DEPARTMENT OF AGRICULTURE

Russel G. Schwandt
Commissioner

PREPARED FOR

GOVERNOR'S COUNCIL

ON

EXECUTIVE REORGANIZATION

April 29, 1968

REPORT OF THE

MINNESOTA DEPARTMENT OF AGRICULTURE

TO THE

GOVERNOR'S COUNCIL ON EXECUTIVE REORGANIZATION

Presented By Russel G. Schwandt, Commissioner

April 29, 1968

PREFACE

The Minnesota Department of Agriculture serves Minnesota's greatest and most complex industry, Agriculture and Food.

The food and agriculture industry of this state represents more than forty percent of this state's economy. More than one third of our people are employed in it. Minnesota ranks fifth in total agricultural production in the United States, but beyond this we rank much higher in the amount of food that is processed in the State of Minnesota. For example, we rank fifth in spring pigs saved and second in pigs slaughtered. This dramatically illustrates that a substantial amount of the agricultural production of the Dakotas, northern Iowa, western Wisconsin and a substantial part of Montana flows into the State of Minnesota. With the exception of citrus fruits, bananas, tobacco, coconuts and a few other items, we produce nearly every food product in abundance. At the present time we are exporting better than 70 percent of the food processed in the state, and in some items it goes as high as 95 percent.

The scope and complexity of the agriculture and food production of this state is illustrated by Chart A in this report. It also gives you a graphic picture of the flow of Minnesota's agribusiness. Chart B portrays the wide variety of our products. Chart C shows the economic impact generated by Minnesota's agriculture production. Narration Chart D projects the position of agriculture by the year 1975, which is a short seven years away. These charts are from publications by the University of Minnesota and the Federal-State Crop and Livestock Reporting Service.

Approximately four percent of the earth's surface is arable. In many areas of the world we have severe climatic conditions that are a limiting factor in production. We live in a world of three and one-half

billion people; over half are underfed and undernourished, 20 percent of which are facing actual starvation. Population experts predict that we will have approximately seven billion people by the year 2000. With these facts in mind I am sure you can appreciate the extent of the food-producing problem that faces the world. We must help meet this challenge.

In this connection we truly are located in an area that is a substantial part of the bread basket of the world. We have only scratched the surface of our ability to produce. Our ability to produce food far exceeds the anticipated population growth in this area. I predict that by the year 2000 we will be exporting 95 percent of all the food that is processed in the State of Minnesota.

The finest names in food are located in this state. They have a reputation that is well known throughout the world. We must encourage food-processing companies located in Minnesota to expand. We must lend encouragement to new food processing companies to locate in this state. This truly represents our greatest opportunity for economic growth. This can best be achieved by strengthening the Department of Agriculture.

It is absolutely essential and in the public interest that Minnesota assumes its full responsibilities in food regulatory work and in service to this great agriculture industry. It is also absolutely essential that these responsibilities remain in the hands of the Department of Agriculture which over the past 84 years has established a most admirable and commendable record of industry service and consumer protection.

The quality of food produced and processed in Minnesota is outstanding. In addition to the food produced in Minnesota, which is processed within the state, Minnesota processes a large amount of the production of the adjoining states. We have selected a number of products to illustrate this point which you will find on Charts E, F, G, H and I which you will find attached to this report. The food industry is to be commended for the quality control measures both voluntary and through statute, rules and regulations that they have been implemented. We must continue to play a leadership role in future developments. It is through aggressive state-administered programs that we can prove to the

agriculture industry and to food processors everywhere, that Minnesota offers them the greatest opportunity for expansion and growth.

Our transportation facilities are the best. The largest inland seaport in the United States is located at Duluth. With a tremendous network of transcontinental highways coming into Minnesota, with an excellent rail service and the aggressive growth of air facilities, certainly distribution will be no problem.

In this report we have included a complete inventory and description of the department's present programs with the plans for the coming biennium (A-1 through 9) with a recap of these programs on one chart. Also included is an organization chart with the responsibilities of each Division of the Department (B-5 (1)) and a similar format chart showing the personnel strength for each Division (B-5 (2)). In addition to the material on the present status of the Department we have attempted to look into the future to give you what we think will be the Department's role in the 70's and 80's (B-1 through 4). While predicting the future can be a hazardous undertaking in any field, I believe the projections we have made with respect to Agriculture are based on sufficient available information to qualify them as sound.

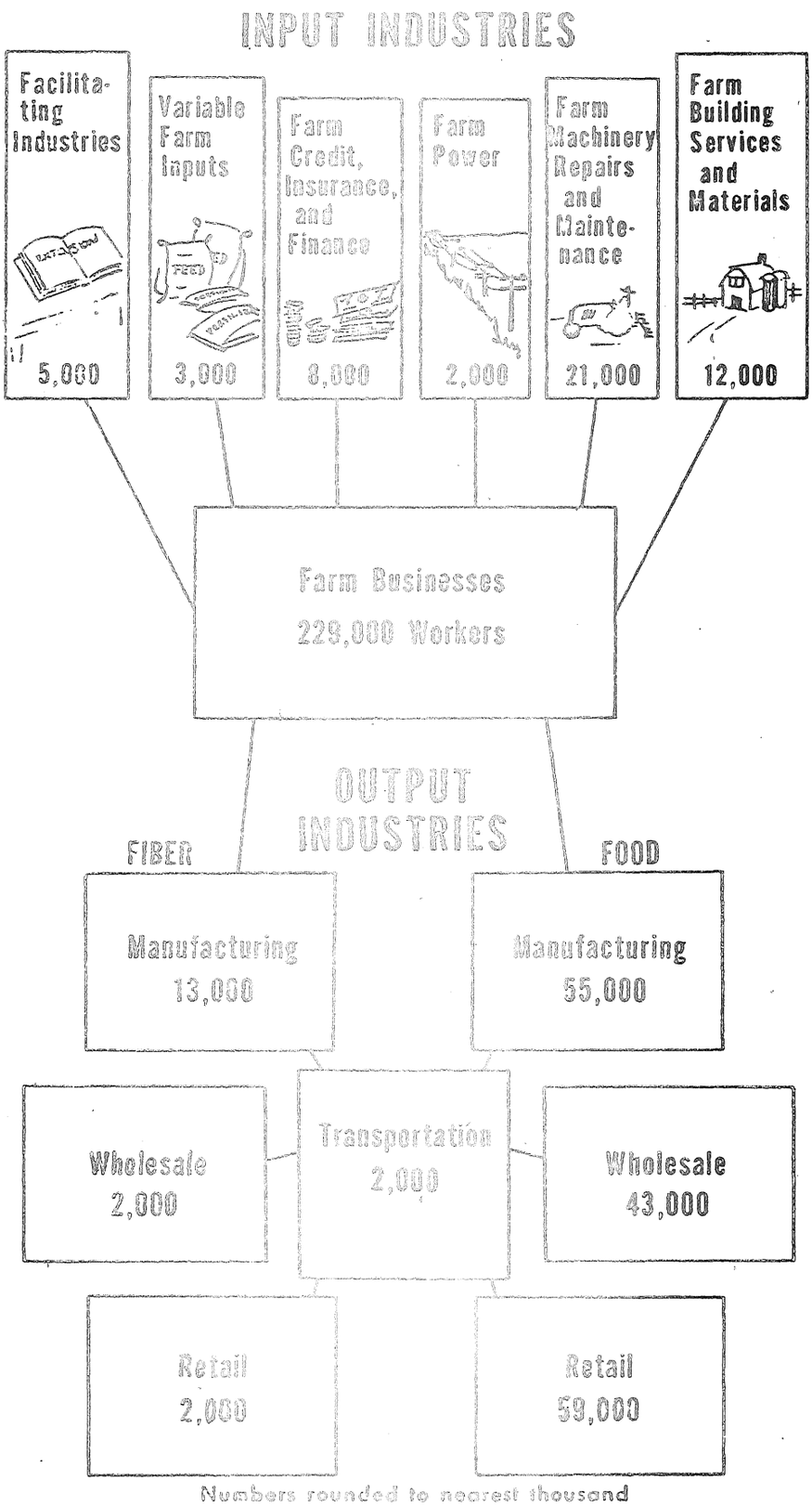
In order to achieve uniformity, eliminate duplication of effort and improve communications, we have provided a liaison man to coordinate our activities with other agencies of government both State and local.

