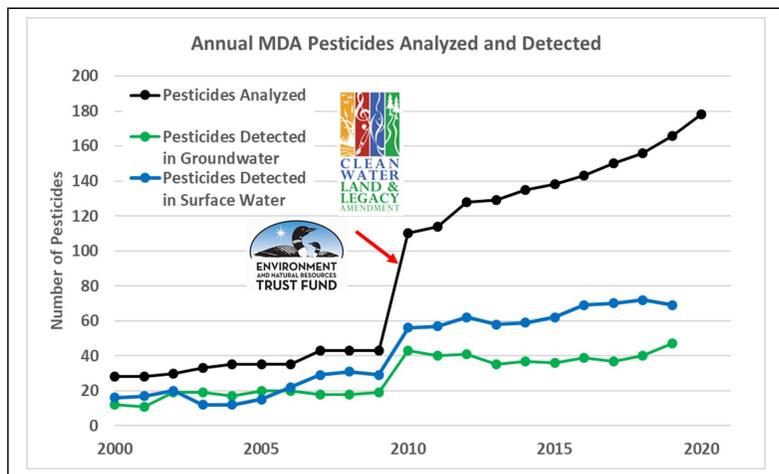
Results from pesticide monitoring are publicly available and actions are taken when concentrations approach or exceed a health risk limit. This program protects public health for all Minnesotans and the MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Clean Water Funds have supported an increase in the number of detectable pesticides from 44 in 2009 to 166 in 2019. It has also increased the number of pesticide samples collected annually which will vary based on the climatic conditions occurring from year-to-year.



Approximately **1,900 pesticide samples were submitted for analysis during 2019, an increase of over 900 samples compared to 2009 (before CWF).**

MDA MAU Totals	2019	2018	2017	2016	2015	2014
Total Pesticide Monitoring Sample Events	972	957	1,050	941	941	960
Number of Pesticide Samples Collected	1,909	1,819	1,906	1,688	1,516	1,557
Total Number of Pesticide Analytes	166	155	150	143	138	135
Total Number of Detected Pesticide Analytes in Groundwater	47	40	37	39	36	37
Total Number of Detected Pesticide Analytes in Surface Water	69	66	70	69	62	59
Total Pesticide Analyses Completed (method x analyte lists)	119,963	103,375	99,149	91,060	86,492	87,434
Total Number of Pesticide Detections	7,605	6,188	4,891	4,839	4,472	4,784
Most Frequently Detected Pesticide Analyte (compound (%))-Groundwater	Metolachlor ESA (82)	Metolachlor ESA (81)	Metolachlor ESA (82)	Metolachlor ESA (83)	Metolachlor ESA (81)	Metolachlor ESA (84)
Most Frequently Detected Pesticide Analyte (compound (%))-Surface Water	Hydroxyatrazine (97)	Hydroxyatrazine (93)	Hydroxyatrazine (82)	Hydroxyatrazine (90)	Hydroxyatrazine (89)	Hydroxyatrazine (85)
Active Pesticide Surface Waterbody Impairments	Acetochlor (1), Chlorpyrifos (13)	Acetochlor (1), Chlorpyrifos (9)	Acetochlor (1), Chlorpyrifos (9)	Acetochlor (1), Chlorpyrifos (4)	Chlorpyrifos (3)	Acetochlor (2), Chlorpyrifos (3)

MDA MAU Totals	2013	2012	2011	2010	2009
Total Pesticide Monitoring Sample Events	898	773	838	886	205
Number of Pesticide Samples Collected	1,463	1,304	1,346	1,517	950
Total Number of Pesticide Analytes	129	126	114	110	43
Total Number of Detected Pesticide Analytes in Groundwater	34	38	40	43	19
Total Number of Detected Pesticide Analytes in Surface Water	58	62	57	56	29
Total Pesticide Analyses Completed (method x analyte lists)	71,827	71,587	71,176	78,205	19,703
Total Number of Pesticide Detections	4,335	3,990	4,832	5,298	2,312
Most Frequently Detected Pesticide Analyte (compound (%))-Groundwater	Metolachlor ESA (82)	Metolachlor ESA (83)	Metolachlor ESA (82)	Metolachlor ESA (84)	Desethylatrazine (73)
Most Frequently Detected Pesticide Analyte (compound (%))-Surface Water	Hydroxyatrazine (91)	Hydroxyatrazine (83)	Hydroxyatrazine (93)	Hydroxyatrazine (93)	Metolachlor ESA (100)
Active Pesticide Surface Waterbody Impairments	Acetochlor (2), Chlorpyrifos (1)	Acetochlor (2), Chlorpyrifos (1)	Acetochlor (2)	Acetochlor (2)	Acetochlor (2)

Results are summarized in an annual monitoring report and available on the Minnesota Department of Agriculture’s website and share in presentations and other outreach events.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Pesticide Testing of Private Wells

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	339	339	0	0
Revenues	339	339	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1.17	1.17	0	0

Recommendation:

The Governor recommends \$339,000 in the first year and \$339,000 in the second year for the Pesticide Testing of Private Wells Project will identify, monitor, and assess the presence of pesticides in private wells in areas with row crop agriculture and vulnerable groundwater around the state. Funding is used to support staff positions to collect and assess private well water samples and for a private laboratory to analyze these samples for a suite of pesticides.

Rationale/Background:

Citizens may be concerned if pesticides are in their drinking water, especially when nitrate has been detected. Pesticide testing of private wells will address this concern. Data collected in 2019 and 2020 indicates some private wells may exceed drinking water standards for total cyanazine in certain areas. The continuation of this project will provide additional data on pesticide presence and magnitude in private wells.

Proposal:

The MDA will continue to investigate the presence of pesticides in private wells including the degradates of cyanazine, a corn herbicide which is no longer used. Previous work by MDA assessed pesticide presence in private wells in agricultural areas with vulnerable groundwater. In this phase of the investigation the MDA will target areas potentially at risk for pesticide presence, including cyanazine degradates. This will provide additional information on the potential health risk from the presence of pesticides in areas with vulnerable groundwater. Clean Water Funding would continue these program activities.

Impact on Children and Families:

Monitoring for pesticides in water resources that may be used as drinking water is important to protect children and families because some groundwater, which is used as drinking water, may have pesticide concentrations that present a health risk. These programs protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

Monitoring for pesticides in water resources that may be used as drinking water could benefit homeowners who are underserved or with limited incomes because they cannot afford water testing or water treatment systems on their own. Clean Water Fund activities protect and improve water quality and benefit all community members. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

In 2018-2019, 2,692 wells in 26 counties were sampled for 125 and 133 pesticide and pesticide breakdown products respectively in 2018 and 2019. Overall (2016-2019) 4,966 samples were collected in 42 counties. Phase 2 of the project will begin in the spring of 2021 and will focus on two pesticides that indicated the greatest concern for private drinking water wells (cyanazine and atrazine).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of wells sampled	2,692	2018-2019
Quantity	Number of counties sampled	26	2018-2019
Quantity	Number of wells with a pesticide detection and detection frequency	2,117 wells had a pesticide detection (78%)	2018-2019
Quantity	Total number of pesticides and pesticide degradates tested for		2018-2019
Results	Total number of pesticides and pesticide degradates detected	53 different pesticide and pesticide breakdown products were detected each year	2018-2019
Results	Detection Frequency above a Reference Value (%)	29 detections (3%) were above a Reference Value in 2019, 0 detections were above a Reference Value in 2018	2018-2019

Performance measure information is collected annually as part of the program and communicated to individual well owners in letters and in reports on the Minnesota Department of Agriculture’s website. Data is also shared with the Minnesota Department of Health for health risk assessment and public water supply drinking water protection.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Nitrate in Groundwater

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,503	2,503	0	0
Revenues	2,503	2,503	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	11	11	0	0

Recommendation:

The Governor requests \$2.503 million in the first year and \$2.503 million in the second year to implement Minnesota’s Nitrogen Fertilizer Management Plan (NFMP) and Groundwater Protection Rule for preventing and responding to nitrate contamination of groundwater from nitrogen fertilizer use. Funding for core functions critical to implementation of the NFMP and Groundwater Protection Rule including: project coordination and management, forming local advisory teams, using computer modeling to identify and target high-priority practices, monitoring groundwater for long-term trends, technical assistance, implementing groundwater-protecting practices and demonstration projects such as Rosholt Farm. This also includes direct support for the University of Minnesota-Extension.

Rationale/Background:

Nitrate is one of the contaminants of greatest concern for groundwater in Minnesota. Funding is being used for activities that help identify potential sources of nitrate-nitrogen contamination and evaluate and implement practices at the local level to reduce nitrate in groundwater. The MDA will target efforts to vulnerable areas to help prevent groundwater from becoming degraded. The MDA works in close partnership with local governments and other local stakeholders.

Proposal:

Nitrate is one of the contaminants of greatest concern in Minnesota’s groundwater. Continued funding will implement the Nitrogen Fertilizer Management Plan (NFMP) which is the state’s blueprint for addressing nitrate in groundwater and the new Groundwater Protection Rule. Implementing these NFMP and Groundwater Protection Rule activities will result in prevention and mitigation of groundwater from exceeding the health standard for nitrate. These efforts include:

- **Project coordination and management** activities needed to create and support local advisory teams, identify and promote needed best management practices (BMPs) and to ensure that groundwater monitoring, BMP promotion and assessment activities are conducted on schedule.
- **Establishing local nitrate monitoring networks** capable of producing long term trends in vulnerable Drinking Water Supply Management Areas (DWSMAs).
- **Nitrogen Best Management Practice adoption (BMP) surveys** and tools for local assessment and fertilizer dealer partnerships to determine the rate of nitrogen BMP adoption in an area and to enlist the assistance of crop advisers and fertilizer dealers.

- **Calibrate region specific models and conduct output** to identify the most cost-effective practices for local and regional conditions. Output will also guide decisions on whether existing BMPs will provide sufficient protection or if alternative management tools (AMTs) should be promoted
- **Water quality demonstrations and BMP evaluations** to compare nitrogen BMPs to existing practices and to demonstrate the effectiveness of the BMPs.
- **Promotion of Alternative Management Tools (AMTs)** that will significantly reduce groundwater impacts; they are intended to go beyond more traditional BMPs in terms of groundwater protection. AMTs may include alternative cropping systems, cover crops, advanced nitrogen management or application of precision technology.
- **Extension Educators at the University of Minnesota Extension** to accelerate outreach and education on nitrogen fertilizer BMPs in regions of the state with vulnerable groundwater. Educator's areas of expertise include soil fertility, nutrient management, and water quality
- **Statewide and regional prevention** to provide education and promotion of nitrogen BMPs to ensure that in the future, nitrate does not become a concern in new areas.

Impact on Children and Families:

Addressing nitrate in groundwater is important to protect children and families because some groundwater, which is used as drinking water, has nitrate concentrations that present a health risk, especially for infants. These programs protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

MDA programs help to reduce nitrate levels in groundwater and they help economically disadvantaged communities that may be less likely to test private wells or treat drinking water. Clean Water Fund activities protect and improve water quality and benefit all community members.

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

IT Related Proposals:

This is not an IT proposal.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Irrigation Water Quality Protection

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	135	135	0	0
Revenues	135	135	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$135,000 in the first year and \$135,000 in the second year for funding to support an irrigation water quality specialist who develops guidance and provides education on irrigation and nitrogen best management practices (BMPs). Many farmers, particularly those newly implementing irrigation or new irrigation technology, will benefit from increased education, training and direct support. The irrigation specialist is located at the University of Minnesota - Extension.

Rationale/Background:

Irrigation of row crops is a potential source of nitrate in groundwater especially in the areas with coarse-textured (sandy) soils common in central Minnesota. There are many farmers, particularly those newly implementing irrigation, who would benefit from increased education on irrigation and nitrogen BMPs. Funding supports an irrigation water quality specialist who develops guidance and provides education, outreach and promotion of irrigation and nitrogen fertilizer best management practices. Adoption of these practices will help to reduce nitrate-nitrogen leaching in irrigated agricultural fields. This position is located at the University of Minnesota - Extension.

Proposal:

Continued funding will support MDA's ongoing efforts, and enable the implementation of irrigation BMPs to protect groundwater. Irrigation in Minnesota typically occurs on sandy soils which are highly vulnerable to groundwater contamination. Activities led by the Irrigation Specialist are critically important for protecting groundwater from a major source of nitrate contamination in sensitive areas. Nitrate is one of the contaminants of greatest concern in Minnesota's groundwater. Nitrate losses from irrigation of nitrogen demanding crops (such as corn, potatoes and edible beans) is a potential source of nitrate in groundwater, especially in areas with sandy soils. The need for an irrigation specialist was identified as a critical need by the irrigation community and other agricultural stakeholders to provide education and technical assistance on irrigation and nitrogen management. Many farmers, particularly those newly implementing irrigation technology, will benefit from increased education, training and direct support.

Impact on Children and Families:

Addressing nitrate in groundwater is important to protect children and families because some groundwater, which is used as drinking water, has nitrate concentrations that present a health risk, especially for infants. These programs protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

MDA programs help to reduce nitrate levels in groundwater, and they help economically disadvantaged communities that may be less likely to test private wells or treat drinking water. Clean Water Fund activities protect and improve water quality and benefit all community members.

