

Agency Purpose

The Agricultural Utilization Research Institute (AURI) was created by the legislature in M.S. 1160.09. AURI efforts are focused on developing and increasing value added processing opportunities on a statewide basis. This is accomplished by providing project development services and applied scientific assistance in the development of new products and expanded uses for Minnesota agricultural commodities. Assistance is usually provided at the very early stages of product or process development, with a strong emphasis placed on determining overall feasibility. AURI services assist producers and processors to make better decisions about allocating scarce resources.

Mission: To identify new markets and expand existing markets for agricultural commodities, ingredients and products, and to develop new uses or value improvements for Minnesota agricultural commodities.

Core Functions

The Agricultural Utilization Research Institute provides technical and applied scientific services to individuals and organizations that are developing value added businesses across Minnesota. Core functions include:

- ⇒ Providing technical and feasibility assistance, laboratory and pilot plant services in support of the development of value-added processing capacity in Minnesota.
- ⇒ Acting as the applied research and development service for small and medium-sized commodity processors.
- ⇒ Promoting, educating and informing agricultural stakeholders about the rewards and risks of participating in value added processing.

Operations

AURI serves a variety of clients including producers, producer groups, cooperatives, small and medium-sized commodity processors and entrepreneurs. AURI staff assists with project development activities, while laboratory and pilot plant staff support the technical elements of project development. Pilot plant and lab activities assist clients with feasibility, testing, analysis and product scale-up activities.

The economic vitality of Greater Minnesota hinges upon establishing and fortifying key partnerships. This has become a focal point of AURI operations. Enhanced initiatives and collaborations have been established with the USDA, MnSCU, federally-funded SBDCs, MDA, University of Minnesota, DEED and all major commodity groups within the state. AURI staff strives to initiate and integrate these initiatives with processor and producer organizations, “co-ops”, to add value and utilize commodities within our state.

AURI’s facilities are strategically located throughout the state to enhance service delivery and client access:

- ◆ Crookston: product development lab; state headquarters;
- ◆ Marshall: Center for Producer-Owned and Renewable Energy; fats and oils lab; analytical and process labs; meats lab; and
- ◆ Waseca: co-products utilization lab and pilot plant.

At A Glance

- ◆ Since the year 2000, combined ag and value-added sales have increased over 24%; AURI programs helped support and sustain continued growth and development of value added processing;
- ◆ AURI delivered services to over 400 projects statewide in the past biennium;
- ◆ Presented over 60 producer/processor information sessions on value added opportunities, including: biodiesel, wheat/barley ethanol, oilseeds, meat processing and food safety.

Core Challenges in Operating Environment:

- ◆ Fluctuating commodity prices and high transportation costs necessitate a strategy to support value added processing opportunities at the point of production. AURI projects continue to augment producer income and increase jobs and economic activity throughout Minnesota;
- ◆ Increasing demand for feasibility and product development information for value added processing initiatives;
- ◆ Ever-changing markets and technologies force rural Minnesota-based processors and agricultural enterprises to keep pace or not survive. AURI staff continually increase its professional knowledge base to meet these new challenges and disseminate the information through direct client contact and program presentations.

Program Areas

Client services include project development services, laboratory operations such as analytical, process, meats, fats and oils labs, as well as limited pilot plant operations and development grants for projects.

Industry initiatives focus on broad impact areas and include biodiesel research, ethanol co-products projects, agricultural energy and side stream research, and other feasibility projects that have the potential to impact a large number of producers.

Key Measures

In the past two years, AURI has assisted with the development of value added projects which have enabled more producers to evaluate and participate in processing projects; enhanced the investment potential in new or existing processing facilities; and has led to increased job opportunities in the state. **Key indicator examples include:**

- ◆ Over 20,000 producers impacted through assistance with project feasibility assessment and information;
- ◆ Early-stage project feasibility and assessment services resulting in a combined infrastructure investment potential of \$40 - \$100 million;
- ◆ Over \$8.33 million of outside investments dollars were leveraged by AURI project expenditures for applied research and market development over the past biennium; and
- ◆ Over 1,000 value-added processing jobs from AURI project development and technical services activities, as reported directly from clients.

Budget

The projected budget for FY 2005 is \$4,449,733.12. Current organizational personnel include 14.5 full-time equivalent staff with needs to expand to 21. The additional personnel are needed to perform services related to outside grant awards.

AURI has secured outside sources to replace reduced state funding. At present, the AURI state appropriation is approximately 36% of estimated FY 2005 revenues. These funds are important since they are used to leverage estimated federal and private grants as well as other outside sources of funding. \$2.85 million of leveraged funding is anticipated for FY 2005.

Contact AURI State Office

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The AURI web site, at www.auri.org, provides information on programs, research and contacts in the organization.

Dollars in Thousands

	Current		Forecast Base		Biennium 2006-07
	FY2004	FY2005	FY2006	FY2007	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,600	1,600	1,600	1,600	3,200
Forecast Base	1,600	1,600	1,600	1,600	3,200
Change		0	0	0	0
% Biennial Change from 2004-05					0%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,587	1,587	1,600	1,600	3,200
Total	1,587	1,587	1,600	1,600	3,200
 <u>Expenditures by Category</u>					
Local Assistance	1,587	1,587	1,600	1,600	3,200
Total	1,587	1,587	1,600	1,600	3,200
 <u>Expenditures by Program</u>					
Ag Utilization Research Inst	1,587	1,587	1,600	1,600	3,200
Total	1,587	1,587	1,600	1,600	3,200