You will also find in this report a brief summary of our present budget status and the scope of Federal programs which we are presently cooperating in through memoranda of understanding and agreement (C-1 through 3).

I sincerely trust that the information we are presenting here today will be helpful to you. I also want to assure you of the complete cooperation of the Department of Agriculture in giving you additional information should you consider it necessary.

CHART A

456,000 Agribusiness workers in Minnesota



Numbers rounded to nearest thousand

SOURCE: The Role and Potential of Minnesota Agriculture, University of Minnesota - January, 1967

CHART B

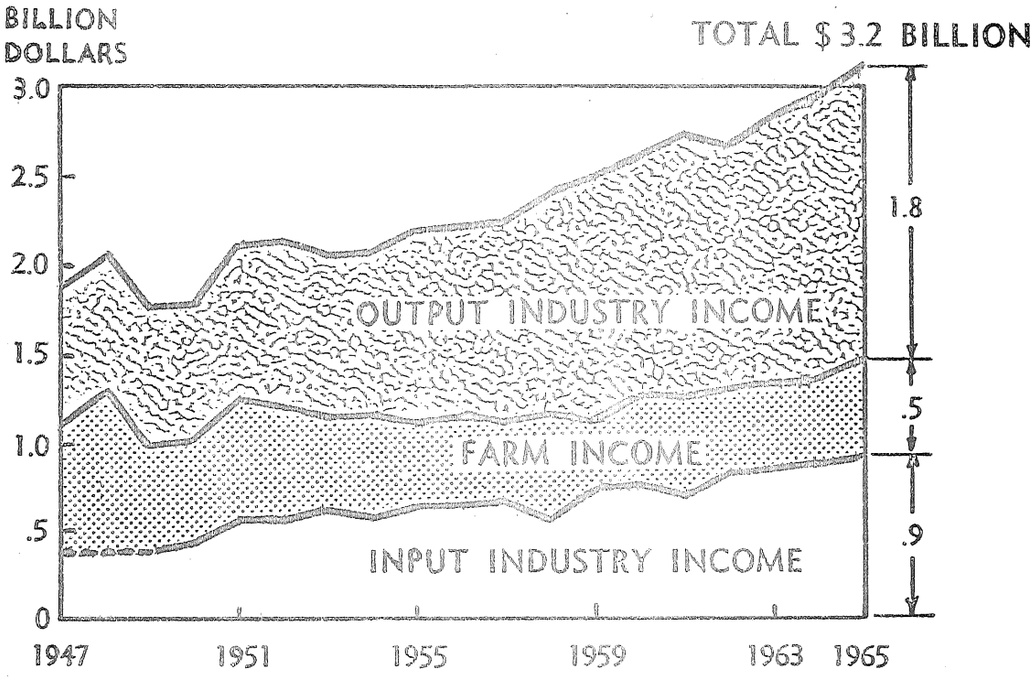
MINNESOTA'S RANK AMONG STATES

1967 CROP PRODUCTION	RANK	PERCENT OF U. S.
Corn for Grain	4	7.5
Oats	1	20.1
Flaxseed	3	19.1
Barley	4	9.5
Hay	2	6.0
Sugar Beets	4	7.2
Soybeans	6	7.2
Sweet Corn for Processing	1	24.3
Green Peas for Processing	3	13.5
LIVESTOCK AND PRODUCTS		
All Cattle and Calves, January 1, 1968	10	3.8
Milk Cows, January 1, 1968	2	8.1
Cattle and Calves on Feed, January 1, 1968	8	5.2
Cattle and Calves Marketed, 1966	5	4.0
Cattle and Calves Slaughtered, 1966	5	4.7
Hogs on Farms, January 1, 1968	5	5.3
Pig Crop, 1967	5	6.0
Hog Marketings, 1966	5	6.4
Hog Slaughter, 1966	2	7.0
All Sheep and Lambs, January 1, 1968	12	2.3
Sheep and Lamb Marketings, 1966	9	3.9
Sheep and Lamb Slaughter, 1967	6	6.7
Turkeys Raised, 1967	2	14.0
Milk Production, 1967 1/	3	8.6
Butter Production, 1967 1/	1	26.0
American Cheese Production, 1967 1/	3	7.0
Honey Production, 1967 1/	2	9.1

1/ Pounds.

CHART C

FARM and NONFARM INCOME GENERATED by MINNESOTA AGRICULTURAL PRODUCTION 1947–1965



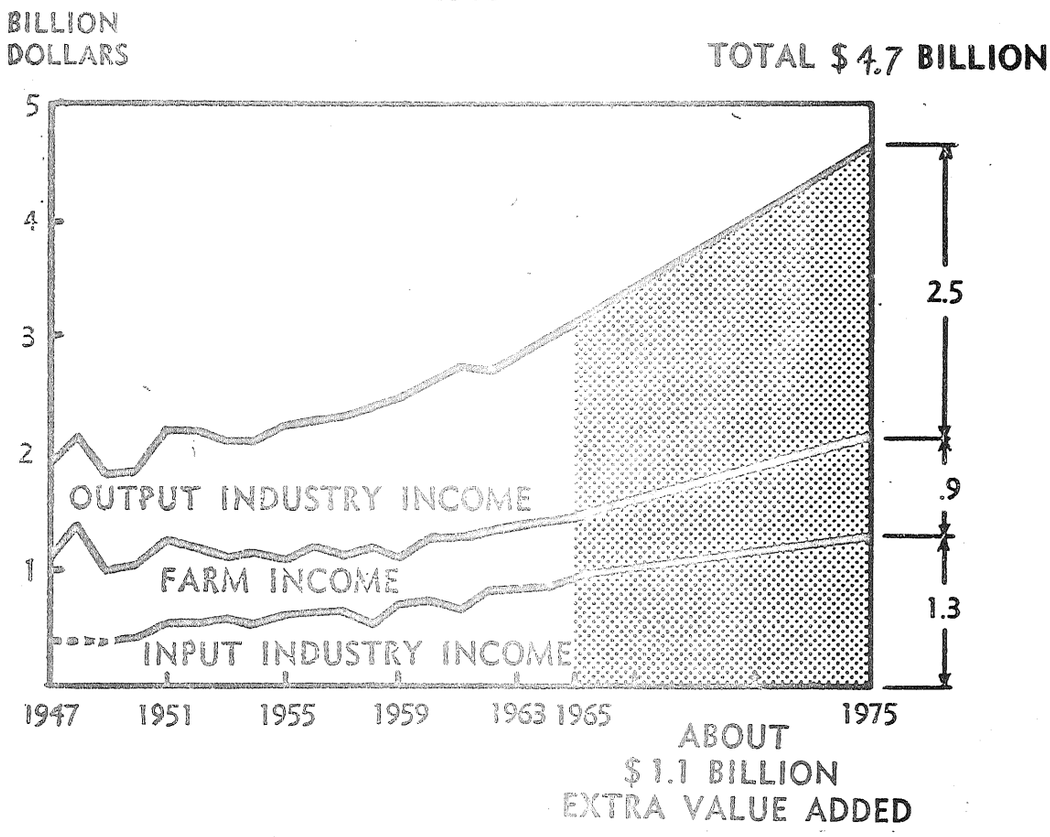
FORESTRY and HORTICULTURE ADD $ .8 BILLION

3.2

$ 4.0 BILLION

CHART D

FARM and NONFARM INCOME GENERATED by MINNESOTA AGRICULTURAL PRODUCTION 1975



SOURCE: The Role and Potential of Minnesota Agriculture - [illegible] - January, 1967