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

IT Related Proposals:

This is not an IT proposal.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Technical Assistance

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,452	1,452	0	0
Revenues	1,452	1,452	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends \$1.452 million in the first year and \$1.452 million in the second year for the Technical Assistance Program to provide technical assistance and on-farm demonstrations to support the adoption of conservation practices that protect and improve water quality. This funding helps ensure accurate scientific information is available and used to address water quality concerns in agricultural areas. Funding is used to evaluate conservation practices, share information about research and new technologies, and enhance outreach and education to the agricultural community and local government partners. Examples of projects include: Discovery Farms Minnesota, Root River Field to Stream Partnership, Nutrient Management Initiative, and the Red River Valley Drainage Water Management site.

Rationale/Background:

Technical assistance activities are a primary vehicle to work with the agricultural community to promote best management practices. This funding is used to evaluate conservation practices, share information about research and new technologies, and enhance outreach and education to the agricultural community and local government partners. Technical assistance also fills an important need for field demonstration and validation of practices. The MDA uses on-farm, edge-of-field monitoring to assess sediment and nutrient loss at the field-scale and to evaluate the effectiveness of conservation practices. New and existing conservation practices are evaluated at these sites including practices that have been developed or studied within the MDA's Clean Water Agricultural Research/Evaluation Program. The MDA works with many partners including universities, crop consultants, soil and water conservation districts, farmers and other state agencies. Technical assistance and on-farm demonstration should result in increased adoption of conservation practices protective of water quality.

Proposal:

MDA's technical assistance supports on-farm demonstrations and enhances outreach and education to the agricultural community and local government partners. Demonstration projects evaluate the effectiveness of conservation practices and support collaboration with agricultural stakeholders and peer-to-peer learning among farmers. The MDA passes money through to local governments and supports the existing conservation delivery system. The MDA works closely with other agencies and multiple partners in the agricultural community.

Impact on Children and Families:

Clean Water Fund activities must be spent to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation. These programs protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

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

IT Related Proposals:

This is not an IT proposal.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – AgBMP Loan Program

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	75	75	0	0
Revenues	75	75	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$75,000 in the first year and \$75,000 in the second year for the AgBMP Loan Program to provide revolving low interest loans for eligible activities that reduce or eliminate water pollution. The program is administered by local governments, has very low transaction costs, and repayments fund additional projects. Proposed funding will provide for continued 0.5 FTE staff funding to administer the program.

Rationale/Background:

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

Proposal:

The AgBMP Loan Program is a well-established program to provide funding to address non-point source water quality issues. AgBMP loans are used to fund practices that prevent, reduce, or eliminate a nonpoint source water pollution problems in rural Minnesota, whether on a farm, a residence or business, an unsewered community or a lakeside cabin. Funded projects typically include manure management, feedlot improvements, septic system upgrades, purchase of conservation tillage equipment, erosion control structures, and the repair or relocation of drinking water wells. The demand by citizens of Minnesota for AgBMP loan assistance to address water quality problems remains high, and it is anticipated that the available cash on hand will be less than the demand for loans, limiting the program over the next biennium.

Impact on Children and Families:

The AgBMP loan program provides low interest loans to farmers and rural landowners to help finance practices, structures and other improvements that reduce or eliminate water pollution. These loans improve water quality and protect public health and thereby ensure that all children have a healthy start.

Equity and Inclusion:

AgBMP loans can be used to fund practices on a farm, a residence or business, an unsewered community or a lakeside cabin. These funds may be used throughout the state for any eligible pollution problem. Access to loans provides needed financial assistance and may disproportionately impact low income families that could not pay otherwise pay for a practice. The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Dedicated Food Licensing Fees

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	(3,600)	(3,600)	(3,600)	(3,600)
Revenues	(3,600)	(3,600)	(3,600)	(3,600)
Agriculture Fund				
Expenditures	3,600	3,600	3,600	3,600
Revenues	3,600	3,600	3,600	3,600
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends shifting non-dedicated General Fund food handler licensing and vending machine inspection fees under M.S. 28A.08 and M.S. 28A.09 to the Agriculture Fund. In addition, a reduction of \$3.6 million to the Food and Feed Safety General Fund base in FY22-23 and FY24-25. This proposal is budget neutral to the General Fund through dedication of food handler license fee revenues to the Agriculture Fund for program use.

Rationale/Background:

Food safety and administrative programs for retail and manufactured foods are operated and maintained through funding from the General Fund, federal contracts, federal cooperative agreements and several other minor fee accounts dedicated in the Agriculture Fund. Food handler license fees are non-dedicated and do not directly support food program operations. Food industries are historically dynamic in nature due to changes in food science, production methods, consumer preferences, and sales models. Other food safety programs, such as commercial feed and dairy inspection, have dedicated revenues from their respective regulated industries and are better able to address long term planning needs and adapt to industry changes. Staffing and program administration needs of the retail and manufactured foods is similar to other public health programs.

Retail and manufactured food inspection staff must remain up to date in scientific knowledge and regulatory training to provide necessary food safety services to protect public health. Historically, General Fund appropriation has not allowed for timely program flexibility and modernization. This resulted in inspection delays until additional appropriation requests were successfully completed. These delays and the General Fund budget cycle has limited long term program planning and flexibility of the retail and manufactured foods programs.

The Food and Feed Safety Division operations budget is approximately 78 percent labor, with nearly three-quarters of the division's staff directly conducting and supervising inspection work. The remaining 22 percent of the operations budget covers many fixed costs including unemployment insurance, workers compensation, and various agency and enterprise assessments.

Proposal:

This proposal will dedicate revenues generated from food handler license and vending machine inspection fees to the Agriculture Fund by amending M.S. 28A.08 and 28A.09. These funds will allow the Food and Feed Safety Division to improve food safety program services through long-term administrative planning and experience direct influence from changes within regulated industry populations. This proposal will allow the division to proactively address long term professional staffing needs and increase both resiliency and responsiveness to

changes in regulated industries. Examples of food handler industry changes include license numbers, facility operation size shifts and modifications to operation types or complexities.

The shift in program funding will unfortunately result increased expenses for the program due to agency indirect costs. These additional expenses combined with reductions in federal contract revenues for the Manufactured Food Program pose significant risk to current staffing levels for critical inspection services. Funds from this proposal will be prioritized towards food inspection staffing to assist in continuity of licensing, inspection and enforcement services provided by food program staff located across the state for approximately 12,800 food handlers and cottage food producers.

This proposal compliments the proposal to streamline food safety through stakeholder input for modernizing food licensing structures in order to eliminate current barriers for food businesses due to jurisdictional complexity. Updating food licensing fees to better support program related costs will be necessary for long term program sustainability.

Impact on Children and Families:

Specific impacts to children and families have not been identified due to this proposal.

Equity and Inclusion:

Specific impacts to equity and inclusion have not been identified due to this proposal.

IT Related Proposals:

None

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Pesticide Fee Increase to Fund Laboratory and Urban Programs

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agriculture Fund				
Expenditures	0	2,251	2,251	2,251
Revenues	0	2,251	2,251	2,251
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
Total FTEs	0	6.45	6.45	6.45

Recommendation:

The Governor recommends increasing the pesticide gross sales fee rate by 0.35% for ag pesticides and 0.4% for non-ag pesticides to generate approximately \$2.251 million in the Agriculture Fund beginning FY23. This request represents an increase in revenue of approximately 64% over the actual receipts collected in FY20 of \$3.5 million.

Rationale/Background:

The current funding structure for pesticide analytical work in the MDA Laboratory does not provide for a stable source of revenue to replace or add additional high cost analytical equipment required for sensitive analysis. Pesticide analytical equipment is expensive, with a typical instrument costing approximately \$500,000, and more advanced instruments approaching \$1 million.

Water monitoring is important to evaluate the potential risk to drinking water and aquatic species from elevated levels of pesticides. Water monitoring data from recent years indicate some samples exceeded the EPA aquatic life benchmarks for several insecticides. Monitoring data in groundwater has identified the degradates of the herbicide cyanazine, which have exceeded the drinking water standard in over 40 private wells. The MDA Laboratory is one of only two labs in the nation with an established method for analyzing water samples for the degradates of cyanazine.

Data from the Minnesota Department of Health (MDH) Public Data access indicates there is opportunity to educate people in the age group 20 to 65 on pesticide use. Between 2015 and 2019, 1,333 phone calls were made concerning pesticide poisonings specifically from this age group in Minnesota. The outreach from the two new urban pesticide education and label review positions will be provided to all ages, targeting diverse communities, and should be very valuable at decreasing inadvertent pesticide poisonings in all age groups.

In March of 2020, the Office of the Legislative Auditor (OLA) released a program audit of the Minnesota Department of Agriculture (MDA) pesticide programs. The OLA recommended the MDA expand its pesticide monitoring program to include three additional chemicals. This proposal is for increased funding to update pesticide analytical capability in the MDA Laboratory to include the three chemicals recommended by the OLA audit. The equipment needed to perform the analysis for these chemicals are currently not available at the MDA Laboratory. The revenue will be generated through a fee increase on pesticide gross sales in Minnesota and used for the MDA Laboratory to upgrade or add additional equipment, to provide additional staff to perform analysis for the three additional chemicals.

Currently the Water Analysis Unit of the MDA Laboratory utilizes multi-analyte methods. The three analytes identified in the audit have unique chemistry and are not amendable to current methods and would require

separate methods. The proposed approach for Glufosinate is to develop a method that can analyze for this analyte along with Glyphosate and its degradate AMPA. This would require a more sensitive LC-MSMS than is used in the current Glyphosate method. Triphenyltin and ETU will be approached as a direct inject method and likely will require two separate methods, with both being analyzed on a new LC-MSMS configured and sensitive enough for direct inject. In order to achieve these goals, the MDA Lab would need an expansion consisting of two analytical instruments, two staff, and two computers with instrument vendor software.

Proposal:

This proposal increases the pesticide gross sales fee rate in FY22 from 0.55% for ag pesticides and 0.5% for non-ag pesticides to 0.90% for all. Portions of this proposal are new and others are additions to improve existing programs and create a stable source of funding for the MDA Laboratory. Funds would be used as follows:

- **\$1.056 million to maintain critical laboratory services.** Many of the core pieces of laboratory equipment used by the MDA Laboratory to analyze water samples for both the Enforcement and Monitoring Programs of the Pesticide and Fertilizer Management Division (PFMD) are beyond the 10-year life expectancy and are no longer supported by the vendor. In order to maintain current Monitoring Program capacity of approximately 2,000 samples annually for pesticide water quality analysis and to be able to process samples in support of the MDA regulatory programs in a timely manner, the MDA Laboratory will use the funding to purchase replacement equipment and service contracts. If current analytical equipment starts to fail, services will decrease for both the Monitoring and Enforcement Programs. Equipment purchase in the MDA Laboratory will be phased in as resources become available. The proposal includes funding for six replacement analytical instruments and related support equipment and service contracts. Equipment to be replaced includes:
 - Horizon Solid Phase Extraction Sys #2
 - Horizon Solid Phase Extraction Sys #3
 - LCMSMS Acquity Ultra Performance
 - 2 Autotrace 280
 - GCQQQ (GTD)
 - GCQQQ (GTC)
 - HPLC - MS/MS Quatro Premier XE
 - Quatro Premier XE Mass Spec
 - Mass Spectrometer 5975C GMG
 - GC 7890A GTA (GCMSMS)
 - GC 7890A GTB (GCMSMS)
 - Thermo Q-Exactive (Mass Spec)
- **\$350,000 to fund supplies and two analytical chemist positions in the MDA Laboratory.** This new funding would replace Clean Water Funds, which currently need to be reapproved every two years. The goal is to provide secure funding for these valuable positions in the MDA Laboratory.
- **\$325,000 to create two new pesticide education and label interpretation positions.** This new funding initiative will target diverse communities in urban areas. The new positions will increase education and support on urban pesticide management and use issues for a diverse urban community. The two new positions funded through this request are important to ensure urban communities are protected from the potential for significant health risks due to the misuse of pesticides. This work is important to provide increased outreach and information to targeted groups who currently may not understand pesticide labels and usage requirements.
- **\$520,000 to provide additional resources for the purchase of analytical equipment, supplies and personnel for the MDA Laboratory to add the three chemicals as requested in the OLA audit.** This new

funding initiative will provide for the purchase of two analytical instruments (an LC-MS/MS and a direct inject LC-MS/MS) and associated supplies/service agreements, two additional staff and two computers with instrument vendor software for the MDA Laboratory.

Impact on Children and Families:

Monitoring for pesticides in water resources that may be used as drinking water is important to protect children and families because some groundwater and surface water, which is used as drinking water, may have pesticide concentrations that may present a health risk. These programs protect public health and thereby ensure that all children have a healthy start.

Data from the MN Public Health Data Access website indicated that over 2,800 children (ages 0 to 5), from 2015 to 2019, were accidentally poisoned by misuse of household pesticide products. The goal of the new positions would be to target populations that need the most help by providing improved access to pesticide education resources and services. The MDA believes there is a need to educate parents and care givers, which may lead to a reduction in household pesticide poisonings and provide for a healthier start for children and families.

Equity and Inclusion:

Monitoring for pesticides in water resources that may be used as drinking water may benefit homeowners who are underserved or with limited incomes because they cannot afford water testing or treatment systems on their own. These actions help to protect and improve water quality which will benefit all community members.

A portion of the funding used for two new positions focused on urban and household pesticides will allow MDA to better support underserved and diverse communities in Minnesota. By having specific staff focused in on serving specific communities, the goal would be to help reduce the rate of pesticide misuse and pesticide poisonings.