CHART E

29 Percent of Minnesota Cattle Slaughter Produced in other States

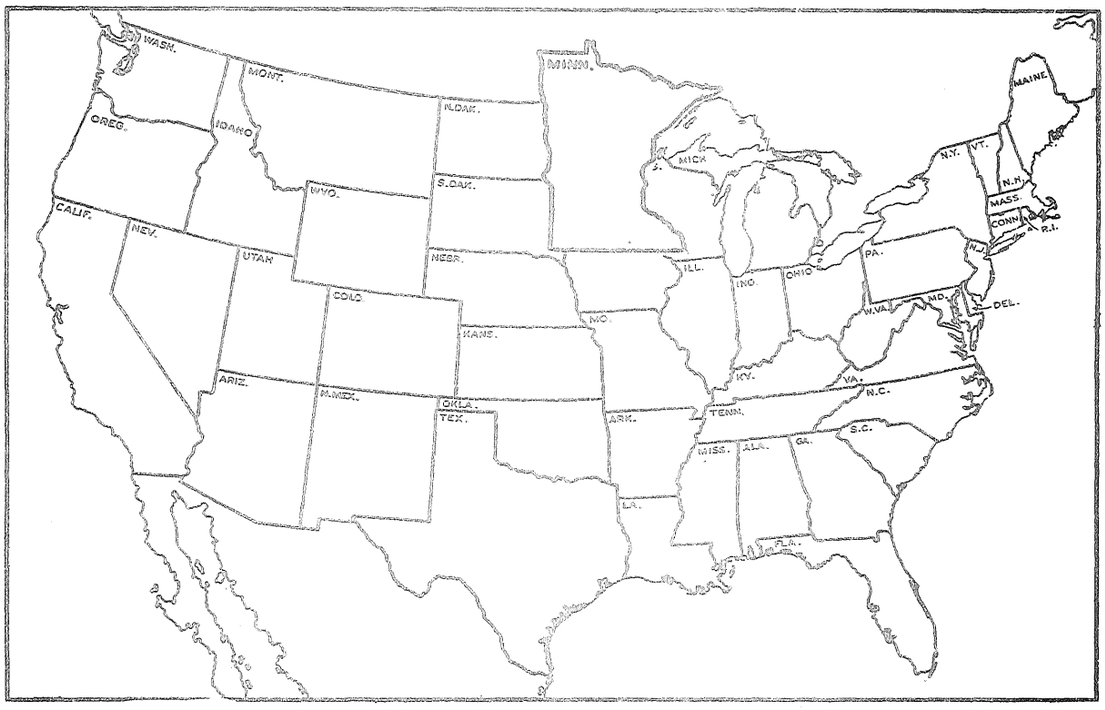


CHART F

28 Percent of Minnesota Hog Slaughter Produced in other States

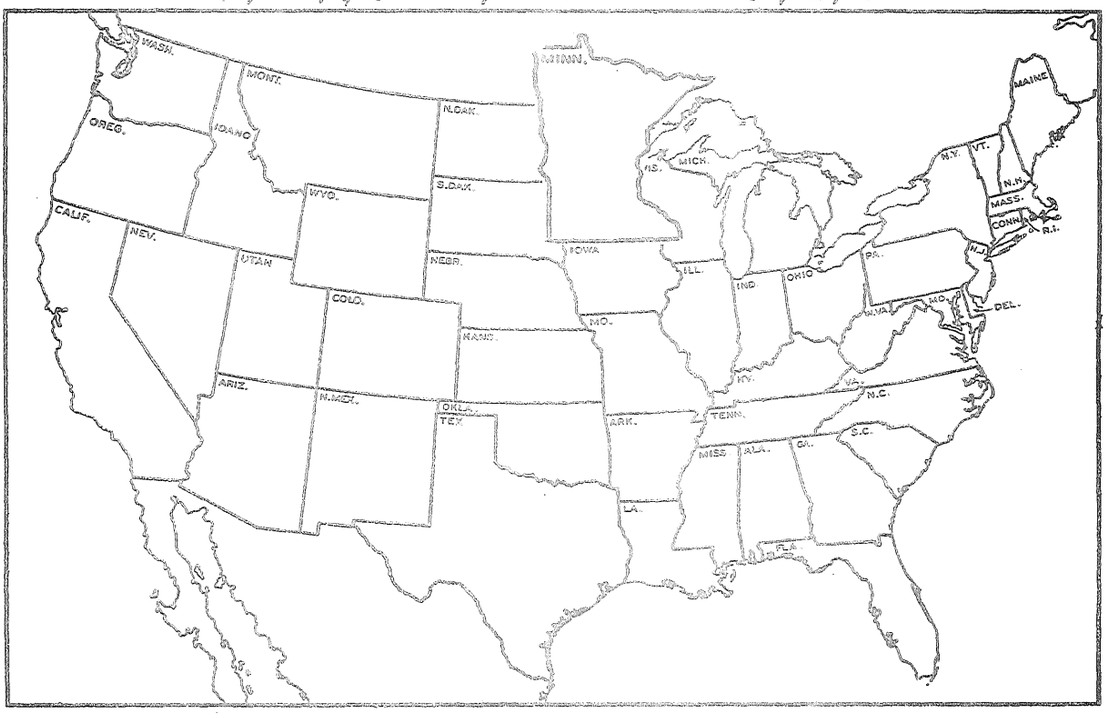


CHART G

42 Percent of Minnesota Sheep and Lamb Slaughter Produced in other States

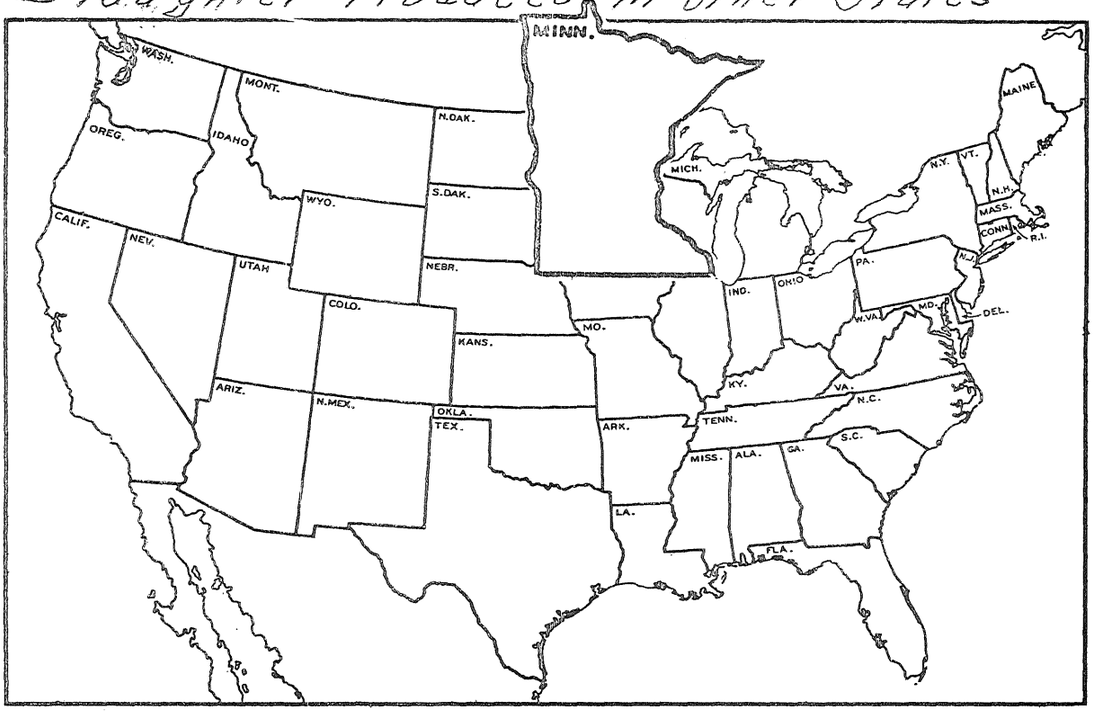


CHART H

42 Percent of Minnesota Sheep and Lamb Slaughter Produced in other States

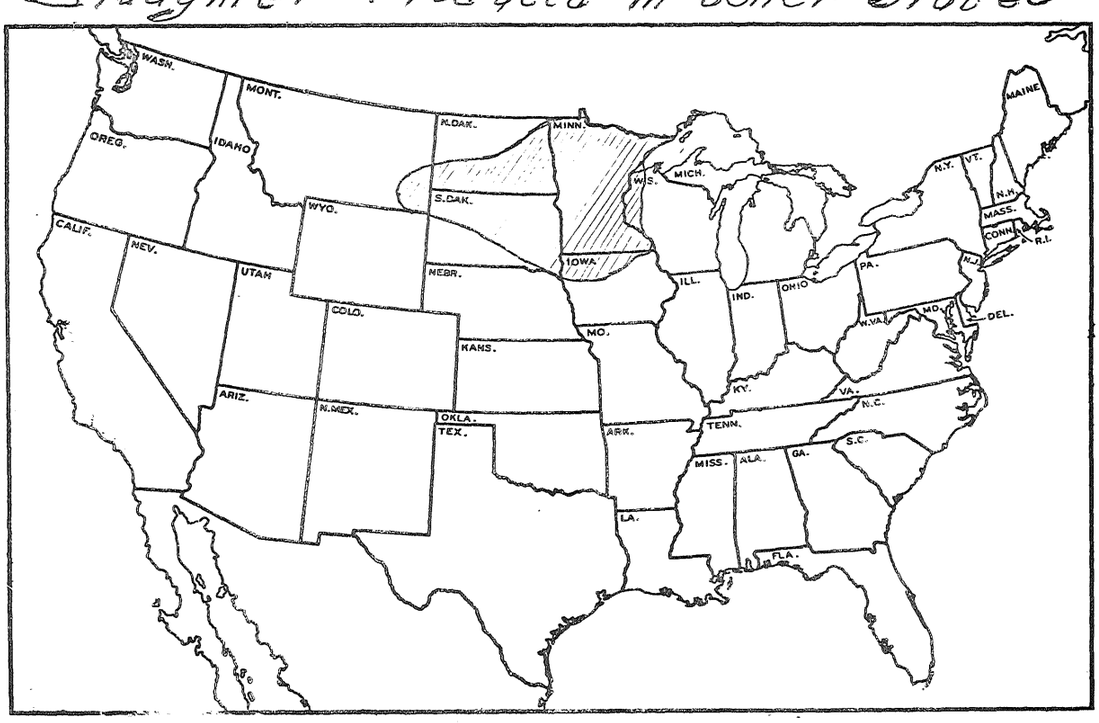
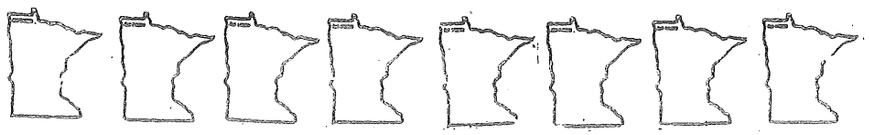
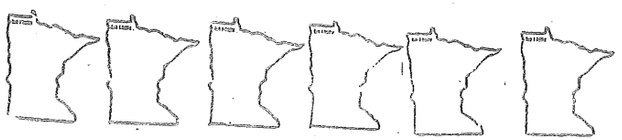


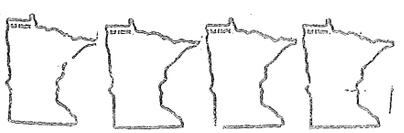
CHART I

Grain Receipts in Minnesota Compared with States Production, 1967

Wheat  8 times Minn.

Rye  6 times Minn.

Barley  4 times Minn.

Flax  4 times Minn.

Programs and Responsibilities of the

MINNESOTA DEPARTMENT OF AGRICULTURE

STATEMENT OF PURPOSE

To promote and protect the well being of Minnesota producers, processors and consumers by helping to ensure an abundance of high quality food and agriculturally-related products.

PROGRAMS AND SUB-PROGRAMS

I. Marketing Services and Development

To develop and improve the marketing of agricultural products by assisting producers in planning, production and marketing practices.

A. Public Services

To provide information and services to producers, processors and consumers.

1. Agricultural Marketing Act - Quality Agri. Marketing Act - (Implied) Chp. 17

Assist producers and processors in improving the quality of their products by upgrading production and processing standards and practices for the purpose of making the products more acceptable for domestic and foreign markets.

Objective: Work with honey, potato and egg producers as major commodities to improve quality; also assist producers in other areas such as Christmas trees, sunflower seeds, apples and assorted fresh vegetables. Develop standards for high quality table stock potatoes.

2. Agricultural Marketing Act - Sod - (Implied) Chp. 17

Meet with sod producing groups and other interested parties for the purpose of assisting them in improving quality of sod and establishing grades and standards for marketing practices. Presently we work with 6 or 7 individuals representing 8,000 to 10,000 acres of sod under cultivation.

Objective: Accomplish organization of all sod-producers for the purpose of setting up a certification program that will be acceptable in interstate commerce.

3. Dairy Ind. Unfair Trade Practices - Chp. 32.A

Work with approximately 515 wholesalers, manufacturers and distributers and all Minnesota retailers of selected dairy products in the enforcement of the Dairy Ind. U.T.P. Act which prohibits certain trade practices that are designed to destroy, lessen or restrain competition.

4. Wholesale Dealers - Chp.27

Protect the producers from non-payment for agricultural produce by licensing and bonding of approximately 850 wholesale produce dealers who buy or sell or handle agricultural produce in wholesale lots.

Objective: Propose to expand the coverage under this law to a wider range of dealers.

5. Federal State Crop Reporter - Chp. 17

Provide current and historic statistics on supply of agricultural products, furnish reports on crop prospects and livestock production, issue annual summarizations on the year's production and provide statistics to indicate location of supplies or potential production.

Objective: Continue present level of furnishing information and expand the activity to include monthly cold storage report and additional work on monthly livestock slaughter, crop varieties and cash income per county. This will be used to fill requests for basic planning data by counties, by firms locating in the state and government agencies.