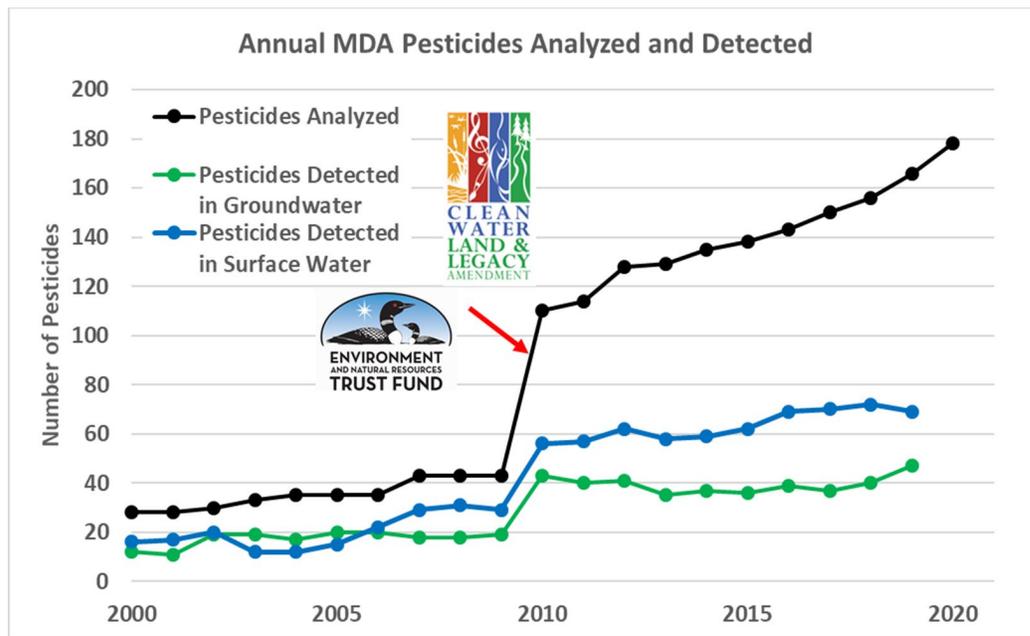
IT Related Proposals:

None

Results:

There are four components to this request, the first two relate to existing program work including **maintaining critical laboratory services and replacing Clean Water Funds for supplies and two laboratory analyst positions**. Impacted by this funding proposal are the Pesticide Enforcement and Monitoring Programs. Current performance is tracked by the number of samples analyzed and the number of chemicals evaluated (see example figure below). Moving forward, the time it takes the laboratory to report pesticide results will be added to the measures. The goal of this effort is to maintain and improve current laboratory capability and capacity. This effort will have combined performance measures of:

- Laboratory results reporting time (days) by program.
- Number of samples analyzed annually by program.
- Number of pesticide chemicals the laboratory quantifies annually by program.



The third component of this request creates **two new pesticide education and label interpretation positions** for outreach to underserved communities. Reducing pesticide exposures and increasing pesticide awareness and safety are the objectives of this effort. The goal will be a reduction in reported pesticide poisonings. For this new program area, performance will be tracked by:

- The number of outreach event or contacts initiated annually.
- The number of pesticide label reviews.
- The number of accidental pesticide related poisonings reported annually as tracked by the Minnesota Department of Health.

The fourth component of this request involves responding to **recommendations made by the Office of the Legislative Auditor** during a recent audit of MDA pesticide programs. Specifically, the audit recommended the MDA monitor and assess the presence of additional pesticide chemicals in Minnesota’s water resources. As performance measures the MDA will track the number of new pesticide chemicals evaluated each year, the number of new pesticide chemicals added to the laboratory analytical list annually, and the number of samples collected, analyzed and corresponding detections in water resources annually.

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: MAWQCP Climate Smart Farms Project

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	500	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a FY2022 one-time general fund appropriation of \$500,000 to establish a Minnesota Agricultural Water Quality Certification Program MAWQCP Climate Smart Farms Project. This program is a federal-state partnership between the State of Minnesota, the USDA, the EPA, and private industry as a first of its kind program that combines the technical expertise and financial resources of federal and state government to address water quality in agricultural areas.

This new General Fund request is for a limited-term 5-year bridge-payment program available to MAWQCP certified farms that obtain a Climate Smart Endorsement through implementation of climate change mitigation practices. The bridge-program payments are structured to incent development of Minnesota farms and farm practices as the supply source for emerging private climate/carbon markets.

Rationale/Background:

Policy discussions in the agriculture industry and government are increasingly dominated by the topic of climate change and developing market-based responses for farmers and ranchers to access a new revenue stream that directly serves society's interests in mitigating the changing climate. The primary challenge is to create the transition from public investment to private market management of climate benefits as a profitable product. A temporary bridge program fills the gap between the 'chicken and the egg' by driving quantified production of climate benefits to supply the transition to a private marketplace.

The MAWQCP further provides an existing infrastructure and proven policies to build this bridge to the private market. The MAWQCP is locally led through established funding and an integrated statewide network of Minnesota's Soil and Water Conservation Districts, state and federal agencies, and private industry. MAWQCP-certified farms earn 10-year contracts and have the option to earn a specific endorsement for adopting climate supportive farming. MAWQCP-certified farms provide the public comprehensive stewardship on each acre and every crop, which clearly delineates their earned-benefit status for receiving public dollars for conducting additional new climate efforts.

Proposal:

The State of Minnesota will establish the MAWQCP Climate Smart Farms Project to quantify and incentivize climate supportive practices in agricultural operations. Eligibility for climate payments is earned through MAWQCP-certification and obtaining the program's Climate Smart Farm Endorsement. Participating eligible farms may then receive an annual payment for having implemented climate smart practices and management that achieve the Climate Smart Farm endorsement. The annual payments will be based on a metric tonnage ranking-

basis as measured through COMET, the official greenhouse gas quantification tool of the United States Department of Agriculture. Enrollment on an annual sign-up basis will be limited to the 5-year project period (FY22-FY26). Eligibility for payments shall exist concurrently with participants' MAWQCP Certification Agreement, or the remaining portion thereof if a participant's certification term concludes and is not re-certified. In the event growers enroll or participate by whatever prescribed method in a separate private or public climate payment market or program, their eligibility for and participation in the MAWQCP Climate Smart Farms Project will immediately conclude. All terms of the MAWQCP Certification Agreement will apply to the commitments and activities relative to participation in the MAWQCP Climate Smart Farms Project.

The MAWQCP Climate Smart Farms Project payments will be funded by a one-time \$500,000 General Fund appropriation, providing a minimum \$100,000 annual funding pool to pay eligible enrolled producers for their documented climate mitigation during the 5-year bridge-payment program's spending authority period of FY22-FY26.

Equity and Inclusion:

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

IT Related Proposals:

This is not an IT proposal.

Results:

The MAWQCP Climate Smart Farms Project will generate the necessary supply a marketplace must have by enabling a space where agricultural operations can obtain limited-time public support as they develop climate mitigation farm management systems and practices. The bridge payments will enable Minnesota farms to incorporate outcome-verified climate strategies into their operations and graduate to maturing private climate market structures. In turn, the farming systems and their market supply will enable new income streams to support local farms and contribute to achieving Minnesota's established climate goals.

The annual payments will be based on a metric tonnage ranking-basis as measured through COMET Planner, the official greenhouse gas quantification tool of the United States Department of Agriculture. Enrollment on an annual sign-up basis will be limited to the 5-year project period (FY22-FY26). For reference, sample outcomes from example MAWQCP-certified farm scenarios are below, reflecting the COMET accounting of climate benefits in terms of annual CO2 equivalent metric tons of carbon reduced.

Sample Management Scenarios and Expected Results

Sample Scenarios	COMET (carbon equivalent metric tons per year)
1000 acres C/S, Cover crops after corn, no-till after corn, reduced till after soy, N use efficiency, N inhibitors, grazing (30a existing/10 new), 500 acres dairy manure application	611
100 acres converted from cropland to prescribed grazing	53
2000 acres conservation crop rotation, reduced till to no till, cover crops w/legumes 50% reduction (500 acres), reduce fertilizer 15%	1,119
600 acres farm, 500 acres organic corn/soy/barley/corn/alfx3, reduced tillage on all acres, manure, prescribed grazing with 50 acres established at time of certification, planning to do 5 acre pollinator planting in the next year, cover crops following corn/soy/barley	321

Upon MAWQCP-certified farms earning Climate Smart endorsements and participating in the MAWQCP Climate Smart Farms Project payments, greenhouse gas emission reductions will be accounted and accumulated over the 5-year term of the bridge payment program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	CO2 equivalent metric tons reduced	N/A (new project)	N/A	FY22-FY26
Quality	Total farms participating	N/A (new project)	N/A	FY22-FY26
Results	Entirely new emissions reductions and sequestration of carbon equivalencies generated above the zero pre-project baseline accumulating for the agriculture sector and state of Minnesota reduction goals.	N/A (new project)	N/A	FY22-FY26

Agriculture

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	-1,330	565	974	974	974
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	-1,330	565	974	974	974
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends a reduction of \$1,330,000 to the FY 2021 general fund operating appropriation and additional funding of \$565,000 in FY 2022 and \$974,000 in each subsequent year from the general fund to maintain the current level of service delivery at the MN Department of Agriculture (MDA).

This increase represents a 1% change to the MDA's overall general fund base.

Rationale/Background:

The FY 2021 operating reduction amount reflects the savings generated due to the state hiring freeze and other operating efficiencies in the current year. In addition to salary savings, the Department has held back monetary performance awards, suspended outstate travel, reduced motor pool fleet, limited printing of marketing materials, and evaluated memberships.

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For the MDA, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with analyzing additional efficiencies including:

- Leveraging virtual technology to reduce travel and other onsite meeting costs
- Evaluating program needs prior to filling vacancies
- Exploring IT modernization

Efficiencies will continue in the next biennium; however, cost growth will continue to put pressure on budgets and without additional resources, service delivery erodes. For MDA, this means:

- Delaying projects
- Putting a strain on dedicated fee accounts
- Reducing visibility and recognition of agency services

Proposal:

The Governor recommends reducing the FY2021 general fund operating appropriation by 1.33 million. In addition, the Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation, acknowledging continued efficiencies achieved by MDA. For MDA, this funding will cover expected and anticipated employee compensation growth and an increase IT service.

Results:

This proposal is intended to allow MDA to continue to provide current levels of service and information to the public.

Program: Protection Services

Activity: Pesticide and Fertilizer Management Division

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

AT A GLANCE

- In partnership with all Minnesota counties, collected over 600,000 pounds of waste pesticides in 2019, and over 9 million pounds of waste pesticides have been collected since 1990.
- During the division's 28-year history, over \$41 million from the Agricultural Chemical Response and Reimbursement Account has been spent to reimburse persons for the environmental cleanup of agricultural chemicals.
- Funded over \$1.1 million annually for fertilizer research, directed by a council of agriculture organizations.
- During the last decade the Minnesota Department of Agriculture (MDA) has developed one of the most comprehensive pesticide monitoring programs in the nation. Monitoring data is publicly available and is used as feedback in the pesticide regulatory process to inform policy makers, planners, and citizens of the state about the quality of Minnesota's water resources.
- Monitored groundwater (611 samples at 166 locations) and surface water (1,161 samples at 55 locations) for pesticides in 2019.
- Registered more than 13,000 pesticides.

PURPOSE AND CONTEXT

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

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

SERVICES PROVIDED

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

- Pesticide/Fertilizer Inspections
 - Federal, routine, incident, and compliance assistance
- Pesticide/fertilizer training, licensing, and certification
- Pesticide/Fertilizer Misuse Investigations
- Pesticide/Fertilizer storage facility permitting
- Pesticide Registration
- Worker Protection Standard education and compliance
- Enforcement of pesticide and fertilizer regulations
- Emergency response 24/7
- Site cleanups and Superfund administration
- Anhydrous ammonia (AA) regulation
- Commercial manure application licensing
- Pesticide and fertilizer use surveys
- Best Management Practices (BMP)
- Discovery Farms technical support

- Reimbursement for cleanups
- Actions to protect pollinators in both urban and rural settings
- Pesticide Management Plan implementation
- Nitrogen Fertilizer Management Plan implementation
- Groundwater monitoring for pesticides and nitrates
- Surface water monitoring for pesticides and nutrients
- Free waste pesticide collection for agricultural and urban users
- Soil and manure laboratory certification
- Research funding for fertilizer impact on water quality
- Agriculture Water Quality Certification for farmers and landowners
- Nitrate water quality technical support for municipalities

RESULTS

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

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Pesticide Inspections: Facility, Worker Protection Standard, Restricted Use Pesticide	268	330	FY18 to FY19
Quantity	Pounds of waste pesticides collected	543,861	618,348	FY18 to FY19
Quantity	Wait time to receive pesticide license during peak licensing season	10 days	Same Day	FY18 to FY19

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

Pesticide and Fertilizer Management

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	553	652	539	651	610	610	1,121	633
2000 - Restrict Misc Special Revenue	2	15	47	15				
2018 - Agriculture	15,239	16,318	17,231	16,890	17,330	17,397	17,330	17,722
2050 - Environment & Natural Resources		250	190					
2302 - Clean Water	12,294	12,172	12,000	13,165	1,318		11,073	9,755
2801 - Remediation	1,508	1,446	1,690	1,972	1,959	1,959	1,959	1,959
3000 - Federal	300	409	297	406	406	330	406	330
Total	29,897	31,262	31,993	33,099	21,623	20,296	31,889	30,399
Biennial Change				3,934		(23,173)		(2,804)
Biennial % Change				6		(36)		(4)
Governor's Change from Base								20,369
Governor's % Change from Base								49

Expenditures by Category

Compensation	11,548	11,428	11,607	12,948	9,316	9,372	12,679	12,993
Operating Expenses	14,980	15,776	15,180	16,912	10,819	9,726	14,740	13,726
Grants, Aids and Subsidies	3,351	3,955	5,177	3,198	1,470	1,180	4,406	3,616
Capital Outlay-Real Property		6	6					
Other Financial Transaction	18	96	22	41	18	18	64	64
Total	29,897	31,262	31,993	33,099	21,623	20,296	31,889	30,399

Total Agency Expenditures	29,897	31,262	31,993	33,099	21,623	20,296	31,889	30,399
Internal Billing Expenditures	2,496	2,342	2,997	3,585	2,797	2,804	3,558	3,610
Expenditures Less Internal Billing	27,400	28,920	28,996	29,514	18,826	17,492	28,331	26,789

Full-Time Equivalent

	119.25	115.00	112.00	111.28	83.24	83.16	110.81	112.73
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Pesticide and Fertilizer Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		43		71				
Direct Appropriation	837	838	860	860	610	610	1,121	633
Transfers In	8	21						
Transfers Out	250	250	250	280				
Balance Forward Out	42		71					
Expenditures	553	652	539	651	610	610	1,121	633
Biennial Change in Expenditures				(15)		30		564
Biennial % Change in Expenditures				(1)		3		47
Governor's Change from Base								534
Governor's % Change from Base								44
Full-Time Equivalents	4.03	3.69	4.04	3.74	4.04	4.04	4.04	4.04

2000 - Restrict Misc Special Revenue

Balance Forward In			16					
Receipts	2	31	30	15				
Balance Forward Out		16						
Expenditures	2	15	47	15				
Biennial Change in Expenditures				45		(62)		(62)
Biennial % Change in Expenditures				266		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.01					

2018 - Agriculture

Balance Forward In	9,412	11,879	12,666	10,444	8,787	6,800	8,787	6,800
Receipts	18,174	17,136	16,400	16,623	16,793	16,966	16,793	19,217
Transfers In	16							
Transfers Out	1,390	1,390	1,390	1,390	1,450	1,450	1,450	3,376
Balance Forward Out	10,972	11,307	10,444	8,787	6,800	4,919	6,800	4,919
Expenditures	15,239	16,318	17,231	16,890	17,330	17,397	17,330	17,722
Biennial Change in Expenditures				2,564		606		931
Biennial % Change in Expenditures				8		2		3
Governor's Change from Base								325

Pesticide and Fertilizer Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's % Change from Base								1
Full-Time Equivalents	78.73	75.16	74.15	74.15	74.15	74.15	74.15	76.15

2050 - Environment & Natural Resources

Balance Forward In			190					
Direct Appropriation		250						
Expenditures		250	190					
Biennial Change in Expenditures				(60)		(190)		(190)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	5,570	4,584	5,087	3,860	1,318		1,318	
Direct Appropriation	8,208	9,208	10,935	10,635	0	0	9,755	9,755
Transfers In				1,318	1,318		1,318	
Transfers Out				1,318	1,318		1,318	
Cancellations			161	12				
Balance Forward Out	1,484	1,620	3,861	1,318				
Expenditures	12,294	12,172	12,000	13,165	1,318		11,073	9,755
Biennial Change in Expenditures				700		(23,847)		(4,337)
Biennial % Change in Expenditures				3		(95)		(17)
Governor's Change from Base								19,510
Governor's % Change from Base								
Full-Time Equivalents	31.96	30.49	28.81	28.34			27.57	27.57

2801 - Remediation

Balance Forward In		12		13				
Direct Appropriation	393	398	399	399	399	399	399	399
Open Appropriation	1,126	1,059	1,304	1,560	1,560	1,560	1,560	1,560
Cancellations		23						
Balance Forward Out	11		13					
Expenditures	1,508	1,446	1,690	1,972	1,959	1,959	1,959	1,959

Pesticide and Fertilizer Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Biennial Change in Expenditures				709		256		256
Biennial % Change in Expenditures				24		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.57	2.45	2.80	2.80	2.80	2.80	2.80	2.80

3000 - Federal

Receipts	300	409	297	406	406	330	406	330
Expenditures	300	409	297	406	406	330	406	330
Biennial Change in Expenditures				(7)		33		33
Biennial % Change in Expenditures				(1)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.96	3.21	2.19	2.25	2.25	2.17	2.25	2.17

Program: Protection Services
Activity: Plant Protection Division

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

AT A GLANCE

- More than 1,400 inspections completed to identify USDA grade for fruit and vegetable transactions in FY20.
- Roughly 5,000 seed potato acres certified and more than 350 potato shipping point inspections conducted.
- 300 inspections of grain buy and store locations during FY20 and eight bond claims resolved FY18-20.
- 220 seed labeling and selling inspections and 1,305 samples collected and analyzed for label accuracy in FY20.
- Over 4,000 acres across six sites treated to eradicate gypsy moth during 2019 and 2020.
- Nine firewood distributors certified to produce heat-treated firewood.
- More than 1,373 phytosanitary certificates issued allowing for domestic and international shipment of plants and plant products.
- \$60,000 granted for wolf depredation prevention projects and \$102,000 paid in wolf depredation claims during FY20.
- \$1.1 million in grants awarded to local governments for management of noxious weeds during FY18-20.
- More than 6,800 acres treated for eradicate list noxious weeds during 2019.
- More than 5,000 outdoor acres and 4 million indoor square feet of hemp production inspected, sampled and tested for Tetrahydrocannabinol THC content.
- More than 47,000 parasitoids released to combat emerald ash borer.
- 286 nursery stock growers and 2,158 nursery stock dealers certified.

PURPOSE AND CONTEXT

The Plant Protection Division PPD is responsible for preventing, detecting and responding to invasive plants, pathogens and pests that threaten Minnesota's agricultural and natural systems. In addition, PPD also regulates agricultural processes including the labeling and sale of seed, purchase and storage of grain, hemp production, sale of nursery stock and seed potato certification. Finally, PPD inspects, grades and certifies agricultural commodities for sale as well as importation into domestic or international markets. These activities contribute to the mission of the agency by protecting agriculture and the environment from pest threats, ensuring truth in labeling and verifying the quality of Minnesota products for sale or export.

SERVICES PROVIDED

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

These goals are achieved by:

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

Fee-generated dedicated funds support nearly half of the division activities and about 25 percent of activities are funded through federal grants as well as state grants from the Environment and Natural Resources Trust Fund. The remaining 25 percent of activity is supported by State General Fund appropriations.

RESULTS

- Responded to the introduction of *Ralstonia solanacearum* Race 3 Biovar 2, a major threat to U.S. agriculture, by tracking down and destroying thousands of infected geraniums, contributing to the eradication of this pathogen from the U.S.
- Collected nearly 1,000 packages of unlabeled seeds shipped into Minnesota from outside the U.S. for identification and destruction
- More than 3,000 acres and 2,200 miles of roadsides managed for noxious weeds through state grants to local governments
- Elongate hemlock scale intercepted on Christmas trees and holiday greenery imported to Minnesota from the eastern U.S. during 2019, resulting in removal and destruction of more than 1,000 trees and wreaths
- 100 percent of grain storage and 25 percent of grain buying locations inspected during FY20
- 67 percent of seed potato lots passed 2019 winter test with 100 percent of Generation 1 and 2 passing
- 89 percent of agricultural seed and 70 percent of retail seed inspected was found to be in compliance with labeling requirements during FY20
- Wholesale produce licensing and bonding requirements repealed, removing barriers to sale of Minnesota produce
- 286 plant dealer inspections resulting in plants removed from sale due to pests, pathogens, or noxious weed issues
- 890 citizen reports of invasive insects and pathogens resolved with 324 finds in new areas enabling preemptive monitoring and management

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>
Quantity	Palmer amaranth infested sites = sites where eradication is still in progress + new sites discovered – sites where eradication complete	2016 – 33 2017 – 53 2018 – 70 2019 – 73	2020 – 39 eradication completed at 36 sites
Quantity	Number of hemp samples taken and % with acceptable THC content	2016 - 17 100% 2017 – 110 100% 2018 – 60 100% 2019 – 581 87%	2020 – 700 estimated samples to collect and test
Quantity	Number of emerald ash borer actual infested counties and goal based on 33% of national average spread rate	2016 – 14 13 2017 – 16 15 2018 – 17 16 2019 – 21 18	2020 – 23 20

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](https://www.revisor.mn.gov/statutes/?id=21.80) to [21.92](https://www.revisor.mn.gov/statutes/?id=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 screenings

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 inspect and assign USDA grade to produce

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

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

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

Plant Protection

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	2,813	3,242	3,180	3,169	3,008	3,008	3,329	3,324
2000 - Restrict Misc Special Revenue	53	60		23				
2018 - Agriculture	4,420	4,149	4,437	4,975	4,957	4,961	4,957	4,961
2050 - Environment & Natural Resources	662	819	1,346	477				
3000 - Federal	1,329	1,391	1,488	1,974	1,974	1,974	1,974	1,974
6000 - Miscellaneous Agency			61					
Total	9,278	9,661	10,511	10,618	9,939	9,943	10,260	10,259
Biennial Change				2,190		(1,247)		(610)
Biennial % Change				12		(6)		(3)
Governor's Change from Base								637
Governor's % Change from Base								3
<u>Expenditures by Category</u>								
Compensation	5,303	5,424	5,812	5,927	5,932	5,928	6,147	6,188
Operating Expenses	3,184	3,461	3,676	4,416	3,929	3,937	4,035	3,993
Grants, Aids and Subsidies	775	748	956	256	65	65	65	65
Capital Outlay-Real Property	4	17						
Other Financial Transaction	12	12	67	19	13	13	13	13
Total	9,278	9,661	10,511	10,618	9,939	9,943	10,260	10,259
Total Agency Expenditures	9,278	9,661	10,511	10,618	9,939	9,943	10,260	10,259
Internal Billing Expenditures	682	564	733	860	863	862	863	862
Expenditures Less Internal Billing	8,597	9,097	9,778	9,758	9,076	9,081	9,397	9,397
<u>Full-Time Equivalent</u>	69.59	69.99	71.95	68.87	69.47	69.47	71.97	71.97

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		196		53				
Direct Appropriation	2,859	2,864	3,233	3,233	3,008	3,008	3,329	3,324
Transfers In	444	483						
Transfers Out	300	300		117				
Cancellations		0						
Balance Forward Out	190		53					
Expenditures	2,813	3,242	3,180	3,169	3,008	3,008	3,329	3,324
Biennial Change in Expenditures				293		(333)		304
Biennial % Change in Expenditures				5		(5)		5
Governor's Change from Base								637
Governor's % Change from Base								11
Full-Time Equivalents	18.93	22.23	22.50	22.51	24.46	24.66	26.96	27.16

2000 - Restrict Misc Special Revenue

Balance Forward In		1						
Receipts	54	59		23				
Balance Forward Out	1							
Expenditures	53	60		23				
Biennial Change in Expenditures				(90)		(23)		(23)
Biennial % Change in Expenditures				(80)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.17	0.07		0.20				

2018 - Agriculture

Balance Forward In	3,398	3,641	4,445	4,464	3,894	3,342	3,894	3,342
Receipts	4,748	4,917	4,916	4,876	4,876	4,876	4,876	4,876
Transfers In	300	300						
Transfers Out	400	310	460	471	471	471	471	471
Balance Forward Out	3,626	4,398	4,464	3,894	3,342	2,786	3,342	2,786
Expenditures	4,420	4,149	4,437	4,975	4,957	4,961	4,957	4,961
Biennial Change in Expenditures				842		506		506
Biennial % Change in Expenditures				10		5		5

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.53	31.50	33.53	33.53	33.53	33.33	33.53	33.33

2050 - Environment & Natural Resources

Balance Forward In	400	1,049	827	477				
Direct Appropriation	1,025	431	1,000					
Transfers In	173							
Cancellations	3		5					
Balance Forward Out	933	662	476					
Expenditures	662	819	1,346	477				
Biennial Change in Expenditures				342		(1,823)		(1,823)
Biennial % Change in Expenditures				23		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.94	4.55	4.44	1.15				

3000 - Federal

Receipts	1,329	1,391	1,488	1,974	1,974	1,974	1,974	1,974
Expenditures	1,329	1,391	1,488	1,974	1,974	1,974	1,974	1,974
Biennial Change in Expenditures				742		486		486
Biennial % Change in Expenditures				27		14		14
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.02	11.64	11.48	11.48	11.48	11.48	11.48	11.48

6000 - Miscellaneous Agency

Balance Forward In	227	227	227	2				
Receipts			(164)	(2)				
Balance Forward Out	227	227	2					
Expenditures			61					
Biennial Change in Expenditures				61		(61)		(61)
Biennial % Change in Expenditures								

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								

Program: Protection Services

Activity: Laboratory Services Division

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

AT A GLANCE

For Fiscal Year 2020:

- Performed 7,496 tests for 7,588 analytes (an organism or chemical constituent of a sample) on 3,471 samples for the Dairy and Meat Inspection Division.
- Performed 11,030 tests for 146,018 analytes on 7,267 samples for the Pesticide and Fertilizer Inspection Division.
- Performed 17,979 tests for 37,059 analytes on 1,947 samples for the Plant Protection Division.
- Performed 7,320 tests for 7,322 analytes on 2,588 samples for the Food and Feed Safety Division.
- Performed 13,688 tests for 14,381 analytes on 4,014 samples for the Department of Natural Resources.