6. Market and Produce Inspection (Shipping Point) - Chp. 30

Inspect and grade an average of 16,000 lots of fresh produce (primarily potatoes and onions) annually as a service to the growers and shippers. Program activities will fluctuate with weather, growing conditions and government surplus removal programs.

7. Market and Produce Inspection (Terminal) - Chp. 30

Inspect and grade approximately 3,000 lots of fresh fruits and vegetables arriving at terminal markets each year as a service to wholesalers, brokers and institutions who request the inspections.

8. Market News (Implied) - Chp. 17

To assemble and interpret the supply, demand and price situations on certain agricultural products and disseminate this information to producers, buyers and processors.

State-Federal Agreements in effect:

1. Daily Fruits and Vegetables Market News (675 reports)
2. Dairy and Poultry Market News (6 daily, 1 bi-weekly and 5 weekly price reports)
3. Livestock Market News (2,100 reports)

Agricultural Marketing Act matching fund program for Apple Market News (in cooperation with Wisconsin)

Objective: Dairy and Poultry Market News. Expand to include farm price for eggs and fluid milk prices.

B. Cooperatives

Assist and service Cooperative Associations in the conduct of their businesses to accomplish the objectives for which they were created.

1. Auditing Cooperatives. - Chp. 308

Upon application perform auditing services, install accounting systems, prepare tax statements, attend board and management meetings and assist in the management of their affairs for approximately 100 cooperatives each year.

2. Cooperative Organization Services. - Chp. 308

Assist in the incorporation of cooperative associations by providing technical assistance to producers and consumers, drafting and filing the necessary legal documents and assist in dissolution proceedings and legislative matters.

Objective: Develop an improved communication between cooperatives so they may be a more effective tool in servicing producers and consumers.

3. Agricultural Marketing Act. - Cost and Efficiency Study. (Implied) - Chp. 17

For the purposes of economic survival in an increasingly competitive business climate we meet with Boards of Directors and Stockholders of cooperatives to determine plans and procedures for mergers, prepare the necessary papers to accomplish approximately 15 mergers annually and file these documents with the proper officials.

Objective: Reduce the present 200 dairy marketing cooperatives to approximately 40 within the next 5 years and continue to bring about the merger of other types of cooperatives at a somewhat slower pace.

C. Market Promotion

Develop and identify high quality agricultural products and provide the programs for carrying those products through to the consumer by means of in-state, out-state and foreign market development.

1. Agricultural Marketing Act - Market Expansion (Implied) - Chp. 17

Expand outlets for Agricultural Products by assisting producers and processors in use of improved promotional methods for marketing their products.

Objective: Particular attention will continue to be given to smaller industry groups that cannot provide this service, such as mushrooms, wild rice, maple syrup. Work will be expanded to include institutions which feed large numbers of people such as: hotels, restaurants, nursing homes and hospitals.