PURPOSE & CONTEXT

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

SERVICES PROVIDED

The Division provides analytical testing primarily for:

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

Specific Services:

Foodborne outbreaks involving:

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

Surveillance testing for:

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

Other services include:

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

RESULTS

The Department grades laboratory performance on the ability to provide accurate defensible data that meets established program objectives in a timely manner. In order to measure this performance, the Division surveys customers annually to measure their satisfaction level with agency services. It addresses problem areas through its formal corrective action procedure.

Laboratory Services Performance Measures based on customer survey

Satisfaction with technical assistance

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2018)	0%	0%	16%	84%
Current Score (2019)	0%	5%	5%	90%

Satisfaction with data quality

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2018)	0%	11%	22%	67%
Current Score (2019)	0%	0%	5%	95%

Satisfaction with overall performance

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2018)	0%	0%	11%	89%
Current Score (2019)	0%	5%	5%	90%

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

Laboratory Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	4,344	5,195	4,675	5,445	5,142	5,142	5,242	5,277
2000 - Restrict Misc Special Revenue	121	89	68	63	38	38	38	38
2018 - Agriculture	3,041	2,952	3,450	3,347	2,939	2,692	2,939	4,618
3000 - Federal	1,879	1,830	1,716	2,095	2,008	1,995	2,008	1,995
Total	9,384	10,067	9,909	10,950	10,127	9,867	10,227	11,928
Biennial Change				1,407		(865)		1,296
Biennial % Change				7		(4)		6
Governor's Change from Base								2,161
Governor's % Change from Base								11

Expenditures by Category

Compensation	4,349	4,603	4,835	4,952	4,652	4,458	4,686	5,000
Operating Expenses	4,904	5,280	4,986	5,382	5,224	5,126	5,224	5,323
Capital Outlay-Real Property	85			591	225	267	291	1,589
Other Financial Transaction	45	183	87	25	26	16	26	16
Total	9,384	10,067	9,909	10,950	10,127	9,867	10,227	11,928

Total Agency Expenditures	9,384	10,067	9,909	10,950	10,127	9,867	10,227	11,928
Internal Billing Expenditures	640	564	700	757	695	663	695	756
Expenditures Less Internal Billing	8,744	9,502	9,208	10,193	9,432	9,204	9,532	11,172

Full-Time Equivalents

	48.60	51.64	51.50	51.87	46.71	44.71	46.71	49.16
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Laboratory Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		389		517				
Direct Appropriation	4,746	4,750	5,192	5,192	5,142	5,142	5,242	5,277
Transfers In	156	467	85		85	85	85	85
Transfers Out	170	410	85	264	85	85	85	85
Cancellations		1						
Balance Forward Out	388		517					
Expenditures	4,344	5,195	4,675	5,445	5,142	5,142	5,242	5,277
Biennial Change in Expenditures				581		164		399
Biennial % Change in Expenditures				6		2		4
Governor's Change from Base								235
Governor's % Change from Base								2
Full-Time Equivalents	14.00	16.73	15.22	15.09	14.39	14.39	14.39	14.39

2000 - Restrict Misc Special Revenue

Balance Forward In	59	35	31	33		2		2
Receipts	96	85	70	30	40	40	40	40
Balance Forward Out	35	31	33		2	4	2	4
Expenditures	121	89	68	63	38	38	38	38
Biennial Change in Expenditures				(79)		(55)		(55)
Biennial % Change in Expenditures				(38)		(42)		(42)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.59	0.47	0.46	0.47	0.27	0.27	0.27	0.27

2018 - Agriculture

Balance Forward In	1,605	1,662	1,649	1,315	676	429	676	429
Receipts	853	724	663	377	301	294	301	294
Transfers In	2,260	2,215	2,453	2,331	2,391	2,391	2,391	4,317
Transfers Out	16							
Balance Forward Out	1,662	1,649	1,315	676	429	422	429	422
Expenditures	3,041	2,952	3,450	3,347	2,939	2,692	2,939	4,618
Biennial Change in Expenditures				804		(1,166)		760
Biennial % Change in Expenditures				13		(17)		11

Laboratory Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's Change from Base								1,926
Governor's % Change from Base								34
Full-Time Equivalents	22.34	23.72	25.02	25.12	21.40	19.40	21.40	23.85

3000 - Federal

Receipts	1,879	1,830	1,716	2,095	2,008	1,995	2,008	1,995
Expenditures	1,879	1,830	1,716	2,095	2,008	1,995	2,008	1,995
Biennial Change in Expenditures				102		192		192
Biennial % Change in Expenditures				3		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.67	10.72	10.80	11.19	10.65	10.65	10.65	10.65

Program: Protection Service

Activity: Food and Feed Safety Division

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

AT A GLANCE

- Conducted and participated in over 120 outreach activities on food and feed safety related issues which included: hosting a workshop for creating retail plans for Hazard Analysis Critical Control Points (HACCP), hosting classroom food safety talks, providing starting a food business expertise at small and minority-owned business conferences, presenting at educational conferences, and facilitating meetings with stakeholders and partner agencies.
- Continued to improve the Produce Safety Program based on input provided directly by farmers and stakeholders.
- Conducted over 13,200 inspections, including 3,500 manufactured food, 8,700 retail food, and 1,000 animal feed inspections.
- Analyzed over 1,000 animal feed product samples for over 6,000 chemical substances in partnership with the MDA Laboratory Division.
- Implemented on-farm produce safety inspections to support Minnesota produce growers in conforming to new Food Safety Modernization Act (FSMA) requirements through outreach, education, and regulatory review.
- Issued 2,018 food and 149 animal feed certificates to Minnesota companies so products could be sold and distributed internationally.
- Participated in 51 human illness outbreak investigations and responded to 58 feed ingredient related incidents.

PURPOSE AND CONTEXT

The Food and Feed Safety Division (FFSD) supports the Minnesota Department of Agriculture's mission to ensure the integrity of the food supply through proactive outreach, risk-based inspections, and rapid response. Our regulatory and outreach activities oversee the production, manufacturing, distribution, and sale of human food and animal feed products. We focus on ensuring that safe food and animal feed handling practices are employed from the farm to the processor and distributor so that consumers receive safe and wholesome products.

The Division's work contributes to a safe food supply and a strong agricultural economy by:

- Verifying laws governing food and feed safety are followed so products can safely enter commerce and consumers are protected,
- Ensuring human food and animal feed producers have access to interstate and international markets,
- Giving food and feed producers opportunities to expand their business, and
- Providing farmers with access to processing services necessary to market their products within Minnesota, nationally, and internationally.

SERVICES PROVIDED

Outreach: FFSD maintains a strong emphasis on outreach and education in its regulatory approach. When food and feed business operators have a good understanding of food safety principles and knowledge of the regulations, they can more effectively apply good food and feed safety practices. Robust outreach and education

activities are key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have up-to-date information of food and feed safety risks that exist in their processes.

Assessments and Inspections: FFSD staff conducts risk-based food and feed safety inspections as required by federal and state law. Inspections verify that operators who make, distribute, and sell human and animal food have systems in place to ensure their products are safe and are produced in a clean and sanitary environment. Division staff also conduct a variety of other food and feed safety assessments, including label reviews, facility design reviews, product sampling, and facility sampling to ensure a safe food supply. Changes in assessment and inspection emphasis will continue as the Food Safety Modernization Act (FSMA) is phased in and modifies the regulatory requirements for manufacturers of human and animal foods.

Response and Enforcement: FFSD staff responds quickly to unsafe products and operations. The Food Emergency Rapid Response Team is part of a federal-state-local partnership that conducts product tracing when an outbreak is detected and following up when food safety systems fail and a product recall is necessary. FFSD Compliance staff conduct specialized reviews and analyze patterns of operators unable to follow the regulations. FFSD takes action to address compliance issues when they are more severe and cannot be addressed through voluntary compliance mechanisms, such as outreach or inspections.

RESULTS

During the Stay at Home Order (Executive Order 20-20), FFSD collaborated with knowledgeable partners to provide resources and support to food businesses so they could operate safely. These outreach activities included:

- 675 calls to food manufacturers and distributors to provide guidance and identify needs
- 965 retail-focused inspections that incorporated COVID-related control assessments
- 21 coordinated calls to advise food businesses on mitigating spread after a COVID cluster was identified
- 10 co-authored guidance documents for food manufacturers, retailers, farmer's markets, u-pick operations, and consumers to safely operate during COVID-19, including six translated into Spanish, Hmong, and Somali

FFSD maintained continuous improvement of quality services development and delivery for food and feed safety programs, such as when it:

- Co-hosted 22 Produce Safety Alliance grower trainings reaching over 400 produce growers. 10 percent of all trainings held have been offered in Spanish, Hmong, or accessible for Plain communities (ex. Amish, Mennonite). One training was also held online during the COVID-19 pandemic in FY20.
- Out of 59 trainees who completed surveys one year after training:
 - 95 percent said that they are confident that they understand what is required of their operation by the Produce Safety Rule following training.
 - 80 percent agreed or strongly agreed with the statement, "I believe on-farm produce safety practices are important" (measured as 80 to 100 percent agreement on a Likert scale)
 - 86 percent of farms who responded to the 2020 Grower Questionnaire report that the Produce Safety Program (PSR) provides the level of information they need about produce safety and requirements under the PSR
- Developed and maintain an annual produce farm inventory verification process which will help farms identify their status under the rule and inform program resource allocation. There are currently 1,873 farms in the inventory.
- Successfully implemented an updated evaluation system to verify delegated retail food programs are adequate to replace MDA services. All seven agencies passed their evaluations with full conformance or corrective plans adequate to meet the delegation agreement. The Retail Food Program is required by statute to provide support and oversight to local health agencies as part of these agreements.

Table 1: Number of Retail Food Inspections Conducted per Fiscal Year

Agency	Number of Retail Food Inspections Completed FY2019	Number of Retail Food Inspections Completed FY2020
MDA	4,475	4,309
Delegated	1,928	1,703

- Significantly increased Manufactured Food facility inspection rates for the past three years.

Table 2: Percentage of Facilities Inspected by Established Risk Frequency

Inspection Type	3/1/2017	3/1/2018	3/1/2019	3/1/2020
Distributor	33.67%	55.53%	81.31%	73.38%
Food Processor	31.86%	47.49%	56.49%	63.15%

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

M.S. 28A (<https://www.revisor.mn.gov/statutes/cite/28A>) provides the legal authority for Food Handler Licensing

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

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

Food and Feed Safety

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	5,812	6,572	6,692	6,479	6,760	6,760	3,288	3,417
2000 - Restrict Misc Special Revenue	1,133	820	896	1,055	1,060	779	1,060	779
2018 - Agriculture	2,886	2,649	2,813	3,237	3,450	3,341	7,050	6,941
3000 - Federal	2,063	2,143	2,363	2,975	2,975	2,975	2,975	2,975
Total	11,895	12,184	12,765	13,746	14,245	13,855	14,373	14,112
Biennial Change				2,432		1,589		1,974
Biennial % Change				10		6		7
Governor's Change from Base								385
Governor's % Change from Base								1

Expenditures by Category

Compensation	8,711	9,261	9,872	10,321	10,730	10,409	10,858	10,666
Operating Expenses	3,065	2,768	2,781	3,300	3,390	3,321	3,390	3,321
Grants, Aids and Subsidies	118	156	112	125	125	125	125	125
Other Financial Transaction	0	1	0					
Total	11,895	12,184	12,765	13,746	14,245	13,855	14,373	14,112

Total Agency Expenditures	11,895	12,184	12,765	13,746	14,245	13,855	14,373	14,112
Internal Billing Expenditures	774	657	855	1,055	1,088	1,033	1,088	1,033
Expenditures Less Internal Billing	11,120	11,528	11,910	12,691	13,157	12,822	13,285	13,079

Full-Time Equivalent

	96.30	98.34	99.82	98.45	101.70	97.41	101.70	97.41
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Food and Feed Safety

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	0	830		67				
Direct Appropriation	6,505	6,520	6,760	6,760	6,760	6,760	3,288	3,417
Transfers In	129	264						
Transfers Out	40	894		348				
Cancellations		149						
Balance Forward Out	782		68					
Expenditures	5,812	6,572	6,692	6,479	6,760	6,760	3,288	3,417
Biennial Change in Expenditures				787		349		(6,466)
Biennial % Change in Expenditures				6		3		(49)
Governor's Change from Base								(6,815)
Governor's % Change from Base								(50)
Full-Time Equivalents	52.67	55.59	55.28	50.33	53.05	52.16	24.05	23.16

2000 - Restrict Misc Special Revenue

Balance Forward In	1,051	1,214	1,312	1,503	1,036	749	1,036	749
Receipts	1,296	917	1,087	588	773	770	773	770
Balance Forward Out	1,214	1,312	1,502	1,036	749	740	749	740
Expenditures	1,133	820	896	1,055	1,060	779	1,060	779
Biennial Change in Expenditures				(2)		(112)		(112)
Biennial % Change in Expenditures				(0)		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.18	7.23	9.09	8.05	8.23	5.86	8.23	5.86

2018 - Agriculture

Balance Forward In	3,891	4,033	4,554	4,523	4,310	3,882	4,310	3,882
Receipts	3,346	3,499	3,275	3,354	3,352	3,349	6,952	6,949
Transfers Out	330	330	493	330	330	330	330	330
Balance Forward Out	4,020	4,553	4,523	4,310	3,882	3,560	3,882	3,560
Expenditures	2,886	2,649	2,813	3,237	3,450	3,341	7,050	6,941
Biennial Change in Expenditures				515		741		7,941
Biennial % Change in Expenditures				9		12		131
Governor's Change from Base								7,200

Food and Feed Safety

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's % Change from Base								106
Full-Time Equivalents	21.24	20.54	19.73	22.57	22.92	21.89	51.92	50.89

3000 - Federal

Balance Forward In	2							
Receipts	2,063	2,143	2,363	2,975	2,975	2,975	2,975	2,975
Transfers Out	2							
Expenditures	2,063	2,143	2,363	2,975	2,975	2,975	2,975	2,975
Biennial Change in Expenditures				1,132		612		612
Biennial % Change in Expenditures				27		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.21	14.98	15.72	17.50	17.50	17.50	17.50	17.50

Program: Protection Service

Activity: Dairy and Meat Inspection Division

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

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

AT A GLANCE

In State Fiscal Years 2019 and 2020:

- Conducted over 9,000 daily inspections of slaughter and processing operations at Minnesota “Equal To” meat and poultry processors so that they and the farmers they serve could sell their product openly in Minnesota.
- Conducted over 100 outreach activities with dairy and meat industry stakeholders, regulated clientele, and other partners, and expanded outreach strategies to accommodate virtual and online learning and sharing of information.
- Implemented online testing and training of industry personnel for certification and licensing of certified industry personnel.
- Analyzed over 4,000 dairy product samples and 2,500 meat and poultry samples in partnership with the MDA Laboratory Division.
- Issued approximately 500 certificates each year allowing Minnesota companies to sell their products internationally.