2. Agricultural Marketing Act - Statistical (Implied) - Chp. 17

Collect, analyze and disseminate market data through publication of commodity bulletins, special reports, and other published matter. Objective: One crop or livestock bulletin each year plus special reports on sunflower production reports, corn harvesting methods and one crop variety report, distributing 2M to 5M copies of each report annually.

3. Agricultural Marketing Act - Nursery Viability and Hardiness (Implied) - Chp. 17

Work with 3 cooperating nurseries each year to develop methods and maintain certain nursery grown plants in viable and hardy condition to improve marketability, quality, and consumer acceptance.

Objective: Work with evergreens and some deciduous plants in winter storage because of their susceptibility to injury.

4. Seed Potato - Chp. 21

Develop a high market acceptance for potato seed stock through a control program carried out among 400 seed potato growers involving approximately 34,000 acres to ensure availability of disease-free seed potatoes.

Objective: Expand Virus X disease eradication program to all growers in order to safeguard our markets.

5. Agricultural Marketing Act - Poultry and Egg Market Expansion (Implied) - Chp. 17

Assist producers in marketing high quality eggs, egg products and other poultry products directly through retail outlets and through established cooperatives and independent cooperating dealers.

Objective: Expand the present "egg breakfast" promotional program from 50 such breakfasts annually to 80. Work with institutions and other mass feeders to introduce relatively new Minnesota certified grade A frozen egg products.

6. Market Development

Develop Markets for Minnesota Agricultural products through the use of exhibits, Meal functions, Food Seminars (local and out-of-state), and T.V. and radio media.

4. Food Salvage - Laws of 1967, Chp. 635.

Stop sale of distressed food until it can be examined and laboratory tested so that wholesome, edible products may be offered to the public and distressed foods may be diverted to animal feed or destroyed if unfit for use.

Objective: Supervise and inspect approximately 50 salvage operations upon notification of receipt of distressed foods. Also be available for immediate inspection in cases of natural disaster.

B. Meat - Chp. 31, Laws of 1967, X.S. Chp. 36

To develop regulations and enforcement procedures adequate to the processing and distribution of wholesome meat, poultry and fish products.

1. Meat Inspection

Enforce all state laws and regulations relating to meat, poultry and fish. Inspect meat, poultry and fish products for quality, condition and labeling. Enforce sanitation and facility standards in approximately six hundred (600) processing plants including slaughter plants, wholesale meat and sausage plants, poultry dressing plants and fish processing plants. Carry out surveillance of meat and meat products.

Objective: Provide a more comprehensive meat, fish and poultry meat inspection program including antemortem and post mortem inspection of poultry and livestock to ensure that such products are processed, transported and delivered to the consumer in a clean, wholesome condition.

C. Poultry and Eggs

To develop regulations and carry out programs to improve the production capacity of poultry stocks and identify eggs and egg products with respect to grade and wholesomeness.

1. - Poultry Breeding and Inspection - Chp. 29

Supervise and certify the breed improvement program for slightly more than 100 chicken and turkey hatcheries and independent flock-owners with approximately 900 affiliated breeding flocks to assure compliance with the provisions of the Minnesota-National Poultry and Turkey Improvement Plans. Test the randomly selected progeny of 16 primary egg production breeding stocks annually and publish the results of the economic and biological traits measured for guidance of producers in selecting replacement stock.

Objective: Hatcheries involved in this program will likely increase to approximately 100 operating 8 to 12 months each year which will require 4 inspections per hatchery annually. Additional replicates will be added to the random sample test program which will increase the birds housed to more than 5,000. We will continue to explore the need for a pullet certification program.

2. Egg Inspection - Chp. 29

Inspect approximately 1,000licensed shell egg dealers and egg products processors for compliance with the mandatory Purchase and Consumer Grades and inspect retail outlets as necessary to assure consumers of reliable grade identification and wholesomeness in the case of egg products.

Objective: To fulfill our responsibilities we must increase the number of inspections from slightly more than two annually per dealer to a minimum of six inspections annually and double the number of retail inspections made.

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2. Egg Inspection - Chp. 29

Inspect approximately 1,000licensed shell egg dealers and egg products processors for compliance with the mandatory Purchase and Consumer Grades and inspect retail cutlets as necessary to assure consumers of reliable grade identification and wholesomeness in the case of egg products.

Objective: To fulfill our responsibilities we must increase the number of inspections from slightly more than two annually per dealer to a minimum of six inspections annually and double the number of retail inspections made.

D. Dairy

To regulate producers and processors for the production, manufacture and identification of wholesome milk and milk products and assure ethical trade procedures.

1. Butter Grading and Labeling - Chp. 32

Examine finished product in approximately 700 consumer packages annually to determine if they conform to label guarantees and examine the labels to determine compliance with grade labeling requirements.

2. Butterfat Control - Chp. 32

Protect the dairy farmer by assuring that the milk and cream purchased by 450 dairy plants is paid for in accordance with posted prices through examination of records of purchases and test procedures. Discrimination and unfair competition are detected by examination of plant records to determine if purchase, utilization and sale of butterfat are made in accordance with law.

Objective: Complete a minimum of 250 dairy plant examinations of records and procedures to determine compliance with laws and regulations.

3. Grade A Milk - Chp. 32

Supervise Grade A milk supply by inspecting approximately 1,500 dairy farms and 70 plants, survey for certification 3,500 dairy farms and 45 plants, and examine the raw and finished product in the laboratory to assure consumers of a uniform high quality product, much of which must be sold to out-of-state users. This product is uniform with all others in the continental United States.

Objective: Expand testing to include the mastitis test.

4. Manufactured Milk and Milk Products - Chp. 32, Laws of 1967-Chp.257

Supervise some 450 dairy processing plants which process milk and cream from approximately 45,000 dairy farms by inspecting pasteurization and processing equipment to determine if they conform to construction and operation standards. The finished product is examined for compliance with standards of identity and sanitation.

Objective: Inspect 45,000 dairy farms twice a year through the use of industry dairy fieldmen authorized by and supervised by the Department; their work will be spot-checked by state inspectors. The required installation of milk houses for all producers using bulk tanks will require inspection of some 11,500 existing installations.

III. Protection of Agricultural Resources

To enhance the beauty and productive capacity of land and animals by controlling the quality of the products used and by detecting, evaluating, controlling and eradicating weeds, pests and plant diseases.

A. Plants and Animals

Control through registration, inspection and laboratory evaluation products used to enhance the productive capacity and health of plants and animals.

1. Fertilizer Control - Chp. 17

Protect the consumer from fraud and deception in the manufacture and distribution of 1,300,000 tons of fertilizer products; this is accomplished by licensing of 515 plants plus inspection of facilities and sampling of products as they move into distribution channels.

Objective: Tonnage of fertilizer used in Minnesota increases annually by approximately 15%; plants inspected and samples taken will increase in the same ratio. New regulations covering anhydrous ammonia solutions and soil conditioners entail an increase in site approvals of anhydrous ammonia solutions and in volume of soil conditioner labels.

2. Feed Control - Chp. 25

Protect consumer by preventing fraud and deception in the manufacturing and distribution of animal feeds; this is accomplished through 7,200 registrations of products, inspection of manufacturing and warehouse facilities and sampling of approximately 1,800 of the products as they are distributed in trade channels.

Objective: Provide increased surveillance of the entire feed industry and have all inspectors trained and commissioned by FDA to conduct inspections of the equipment and physical facilities of feed mills involved in the manufacture of medicated feeds. This will necessitate the upgrading of equipment in Lab. Services to handle these analyses. Increase inspection and sample taking to prove environment and reduce incidence of salmonella.

3. Economic Poisons Control - Chp. 24

Register and regulate the sale of approximately 4,500 commercial pesticides, and the like offered by some 600 firms in the State of Minnesota

Objective: Chemicals play a vital role in crop production. This necessitates increased sampling and laboratory analyses to detect possible residues in food products.

4. Seed Inspection - Chp. 21

Protect the consumer through inspection of facilities, sampling of product and provide a service to the user or grower through the analysis of samples submitted by those individuals.

Objective: Clean seed is the foundation of weed control. We expect to develop an increase in the number of samples taken by inspectors as well as a substantial increase in service samples received from farmers.

B. Noxious Plants

Control noxious plants to enhance the aesthetic value and to aid in achieving maximum production of surrounding areas.

1. Weed Control - Chp. 18

Exercise necessary control measures on special problem areas such as 2,133 acres quarantines, 765 acres Indian lands, 1,400 acres of tax exempt lands, and to assist all the residents in achieving maximum weed control to ultimately maximize crop production. We expect a nominal increase in the number of acres of special problem areas.

2. Spraying and Dusting - Chp. 18

License approximately 900 persons which authorizes them to carry on spraying and dusting operations for hire for the purpose of controlling or eradicating undesirable weeds, plant diseases, insects and nuisance animals.

Objective: Start a sampling program to determine whether or not the customer is receiving the percentage of pesticide as stated by the applicator.

C. Insect Control - Chp. 18

Control injurious insects through surveys and inspections as a basis for offering technical advice and assistance to agriculture, forestry and others.

1. Mosquito Abatement

Work with municipalities and other state and private agencies through technical assistance the development of the correct uses of abatement chemicals and control equipment.

2. Forest Pests

Conduct standardized and random surveys for the detection and incidence of injurious forest pests as a basis for a warning and information service to state and private agencies and for control measures.

3. Nursery

Inspect and license approximately 475 nurseries each year for the purpose of detecting new pests and reducing spread of old pests. Protect consumer through prevention of sale of low quality nursery stock.

Objective: Continuation of present inspection and supervisory programs but increase stock treatment program from 25 treatments to 100 treatments per year during the next biennium because of Japanese beetle, and increase number of Dutch elm disease inspections by 50.

4. Duluth Plant Quarantine

Detection and interception of exotic plant pests on foreign ships coming in to Minnesota ports as a protection to Minnesota agriculture and forests. Expand inspection service to keep pace with increased use of port facilities.

5. Field Crops

Maintenance of a detection and incidence survey of field crop pests to provide a warning service for the protection of agricultural field crops.

Objective: Continue surveys and publication of weekly information sheet to approximately 1500 agricultural contacts during the growing season.

6. Dutch Elm

Provide technical assistance to public agencies for the detection and diagnosis of Dutch Elm diseased trees and the suppression of the disease in the State of Minnesota.

Objective: Expand surveillance program to areas in close proximity to known infested areas.

D. Disease Control

Offer technical control and other aspects of control for the suppression of plant diseases and bee diseases.

1. Barberry - Chp. 18

Assist Minnesota producers of wheat, oats, barley and rye by eradicating rust-spreading barberry bushes over approximately 90 sq. miles annually for the purpose of eliminating breeding places of new rust races and destroying the sources of local rust outbreaks.

Objective: Expand surveillance program to areas in close proximity to known infested areas.

2. White Pine Blister Rust - Chp. 18

Control white pine blister rust on approximately 123,000 acres each year by eradicating ribes (currants and gooseberries) species, the alternate host of the disease, growing in or near white pine stands and reduce spread of the disease through certain forest management practices.

Objective: Expand to include State Parks, particularly Itasca with approximately 5,000 acres of standing white pine.

3. Apiary - Chp. 19

License and register approximately 80,000 bee colonies in the state and inspect approximately one thousand apiaries each year to determine presence or absence of disease, eliminating disease when found.

Objective: In addition to continuing our present program, cope with a new virus-type bee disease through pre-winter surveys in known problem locations.

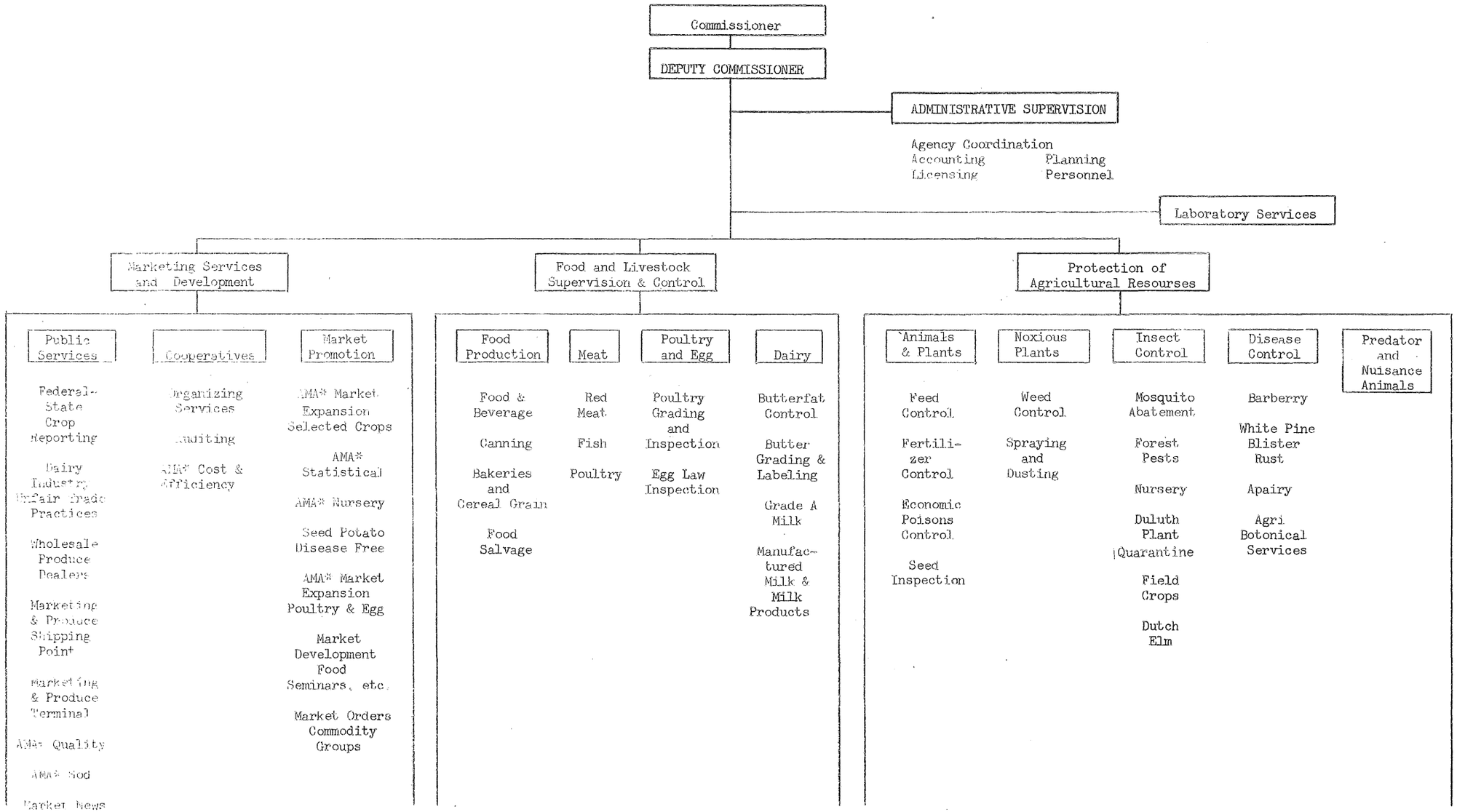
4. Agri-Botanical Services

Provide agronomic services in connection with grain and forage diseases and assist state forest nurseries in specific soil analyses based on tree seedling response to trace elements and other cultural practices.

E. Predator and Nuisance Animal and Bird Control - Chp. 18

Give technical advice and direction in the control of nuisance animals and birds to agriculture, forestry, public agencies and home owners. Improved service in this area depends on employment of a biologist.

PROGRAM INVENTORY OUTLINE - TENTATIVE - April 29, 1968



AMA* Agricultural Marketing Act, a Federal Matching Fund Program

THE DEPARTMENT OF AGRICULTURE'S ROLE IN THE '70'S AND '80'S

In projecting and predicting the program of the Department of Agriculture for the next two decades, certain obvious assumptions can be listed as follows:

1. Agriculture and Agribusiness will increase tremendously in importance to the State's economy.
2. The control of plant and animal pests will become more complex.
3. Agricultural production will become even more of an adjunct to marketing than vice versa.
4. A higher proportion of our food products will be exported.
5. Problems of land use -- industrial vs. crops -- must be solved.
6. The adjustment of professional salaries to the levels necessary to maintain or obtain adequate properly trained personnel will continue to lag.