PURPOSE AND CONTEXT

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

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

SERVICES PROVIDED

Inspections: Our inspectors conduct food safety-based inspections that focus on ensuring farmers and manufacturers of dairy, meat, poultry and egg products have systems in place to ensure products are safe and are producing food in a clean and sanitary environment. These inspections are also required by federal and state laws and include inspections to the Food Safety Modernization Act requirements in dairy manufacturing facilities. The program also manages two certified industry inspection programs which help improve dairy industry business continuity by ensuring required inspections are performed on a timely basis and promoting improved food safety

practices on an ongoing basis. Staff also certify bulk haulers and laboratory analysts to collect and run routine samples for safety and a quality for regulatory compliance programs.

Outreach: The Division maintains a strong emphasis on outreach and education, prior to and as a part of regulation. When operators have a good understanding of food safety principles and the regulations, they can more effectively use good food safety practices daily, not just for an upcoming inspection. Outreach and education are also key to assisting new operators in navigating the rules as they begin a new business and that existing operators have strong foundational knowledge in food safety risks that exist in their processes. Outreach strategies evolved to meet the needs of stakeholders, and several online webinars and other virtual teaching tools were created and delivered during the past biennium.

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

RESULTS

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

Dairy Inspection: Interstate Milk Shipment (IMS) Audits

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

Percent of Passing IMS Audits

FY	2013	2014	2015	2016	2017	2018	2019	2020
Percent	98%	98%	96%	97%	94%	95%	99%	99%

Meat and Poultry Inspection: Food Safety Assessment Results

In-depth assessments and audits of the food safety systems at each meat and poultry establishment are performed at least once every 3 years and for new establishments after a 90-day operating period. The assessment provides a deeper look at how well establishments are complying with the regulatory requirements as well as how well inspection staff are working with establishments to move toward compliance. The goal for this measure is to have less than 33% of audits result in significant follow up required by the auditor. A follow-up is required if the audit results in a 30-reassessment action or a Notice of Intended Enforcement, which would result in suspension if specific items are not corrected in a timely manner. The overall trend for this measure is stable to improving, however the target is not routinely met. This trend reflects the results increasing complexity of Federal regulatory requirements and challenges for very small plant operators, as well as other barriers to understanding such as language or cultural barriers. The program is continuing to focus on improving outreach and educational activities and assisting new establishments more closely during start-up activities.

Percent of FSA's Requiring Follow-Up

	2013	2014	2015	2016	2017	2018	2019	2020
Percent	58%	36%	37%	33%	36%	55%	57%	43%

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

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

Dairy and Meat Inspection

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	2,421	3,427	2,568	2,484	2,605	2,605	2,770	2,825
2000 - Restrict Misc Special Revenue	127	89	114	108	108	108	108	108
2018 - Agriculture	2,378	1,457	2,727	2,706	2,564	2,594	2,564	2,594
3000 - Federal	1,676	1,609	2,001	2,165	2,165	2,165	2,165	2,165
6000 - Miscellaneous Agency	66							
Total	6,669	6,582	7,409	7,463	7,442	7,472	7,607	7,692
Biennial Change				1,622		42		427
Biennial % Change				12		0		3
Governor's Change from Base								385
Governor's % Change from Base								3

Expenditures by Category

Compensation	5,120	5,204	5,653	5,638	5,623	5,636	5,788	5,856
Operating Expenses	1,546	1,377	1,756	1,825	1,819	1,836	1,819	1,836
Capital Outlay-Real Property	3							
Other Financial Transaction		0	0					
Total	6,669	6,582	7,409	7,463	7,442	7,472	7,607	7,692

Total Agency Expenditures	6,669	6,582	7,409	7,463	7,442	7,472	7,607	7,692
Internal Billing Expenditures	580	437	712	778	757	761	757	761
Expenditures Less Internal Billing	6,089	6,144	6,697	6,685	6,685	6,711	6,850	6,931

Full-Time Equivalent

	53.95	53.00	54.90	51.73	51.76	51.65	52.76	52.65
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Dairy and Meat Inspection

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		94		37				
Direct Appropriation	2,481	2,487	2,605	2,605	2,605	2,605	2,770	2,825
Transfers In	34	847	40					
Transfers Out			40	158				
Cancellations		1						
Balance Forward Out	94		37					
Expenditures	2,421	3,427	2,568	2,484	2,605	2,605	2,770	2,825
Biennial Change in Expenditures				(797)		158		543
Biennial % Change in Expenditures				(14)		3		11
Governor's Change from Base								385
Governor's % Change from Base								7
Full-Time Equivalents	19.98	28.10	23.96	21.72	22.74	22.63	23.74	23.63

2000 - Restrict Misc Special Revenue

Balance Forward In	40	2	14	29	30	31	30	31
Receipts	91	10	9	9	9	9	9	9
Transfers In		91	120	100	100	100	100	100
Transfers Out	2							
Balance Forward Out	2	14	29	30	31	32	31	32
Expenditures	127	89	114	108	108	108	108	108
Biennial Change in Expenditures				6		(6)		(6)
Biennial % Change in Expenditures				3		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.29	0.36	0.35	0.36	0.36	0.36	0.36	0.36

2018 - Agriculture

Balance Forward In	2,094	2,085	2,872	2,297	1,738	1,336	1,738	1,336
Receipts	2,508	2,430	2,261	2,287	2,302	2,269	2,302	2,269
Transfers Out	140	185	110	140	140	140	140	140
Balance Forward Out	2,085	2,872	2,297	1,738	1,336	871	1,336	871
Expenditures	2,378	1,457	2,727	2,706	2,564	2,594	2,564	2,594
Biennial Change in Expenditures				1,598		(275)		(275)

Dairy and Meat Inspection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Biennial % Change in Expenditures				42		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	20.24	12.48	17.50	16.37	15.57	15.57	15.57	15.57

3000 - Federal

Receipts	1,676	1,609	2,001	2,165	2,165	2,165	2,165	2,165
Expenditures	1,676	1,609	2,001	2,165	2,165	2,165	2,165	2,165
Biennial Change in Expenditures				881		164		164
Biennial % Change in Expenditures				27		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.13	12.05	13.09	13.28	13.09	13.09	13.09	13.09

6000 - Miscellaneous Agency

Balance Forward In	18	6						
Receipts	0							
Transfers In	50							
Transfers Out		6						
Balance Forward Out	3							
Expenditures	66							
Biennial Change in Expenditures				(66)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.31	0.01						

Program: Promotion and Marketing

Activity: Agricultural Marketing and Development Division

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

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

AT A GLANCE

- 300 farmers received assistance from dairy profit teams to increase their productivity, profitability and efficiency through the Dairy Profitability Enhancement Grant Program.
- 20,800 people use the Minnesota Grown website each month to locate farms and farmers' markets.
- 4,595 acres listed on the cropland grazing exchange, an online tool that matches livestock farmers with crop farmers with land available for grazing.
- 10 new grazing plans developed in FY19 for prescribed grazing on state Wildlife Management Areas.
- 143,680 students reached by MN Agriculture in the Classroom program resources in 2019-20 school year.
- 1,395 pre-service and in-service teachers received agriculture literacy training during the 2019/2020 school year.
- 240 farms listed for sale or rent using the Farm Link website to assist with the transition of farm ownership.
- 72 beginning or emerging farmers used Farm Link to seek land to purchase or rent.
- 523 farmers and processors attended the 2019 Organic Conference.

PURPOSE AND CONTEXT

Agricultural Marketing and Development Division (AMDD) works to help farmers and other agricultural businesses:

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

AMDD serves:

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

SERVICES PROVIDED

AMDD provides numerous and diverse services to meet its goals, including:

- Minnesota Grown, an umbrella marketing program that connects consumers and wholesale buyers with producers of specialty crops, livestock, and other agricultural products grown or raised in Minnesota;
- Organic information and financial assistance to growers, processors, and consumers;
- Marketing support, including business development, tradeshow support, and international marketing;

- The Women, Infant and Children (WIC) Farmers’ Market Nutrition and Senior Farmers’ Market Nutrition Programs that distributes vouchers for fresh produce;
- Minnesota Agriculture in the Classroom, an educational resources and professional development provider that embeds agriculture, food, and natural resources education into K-12 classrooms;
- Livestock producer and local government information and assistance on livestock development and permitting, including preparation of conservation grazing plans for use of public land;
- Dairy Profit Team which is one-on-one assistance with farmers to improve dairy farm profitability;
- Licensing and bonding of livestock buyers and weighing of livestock at processing facilities;
- Renewable bio-energy sector technical analysis and assistance, information, and market analysis;
- Economic analysis and domestic and international agricultural market research;
- Conservation, environmental protection, and resource-management activities to increase farmer adoption of innovative practices and technology;
- Farm transition assistance through information on resources and through a new online service, Farm Link, that matches transitioning farmers with beginning farmers;
- Agricultural land use assistance including land access for immigrant farmer community and information on agricultural zoning and business development;
- Agricultural commodity research and oversight of promotion councils;
- Good Food Access Program administration;
- Farm safety information and tractor rollover protection rebates; and
- Agricultural Growth, Research, and Innovation (AGRI) Program and Agriculture Research, Education, Extension and Technology Transfer Grant (AGRETT) Program administration.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Farms and farmers’ markets licensed to use the Minnesota Grown logo	1,332	1,341	2017 - 2019
Quantity	Pre-service and in-service teachers that received ag literacy training	868	1,395	2015 - 2019
Quantity	Number of certified organic operations (farms & handlers)	945	983	2018 - 2019
Quantity	Number of Seniors and WIC participants receiving Farmers’ Market Nutrition Program vouchers	59,815	50,970	2014 - 2019

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

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

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

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

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

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

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

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

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

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

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

Agricultural Marketing and Development

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	3,202	4,024	3,431	4,054	3,760	3,760	4,064	3,969
2000 - Restrict Misc Special Revenue	433	139	238	76	209	209	209	209
2018 - Agriculture	1,099	938	920	944	961	968	961	968
2403 - Gift				16				
3000 - Federal	2,157	2,411	2,279	3,974	3,930	3,920	3,930	3,920
3010 - Coronavirus Relief			5	35				
Total	6,891	7,512	6,874	9,099	8,860	8,857	9,164	9,066
Biennial Change				1,569		1,744		2,257
Biennial % Change				11		11		14
Governor's Change from Base								513
Governor's % Change from Base								3
<u>Expenditures by Category</u>								
Compensation	2,637	2,597	2,776	2,904	3,070	3,083	3,124	3,192
Operating Expenses	1,489	1,717	1,442	1,934	1,749	1,737	1,999	1,837
Grants, Aids and Subsidies	2,760	3,195	2,653	4,261	4,041	4,037	4,041	4,037
Capital Outlay-Real Property	1	1	1					
Other Financial Transaction	4	3	1					
Total	6,891	7,512	6,874	9,099	8,860	8,857	9,164	9,066
Total Agency Expenditures	6,891	7,512	6,874	9,099	8,860	8,857	9,164	9,066
Internal Billing Expenditures	131	89	116	138	151	151	151	151
Expenditures Less Internal Billing	6,760	7,423	6,758	8,961	8,709	8,706	9,013	8,915
<u>Full-Time Equivalent</u>	31.04	29.77	30.91	29.63	32.19	32.05	32.19	32.05

Agricultural Marketing and Development

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		373		380				
Direct Appropriation	3,996	4,004	3,996	3,996	3,946	3,946	4,250	4,155
Transfers In	52	127						
Transfers Out	478	478	186	322	186	186	186	186
Cancellations		2						
Balance Forward Out	368		379					
Expenditures	3,202	4,024	3,431	4,054	3,760	3,760	4,064	3,969
Biennial Change in Expenditures				259		35		548
Biennial % Change in Expenditures				4		0		7
Governor's Change from Base								513
Governor's % Change from Base								7
Full-Time Equivalents	21.03	20.96	22.21	20.23	22.93	22.93	22.93	22.93

2000 - Restrict Misc Special Revenue

Balance Forward In	178	116	285	185	156	134	156	134
Receipts	371	309	138	47	187	201	187	201
Balance Forward Out	116	285	185	156	134	126	134	126
Expenditures	433	139	238	76	209	209	209	209
Biennial Change in Expenditures				(257)		104		104
Biennial % Change in Expenditures				(45)		33		33
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.15	0.21	0.09	0.30	0.18	0.18	0.18	0.18

2018 - Agriculture

Balance Forward In	849	700	626	631	574	474	574	474
Receipts	762	677	738	701	675	675	675	675
Transfers In	186	186	186	186	186	186	186	186
Balance Forward Out	698	625	630	574	474	367	474	367
Expenditures	1,099	938	920	944	961	968	961	968
Biennial Change in Expenditures				(174)		65		65
Biennial % Change in Expenditures				(9)		4		4
Governor's Change from Base								0

Agricultural Marketing and Development

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's % Change from Base								0
Full-Time Equivalents	7.63	6.77	7.12	7.12	7.10	7.10	7.10	7.10

2403 - Gift

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

3000 - Federal

Balance Forward In	2		2	4				
Receipts	2,155	2,411	2,282	3,970	3,930	3,920	3,930	3,920
Balance Forward Out			4					
Expenditures	2,157	2,411	2,279	3,974	3,930	3,920	3,930	3,920
Biennial Change in Expenditures				1,685		1,597		1,597
Biennial % Change in Expenditures				37		26		26
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.23	1.83	1.49	1.98	1.98	1.84	1.98	1.84

3010 - Coronavirus Relief

Balance Forward In				35				
Direct Appropriation			40					
Balance Forward Out			35					
Expenditures			5	35				
Biennial Change in Expenditures				40		(40)		(40)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Value-added Products

Activity: Agricultural Advancement Programs

mda.state.mn.us/grants/agri

AT A GLANCE

- Annual Agricultural Growth, Research, and Innovation (AGRI) state spending of \$13.311 million in FY19 spurred \$75 million in private spending.
- Nearly \$2.6 million in targeted expenditures to support Minnesota's dairy industry, matched over \$20 million in non-State investment.
- Estimated increased sales of nearly \$17 million by Minnesota food and beverage companies that participated in trade events.
- 104 livestock operations assisted, of which 83 awards are helped to transition a farm to the next generation.
- 50 value-added processors expanded capacity or increased food safety, including 19 meat processing businesses.
- \$2.46 million invested in commodity, specialty crop, and cover crop research.
- 160 Minnesota food businesses received a cost share for retail sampling and wholesale tradeshow attendance.
- Almost 700 beginning farmers awarded scholarships to assist with Farm Business Management tuition.
- University of Minnesota hired 25 Agriculture Research, Education, Extension, and Technology Transfer (AGRETT) agriculture faculty and educator positions.

PURPOSE AND CONTEXT

The AGRI program provides financial assistance to advance the agricultural and renewable energy industries. This is accomplished through grants and other forms of financial assistance to support rural economic infrastructure activities.

AGRETT passed through grants to the University of Minnesota and provides long-term funding primarily for human infrastructure, such as research and extension faculty, extension educators, graduate students, and post-doctoral fellowships.

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

Agricultural Advancement Programs serve:

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

SERVICES PROVIDED

Through AGRI, Agriculture stimulates agricultural business activities by providing financial assistance to:

- Initiate and expand livestock production as well as support environmental improvements;
- Aid entry of new farmers;
- Add value-added enterprises to diversify farm income sources;
- Initiate, upgrade, and modernize value-added businesses including meat processing;
- Accelerate business entry into new markets;
- Improve compliance of farms, meat processors, and food businesses with food safety standards including increasing the number of farms that are Good Agricultural Practices (GAP) certified;
- Increase farmers' processing and aggregating capacity to enter farm-to-institution and other markets;
- Purchase food processing and storage equipment for schools to increase purchase of locally produced food;
- Provide incentives for production of renewable fuels, chemicals, and thermal energy from agricultural and forestry sources; and
- Advance applied crop research to improve agricultural product quality, quantity, and value.

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

- AGRI Livestock Investment Grants
- AGRI Value Added Grants
- AGRI Farm to Schools and Early Care and Education Grants
- AGRI New Market Development, including Tradeshow Support and Minnesota Pavilions
- AGRI Crop Research Grants
- AGRI Sustainable Agriculture Demonstration Grants
- AGRI Bioincentive Program (payments for the production of advanced biofuels, renewable chemicals, and biomass thermal energy)
- AGRI Beginning Farmer Farm Business Management Scholarships
- AGRI Good Agricultural Practices/Good Handling Practices Cost Share Assistance
- AGRI County Fair Grants
- AGRI Urban Agriculture Grants
- Good Food Access Program Equipment/Physical Improvements Grants
- Bioenergy/Biochemical Pilot Project Grants (FY 2019 only)
- Biofuel Blending Infrastructure Grants (FY 2019 only)
- Dairy Farm Improvement Program (FY 2019 only)
- Dairy Assistance, Investment, and Relief Initiative (FY 2020 only)
- Safe at the Farmers Market Cost Share (FY 2020 only)
- Safe on the Farm Cost Share (FY 2020 only)
- Rapid Response for Livestock Processing Mini-Grant (FY 2021 only)

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

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Livestock Investment Grant Program Leverage	\$39 M private/ \$1 M state	\$52 M private/ \$2 M state	FY2008; FY2019
Result	Minnesota Pavilion – Projected Increased Sales (because of participation in an event)	\$2.9M	\$16.8M	FY2015; FY2019
Result	Value Added Grant Program Leverage	\$4.3 M private/ \$1 M state	\$23.2 M private/ \$4.4M state	FY2013; FY2019
Result	Cumulative production of advanced biofuel claimed through the Bioincentive Program	0 million British Thermal Units (MMBtu)	595,680 MMBtu	FY2017; FY2020
Result	Cumulative production of renewable chemical claimed through the Bioincentive Program	986,636 pounds	84,334,545 pounds	FY2017; FY2020
Result	Cumulative production of biomass thermal energy claimed through the Bioincentive Program	0 MMBtu	130,295 MMBtu	FY2017; FY2020

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

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

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

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

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

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

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

M.S. 17.1017 (<https://www.revisor.mn.gov/statutes/cite/17.1017>) establishes the good food access program.

Agricultural Advancement Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	13,056	16,214	16,696	14,897	14,693	14,693	18,458	17,472
2018 - Agriculture	9,228	9,639	9,441	9,279	9,330	9,330	9,330	9,330
3000 - Federal	3,611	573						
3010 - Coronavirus Relief			68	7,794				
Total	25,895	26,427	26,205	31,970	24,023	24,023	27,788	26,802
Biennial Change				5,853		(10,129)		(3,585)
Biennial % Change				11		(17)		(6)
Governor's Change from Base								6,544
Governor's % Change from Base								14
<u>Expenditures by Category</u>								
Compensation	473	567	479	525	654	664	719	693
Operating Expenses	283	578	343	319	251	241	266	241
Grants, Aids and Subsidies	25,139	25,276	25,383	31,125	23,118	23,118	26,803	25,868
Capital Outlay-Real Property				1				
Other Financial Transaction	1	6						
Total	25,895	26,427	26,205	31,970	24,023	24,023	27,788	26,802
<u>Full-Time Equivalent</u>								
	6.61	7.77	6.35	6.35	6.35	6.35	6.85	6.35

Agricultural Advancement Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	362	2,940	6	663				
Direct Appropriation	22,581	22,636	23,653	23,554	23,993	23,993	27,758	26,772
Transfers In			3,000					
Transfers Out	9,300	9,305	9,300	9,320	9,300	9,300	9,300	9,300
Cancellations		57						
Balance Forward Out	587		663					
Expenditures	13,056	16,214	16,696	14,897	14,693	14,693	18,458	17,472
Biennial Change in Expenditures				2,322		(2,207)		4,337
Biennial % Change in Expenditures				8		(7)		14
Governor's Change from Base								6,544
Governor's % Change from Base								22
Full-Time Equivalents	6.53	7.72	6.30	6.30	6.30	6.30	6.80	6.30

2018 - Agriculture

Balance Forward In	177	290	40	49				
Receipts	41	89	150	30	30	30	30	30
Transfers In	9,300	9,300	9,300	9,200	9,300	9,300	9,300	9,300
Balance Forward Out	290	40	49					
Expenditures	9,228	9,639	9,441	9,279	9,330	9,330	9,330	9,330
Biennial Change in Expenditures				(148)		(60)		(60)
Biennial % Change in Expenditures				(1)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.08	0.05	0.05	0.05	0.05	0.05	0.05	0.05

3000 - Federal

Receipts	3,611	573						
Expenditures	3,611	573						
Biennial Change in Expenditures				(4,185)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Agricultural Advancement Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
3010 - Coronavirus Relief								
Balance Forward In				132				
Direct Appropriation			200	7,662	0	0	0	0
Balance Forward Out			132					
Expenditures			68	7,794				
Biennial Change in Expenditures				7,862		(7,862)		(7,862)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Administration and Financial Assistance

Activity: Grants and Assistance

mda.state.mn.us

AT A GLANCE

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

PURPOSE AND CONTEXT

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

SERVICES PROVIDED

This activity provides ongoing assistance to the Minnesota Agricultural Education Leadership Council, county fairs and agricultural associations, as well as one-time funding in FY20/21 to the Minnesota Livestock Breeders Association, the Minnesota Poultry Association, and the Center for Rural Policy and Development. These organizations maintain generations of expertise, enhance it with the latest research, and pass it on to future generations through their educational programs for youth.

Through the Farm Advocates program, MDA provides one-on-one assistance to farmers who face crisis due to natural disasters or financial problems. Trained, experienced advocates help farmers determine how to address difficulties through agricultural lending options, mediation, farm programs, crisis counseling, disaster programs, and legal and social services. Related to this work, MDA passes funds through to the farm business management program at colleges in the Minnesota State system to provide farm families with mental health counseling support.

MDA partners with Second Harvest Heartland to help provide food to Minnesota’s food shelves and other charitable organizations for distribution. Money provided through MDA is used to purchase milk to compensate producers and processors for harvesting and packaging surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or otherwise go unsold on the secondary market, and to purchase protein products, including pork, poultry, beef, dry legumes, cheese, and eggs.

This activity also supports the development of future products for agricultural industries. By partnering with the Minnesota Horticultural Society and the Northern Crops Institute, MDA supports their research, development, and promotion of northern-hardy products and other activities with one-time funding.

RESULTS

Each of MDA's partners report to MDA on its educational, research, and assistance activities. For county fair assistance, MDA measures against the formula provided in statute.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of county fair aid formula that is funded	95%	99%	FY12; FY20
Quantity	Number of service hours provided to Minnesota farmers by farm advocates	7,775	8,228	FY19; FY20
Quantity	Tons of food provided to food shelves and other emergency feeding organizations	3,803	2,957	FY16; FY20

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

Grants and Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	4,752	3,936	3,933	2,781	2,724	2,724	2,724	2,724
2301 - Arts & Cultural Heritage	138	149	358	407	56		56	
2403 - Gift		36						
3010 - Coronavirus Relief			1	6,337				
Total	4,890	4,121	4,291	9,525	2,780	2,724	2,780	2,724
Biennial Change				4,805		(8,312)		(8,312)
Biennial % Change				53		(60)		(60)
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Compensation	2		1	12	9	9	9	9
Operating Expenses				527	474	474	474	474
Grants, Aids and Subsidies	4,888	4,121	4,291	8,986	2,297	2,241	2,297	2,241
Total	4,890	4,121	4,291	9,525	2,780	2,724	2,780	2,724
Total Agency Expenditures	4,890	4,121	4,291	9,525	2,780	2,724	2,780	2,724
Internal Billing Expenditures				3				
Expenditures Less Internal Billing	4,890	4,121	4,291	9,522	2,780	2,724	2,780	2,724
<u>Full-Time Equivalent</u>	0.05			0.10				

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	905	636						
Direct Appropriation	3,850	3,300	3,933	2,781	2,724	2,724	2,724	2,724
Balance Forward Out	3							
Expenditures	4,752	3,936	3,933	2,781	2,724	2,724	2,724	2,724
Biennial Change in Expenditures				(1,974)		(1,266)		(1,266)
Biennial % Change in Expenditures				(23)		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.05							

2301 - Arts & Cultural Heritage

Balance Forward In		16	21	63	56		56	
Direct Appropriation	150	150	400	400	0	0	0	0
Transfers In					56		56	
Transfers Out					56		56	
Balance Forward Out	12	16	63	56				
Expenditures	138	149	358	407	56		56	
Biennial Change in Expenditures				477		(709)		(709)
Biennial % Change in Expenditures				166		(93)		(93)
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	36	36						
Receipts		1						
Balance Forward Out	36							
Expenditures		36						
Biennial Change in Expenditures				(36)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3010 - Coronavirus Relief

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Balance Forward In				6,299				
Direct Appropriation			6,300	38	0	0	0	0
Balance Forward Out			6,299					
Expenditures			1	6,337				
Biennial Change in Expenditures				6,338		(6,338)		(6,338)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				0.10				

Program: Administration and Financial Assistance

Activity: Agency Services

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

AT A GLANCE

- Implementation of statewide policies.
- Leadership on agricultural issues.

PURPOSE AND CONTEXT

This activity ensures MDA stays responsive to the needs of agriculture in Minnesota and focused on advancing its mission. The Department's mission is to enhance Minnesotans' quality of life by ensuring the integrity of the state's food supply, the health of the environment, and the strength of the agricultural economy.