In the past decade the development of new products and change in methods of production and processing has produced a staggering variety of available foods. A typical supermarket today presents approximately 8,000 different food items. Twenty years ago it was noticed that they carried only about 1,500. Ten years from now the food processing industry has predicted that the supermarkets will carry more than 12,000 items, half of which will be different from those sold today. A similar type of prognostication could be made for all the various types of manufactured products which aids the farm producer in producing the many varied products needed to meet the revolution indicated in the food industry. During the next decade the development of all of the new food and farm products and change in methods of production and processing will reflect in necessary additional bacteriological and chemical determinations both in volume and especially in variety. Existing sanitation and quality standards will be revised and new ones will be established to reflect the improvement forthcoming in the quality of foods and food products now being produced and new ones to be produced in the next decade. Even in the current situation standards for determining quality are lacking or are inadequate for many foods, food products, food ingredients, food chemicals, concentrates and premixes. In the past, food quality and standards have been measured in percentage figures and thousands of units per gram or pound. Now quality and quantity in the additive field or in the residue field are measured in micro units such as parts per million or 10ths and 100ths of micro grams per gram.

There are a host of factors bringing about this revolution in the food industry, one of which is the growing use of specialty food additives most of which are added at the micro levels such as synthetic and artificial flavors, flavor enhancers, artificial sweeteners, vitamins, nutritional elements, colors, anti-caking compounds, anti-foaming agents and many others similarly in the agronomy area of food production. Special synthetic materials to replace natural materials such as synthetic amino acids to replace protein meals, synthetic vitamins and growth stimulants, special fermentation products grown on various types of media such as algae, specialty antibiotics, enzymes, tranquilizers and peptizers to be used in animal feeds.

Under such conditions of technical progress an analytical laboratory must up-grade its equipment and personnel on a year to year basis just to maintain the same RELATIVE STANDARD of service it has in the past and if it is to adequately support the indicated growing range of inspectional and administrative responsibilities in the area of consumer protection and industry quality products, its needs must increase at the same ratio as the indicated progress in the food and agronomy agri-business.

Another factor in the changing technology in the food and agronomy agri-business would be in such areas as radiation preservation of foods, freeze drying and deep freezing of foods, specialty foods all of which are rapidly moving out of the so-called specialty class of foods and into the more common foods to be found in all the homes in the country. For example, freeze dried instant coffee, simulated or substituted meat such as bacon and imitation and synthetic foods such as orange juice which is completely an imitation and the more recent "imitation milk." As stated previously in the next decade, sanitation and quality standards will have to be established for all of these new products and analytical laboratory testing and assays must continually be studied and developed. It is obvious, therefore, that our laboratory facilities must be almost completely retooled to meet the challenge of the changes in the food industry in the years to come.

Our responsibilities in the area of marketing will be tremendous. We look for more emphasis on specialty crops for which the market development work will have to start from the basic introduction of these commodities to developing the quality and marketing them on a nation-wide and possibly a world-wide basis. For many years marketing was an adjunct to production.

In other words, we marketed what was produced. The trend is now moving toward producing what we can market.

In the general area of agronomy, as it affects the control of plant and animal pests, our services will be required to be expanded in these areas as follows: (1) regulating the use of chemicals in feeds and fertilizers and their direct application as pesticides and herbicides (2) supervision of custom-spray applicators and applications, including inspection of the equipment used in such work, (3) regulating quality of fertilizers to provide for increased yields resulting from use of fertilizer products (4) inspection of seed to provide for quality seed, resulting in increased yields and more effective and efficient use of land, and (5) weed control must be expanded and intensified so that all of the available land may be made to produce to more nearly the limit of its ability.

The use of chemicals will continue to increase at a very rapid rate and along with this use will come additional problems unless the use is supervised and regulated to correspond to the increase in its use.

Feed and feed mixtures will continue to see the use of antibiotics and drugs because such products increase efficiency and result in economic improvement to all parties when properly used. There will be an increase in the workload placed upon the Division in relation to its work in this area because of the increased demand for meat and meat products by the expanding population.

During the past three years there has been a 30 percent increase in the workload of Agronomy Services. During the next five years we expect an additional 60 percent increase in the workload in this area and in ten years it will more than double what it is today.

The Department will likely be concerned directly in the field of education during the next two decades with the rapidly changing technology in the food and fibre industry; it will be impossible for personnel to keep up with these changes without an organized educational program conducted by the Department in cooperation with the University of Minnesota, Institute of Agriculture. This will be necessary also because it is unlikely that the adjustment of professional salaries will keep pace with industry and it will therefore become necessary for the Department to hire less qualified people and provide an educational program to qualify these people for the job to be done.

Consumers will continue to demand more services toward assuring them of

wholesome food. This will mean expansion, in many cases in cooperation with the U.S.D.A., of our regulatory program to improve wholesomeness and quality.

Since we will continue exporting an ever greater percentage of our total production we must strive for uniformity of standards for our food products so that they will be up to the standards required for interstate commerce. Our labeling program must be completely intergrated with the labeling requirements of federal agencies such as the Food and Drug Administration and the United States Department of Agriculture. Our department, as a state regulatory agency, will have to increase its efforts toward removal of trade barriers as a result of lack of uniformity in food standards, labeling and sanitation requirements in both intra and interstate commerce.

We must expand the State's investment in the statistical field. While this is now being carried out primarily with Federal funds, the state must prepare itself to expand the technical assistance for assembling data, its analysis and for supervisory duties. Federal personnel are not adequate in number to properly service many of the requests which are of the local, rather than national scope. Our expanding agriculture will demand more and better statistical information relative to crop and livestock production.

DEPARTMENT OF AGRICULTURE'S PRESENT MANAGEMENT AND ORGANIZATIONAL STRENGTH'S AND WEAKNESSES

Attached are two charts as follows:

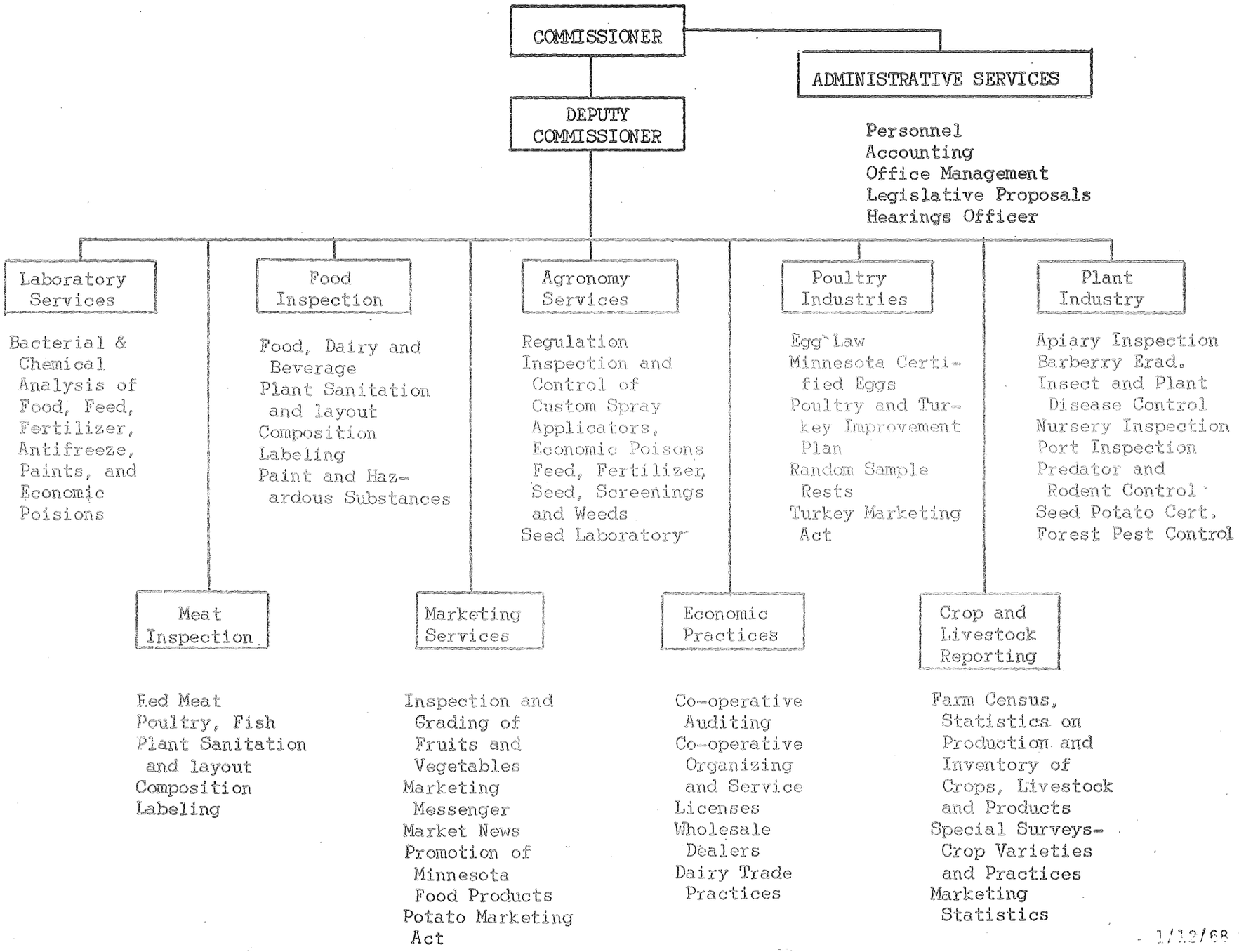
1. Department of Agriculture Organization Chart. This chart illustrates the various Divisions of the Department with the area of responsibility listed in conjunction with each Division.
2. Department of Agriculture Personnel Chart. Using essentially the same format as the organizational chart, we have shown here the complement of personnel assigned to each Division.