SERVICES PROVIDED

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

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

RESULTS

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

www.mda.state.mn.us

www.youtube.com/mnagriculture

twitter.com/mnagriculture

www.facebook.com/mnagriculture

The reach of MDA's social media presence continues to increase and has helped with outreach on the COVID-19 pandemic and many other issues. The following table shows recent social media measurements.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Facebook Fans Facebook Monthly Reach	4,751 83,000	9,860 1,969,699	Aug 2018- Aug 2020
Results	Twitter Followers Twitter Monthly Impressions	17,878 124,665	22,536 358,952	Aug 2018- Aug 2020

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

Agency Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	4,169	4,526	4,798	4,699	4,827	4,827	5,069	5,133
1251 - COVID-19 Minnesota			1,239	2,963				
2000 - Restrict Misc Special Revenue	102	136	112	370	179	180	179	180
2001 - Other Misc Special Revenue	5,348	6,024	6,068	6,865	6,740	6,876	6,740	6,876
2018 - Agriculture	194	353	333	178	582	183	582	183
2302 - Clean Water	49	42	44	106			75	75
2403 - Gift				10	10	5	10	5
3000 - Federal		10		800	200	100	200	100
3010 - Coronavirus Relief				60				
6000 - Miscellaneous Agency	0							
Total	9,862	11,091	12,594	16,051	12,538	12,171	12,855	12,552
Biennial Change				7,692		(3,936)		(3,238)
Biennial % Change				37		(14)		(11)
Governor's Change from Base								698
Governor's % Change from Base								3
<u>Expenditures by Category</u>								
Compensation	5,423	5,787	6,152	6,776	6,841	6,886	6,954	7,062
Operating Expenses	4,427	5,265	6,433	9,176	5,686	5,274	5,890	5,479
Grants, Aids and Subsidies	6	10	5	5	5	5	5	5
Capital Outlay-Real Property				15				
Other Financial Transaction	5	29	4	79	6	6	6	6
Total	9,862	11,091	12,594	16,051	12,538	12,171	12,855	12,552
Total Agency Expenditures	9,862	11,091	12,594	16,051	12,538	12,171	12,855	12,552
Internal Billing Expenditures	39	31	36	104	46	46	56	56
Expenditures Less Internal Billing	9,823	11,060	12,558	15,947	12,492	12,125	12,799	12,496
<u>Full-Time Equivalent</u>	55.18	57.46	59.36	63.90	65.08	65.08	65.58	65.58

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		267		29				
Direct Appropriation	4,848	5,399	4,827	4,827	5,065	5,065	6,307	6,371
Transfers In	78	179	349	1,580				
Transfers Out	512	1,278	349	407	238	238	1,238	1,238
Cancellations		41		1,330				
Balance Forward Out	245		29					
Expenditures	4,169	4,526	4,798	4,699	4,827	4,827	5,069	5,133
Biennial Change in Expenditures				802		157		705
Biennial % Change in Expenditures				9		2		7
Governor's Change from Base								548
Governor's % Change from Base								6
Full-Time Equivalents	22.18	22.47	25.83	24.57	26.15	26.15	26.15	26.15

1251 - COVID-19 Minnesota

Balance Forward In				2,963				
Direct Appropriation			4,202					
Balance Forward Out			2,963					
Expenditures			1,239	2,963				
Biennial Change in Expenditures				4,202		(4,202)		(4,202)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	9,465	8,195	6,202	5,243	4,449	4,394	4,449	4,394
Receipts	244	288	193	249	249	249	249	249
Transfers In		60	200				1,000	1,000
Transfers Out			200					
Net Loan Activity	(1,411)	(2,205)	(1,042)	(673)	(125)	(100)	(1,125)	(1,100)
Balance Forward Out	8,195	6,202	5,242	4,449	4,394	4,363	4,394	4,363
Expenditures	102	136	112	370	179	180	179	180
Biennial Change in Expenditures				244		(123)		(123)
Biennial % Change in Expenditures				103		(25)		(25)

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.63	1.01	0.91	1.00	1.00	1.00	1.00	1.00

2001 - Other Misc Special Revenue

Balance Forward In	8,663	8,651	7,416	7,430	7,734	7,303	7,734	7,303
Receipts	5,458	4,859	6,149	7,249	6,389	6,297	6,389	6,297
Internal Billing Receipts	5,335	4,685	6,149	7,249	6,389	6,297	6,389	6,297
Transfers Out	139	78	66	80	80	80	80	80
Balance Forward Out	8,633	7,407	7,431	7,734	7,303	6,644	7,303	6,644
Expenditures	5,348	6,024	6,068	6,865	6,740	6,876	6,740	6,876
Biennial Change in Expenditures				1,561		683		683
Biennial % Change in Expenditures				14		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.48	30.55	30.97	36.76	36.76	36.76	36.76	36.76

2018 - Agriculture

Balance Forward In	1,362	1,286	1,058	857	807	351	807	351
Receipts	117	125	132	128	126	125	126	125
Balance Forward Out	1,286	1,058	857	807	351	293	351	293
Expenditures	194	353	333	178	582	183	582	183
Biennial Change in Expenditures				(36)		254		254
Biennial % Change in Expenditures				(7)		50		50
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.54	3.08	1.30	1.15	1.15	1.15	1.15	1.15

2302 - Clean Water

Balance Forward In		26		31				
Direct Appropriation	75	75	75	75	0	0	75	75
Transfers Out		60						
Balance Forward Out	26		31					

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Expenditures	49	42	44	106			75	75
Biennial Change in Expenditures				60		(150)		0
Biennial % Change in Expenditures				67		(100)		(0)
Governor's Change from Base								150
Governor's % Change from Base								
Full-Time Equivalents	0.35	0.35	0.35	0.35			0.50	0.50

2403 - Gift

Balance Forward In	30	31	31	32	23	14	23	14
Receipts	0	1	1	1	1	1	1	1
Balance Forward Out	31	31	32	23	14	10	14	10
Expenditures				10	10	5	10	5
Biennial Change in Expenditures				10		5		5
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts		10		800	200	100	200	100
Expenditures		10		800	200	100	200	100
Biennial Change in Expenditures				790		(500)		(500)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents				0.07	0.02	0.02	0.02	0.02

3010 - Coronavirus Relief

Balance Forward In				60				
Direct Appropriation			60					
Balance Forward Out			60					
Expenditures				60				
Biennial Change in Expenditures				60		(60)		(60)
Biennial % Change in Expenditures								

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								

6000 - Miscellaneous Agency

Balance Forward In	39	1						
Receipts	(32)	(1)						
Transfers Out	6							
Balance Forward Out	1							
Expenditures	0							
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

8200 - Clean Water Revolving

Balance Forward In	25,163	18,473	8,213	11,039	7,039	5,839	7,039	5,839
Transfers In		1,000	5,500					
Net Loan Activity	(6,690)	(11,260)	(2,674)	(4,000)	(1,200)	(2,400)	(1,200)	(2,400)
Balance Forward Out	18,473	8,213	11,039	7,039	5,839	3,439	5,839	3,439

8250 - Rural Finance Administration

Balance Forward In	4,682	4,895	4,917	3,790	3,178	2,620	3,178	2,620
Receipts	77	122	85	130	129	129	129	129
Transfers In				900				
Transfers Out				900				
Net Loan Activity	136	(100)	(1,212)	(742)	(687)	(450)	(687)	(450)
Balance Forward Out	4,895	4,917	3,790	3,178	2,620	2,299	2,620	2,299

Agriculture

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 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)		\$ 295	\$ 330	\$ 330	\$ 330	Match	2.17
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)		\$ 2	\$ 76	\$ 76	\$ -		0.08
	Pesticide and Fertilizer Budget Activity Total		\$ 297	\$ 406	\$ 406	\$ 330		2.25
Dept. of Interior Fish and Wildlife Service CFDA #15.666	Wolf Livestock Demonstration Project Grant-Wolf Depredation and Livestock Compensation (PPD-B042F47)		\$ 125	\$ 150	\$ 150	\$ 150	Match	0.09
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)		\$ 495	\$ 660	\$ 660	\$ 660	Match	4.22
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)		\$ 109	\$ 150	\$ 150	\$ 150	Match	0.42
Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025	Plant & Animal Disease, Pest Control & Animal Care (PPD-B042F62)		\$ 759	\$ 1,014	\$ 1,014	\$ 1,014		6.75
	Plant Protection Budget Activity Total		\$ 1,488	\$ 1,974	\$ 1,974	\$ 1,974		11.48
Dept. of Health & Human Services Food & Drug Administration CFDA # 93.103	Animal Feed Regulatory Program Standards, and Laboratory Flexible Funding Model (LAB-B043F08)		\$ 290	\$ 912	\$ 912	\$ 912		4.85
Dept. of Health & Human Services Food & Drug Administration CFDA # 93.103	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)		\$ 38	\$ 40	\$ 40	\$ 40		0.24
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)		\$ -	\$ 160	\$ 233	\$ 220		0.95

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 Base	Required State Match or MOE?	FTEs
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)		\$ 273	\$ 257	\$ 270	\$ 270		1.30
Dept. of Health & Human Services Food & Drug Administration CFDA # 93.448	Food Emergency Response Network (FERN) Chemical & Microbiological Cooperative Agreement-Lab participation in FERN proficiency testing, capacity and capability exercises, and food defense surveillance assignments. (LAB-B043F58)		\$ 570	\$ 93	\$ -	\$ -		0.56
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (LAB-B043F60)		\$ 285	\$ 328	\$ 318	\$ 318	Match	1.98
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (LAB-B043F83)		\$ 262	\$ 305	\$ 235	\$ 235	Match	1.33
	Laboratory Services Budget Activity Total		\$ 1,716	\$ 2,095	\$ 2,008	\$ 1,995		11.21
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)		\$ 1,644	\$ 2,000	\$ 2,000	\$ 2,000		12.00
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 programs (FFSD-B044F09)		\$ 719	\$ 975	\$ 975	\$ 975		5.50
	Food and Feed Inspection Services Budget Activity Total		\$ 2,363	\$ 2,975	\$ 2,975	\$ 2,975		17.50
Dept. of Health & Human Services Food & Drug Administration CFDA #93.103	Veterinary Drug Residue Prevention Program- create and implement program that addresses appropriate and legal extra label drug use for vet drugs, improve awareness and knowledge (DMID-B045F08)		\$ 183	\$ 190	\$ 190	\$ 190		1.42
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (DMID- B045F83)		\$ 1,818	\$ 1,975	\$ 1,975	\$ 1,975	Match	11.67
	Dairy and Meat Inspection Services Budget Activity Total		\$ 2,001	\$ 2,165	\$ 2,165	\$ 2,165		13.09
Dept. of Agriculture Food & Nutrition Service CFDA #10.572	WIC Farmers Market Nutrition Program (AMDD-B046F17)		\$ 357	\$ 380	\$ 380	\$ 380		0.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY 2020 Actuals	FY 2021 Budget	FY 2022 Base	FY 2023 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)		\$ -	\$ 150	\$ 150	\$ 150	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)		\$ 449	\$ 555	\$ 525	\$ 525		0.24
USDA National Institute of Food & Agriculture - Sustainable Agriculture Research & Education CFDA #10.215	Trying Times-Tools to Understand and Alleviate Farm Stress – develop and deliver trainings on farmer stress and mental health topics (AMDD-B046F65)		\$ 34	\$ 24	\$ 10	\$ -		0.14
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)			\$ 85	\$ 85	\$ 85	Match	0.20
Dept. of Agriculture Agricultural Marketing Service CFDA #10.170	Specialty Crop Block Grant-enhance the competitiveness of our specialty crop industries (AMDD-B046F91)		\$ 1,323	\$ 2,620	\$ 2,620	\$ 2,620		1.40
Centers for Disease Control & Prevention- National Institute for Occupational Safety & Health CFDA #93.262	Airing Out Farm Stress – Shared Stress Podcast – create and air radio programs addressing how stress can affect well- being of farmers and family members. Use podcasts to reduce societal stigmas relating to coping with stress and related conditions. Promote resources for recovery. (AMDD-B046F93)		\$ 5					
Dept. of Agriculture Food & Nutrition Service CFDA #10.576	Senior Farmers’ Market Nutrition Program (AMDD-B046F95)		\$ 111	\$ 160	\$ 160	\$ 160		
	Ag Marketing and Development Budget Activity Total		\$ 2,279	\$ 3,974	\$ 3,930	\$ 3,920		1.98
Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025	National Animal Disease Preparedness and Response Program (IMT-B049F62)	New	\$ -	\$ 800	\$ 200	\$ 100		0.02
	Agency Services Budget Activity Total		\$ -	\$ 800	\$ 200	\$ 100		0.02
	Program Total		\$ 10,144	\$ 14,389	\$ 13,658	\$ 13,459		57.53
	Federal Fund – Agency Total		\$ 10,144	\$ 14,389	\$ 13,658	\$ 13,459		57.53

Narrative

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

Pesticide and Fertilizer 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

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 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:

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

Dairy and Meat Inspection Division:

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

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 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 procure 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.

Agency Services Division:

Federal fund for this project will be used to test and demonstrate use of a novel technology for the depopulation of livestock in a humans, effective, and efficient manner. Estimates of time required for this project are based on the complexity of the objectives, coordination needs for project partners, and presentation/reporting requirements. 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. This is a one-time award so successful results are not an indication 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. Federal awards project proposed to use .02 FTE for purposes of planning, coordination, and oversight during the 2-year lifetime of the project.

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 2022 and 2023. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.