We are also attaching a list of the various Boards and Committees which serve in an advisory capacity to the Commissioner. You will note that some of these are statutory and others have been appointed by the Commissioner. It should be pointed out that these Boards and Committees constitute one of the fundamental strengths of the Department in that every program is evaluated by one of these groups made up of those with a vital concern for the program under consideration.

Possibly the basic weakness in the organization of the Department is the rather large number (9) of Divisions whose heads report directly to the Commissioner. It is our intention to reorganize the Department along the lines of our basic broad program areas which will reduce the number of people reporting directly to the Commissioner from the present 9 to 4. This reorganization will be proposed within the next year, based on the data now being gathered in connection with our program inventory.

Another weakness which should not be overlooked is that the Department is woefully under staffed in the specialist category. In the past it has been necessary to cannibalize positions in order to fund certain pressing specialist needs which could not be ignored. This type of administrative manipulation is injuriousto the viability of the Department.

DEPARTMENT OF AGRICULTURE ORGANIZATION CHART



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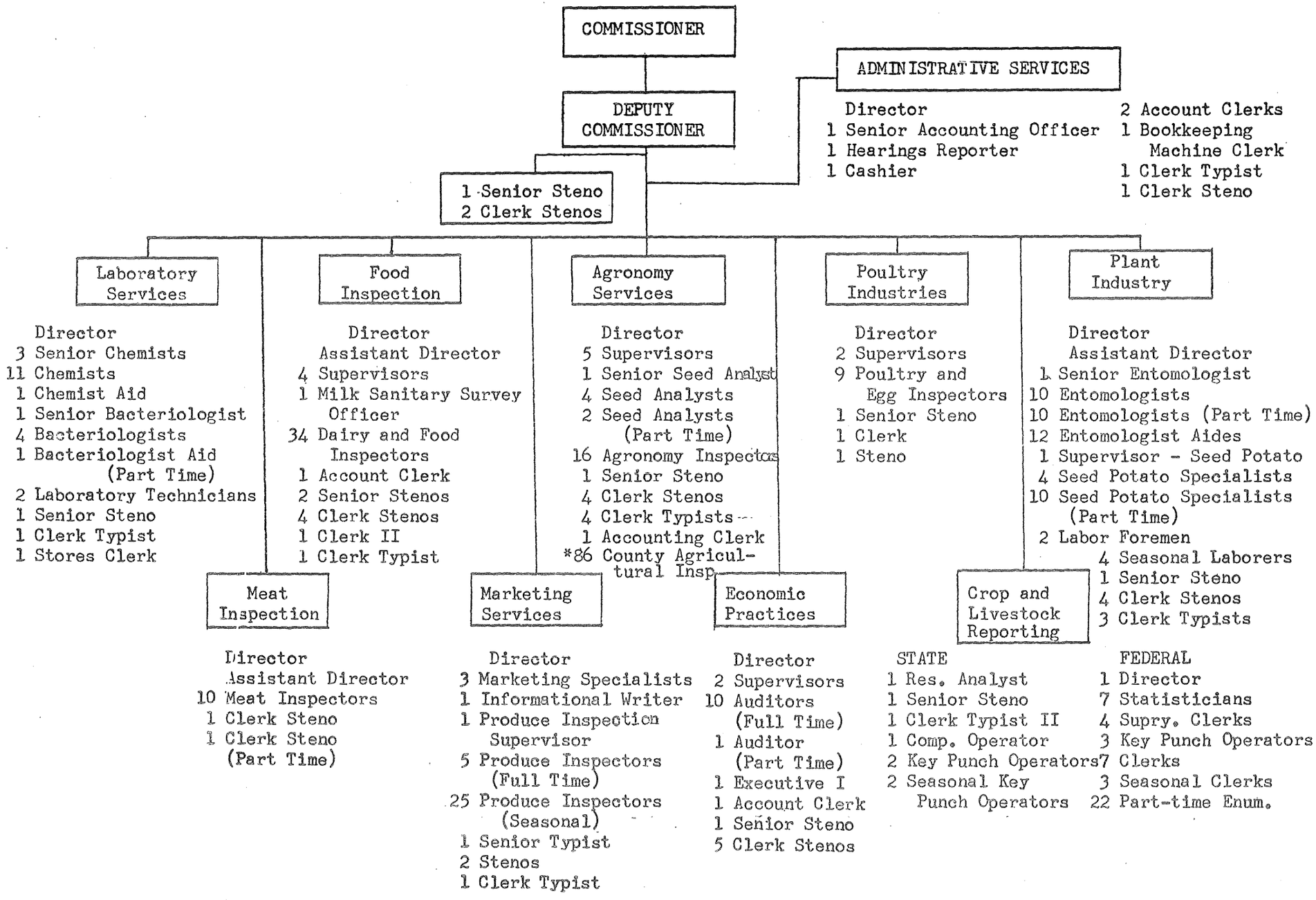
DEPARTMENT OF AGRICULTURE PERSONNEL CHART



* Employees of the County but under the direction of the Commissioner of Agriculture

BUDGET AND FISCAL DATA

1) Size of Department:

a. Professional	155
b. Non-Professional (Laborers)	10
c. Clerical	58
Total Full Time Employees	223
Seasonal Positions during Peak Period	41
Co. Agri. Weed Insprs. responsible to Commissioner of Agriculture	87
	351

2) Overview of Department's 1968-1969 Budget: (Two years)

	Approp. Requested 1968-1969	Approp. Granted 1968-1969
	$ 4,366,037	* $ 3,301,862
Deficiency, Postage Contingency, Spl. for Ins., etc. 1968 year		12,351
	$ 4,366,037	$ 3,314,213

* Granted 75.7% of our request.

In the agency Biennial Budget for the fiscal year ending June 30, 1968 and June 30, 1969, we requested 49 new positions of which 4 were granted. During the current fiscal year, it has been necessary for us to go to the L.A.C. for funds to implement the new Meat Division and to augment appropriation to Supplies and Expense to carry out current programs.

ESTIMATED EXPENDITURES (Department-wide)
Does not include semi-state activities

	Fiscal Years ending June 30, 1968 and June 30, 1969
From Accounts financed by Appropriations	$ 3,314,213
From Accounts financed by Dedicated Revenue and Federal Funds	1,714,551
	$ 5,028,764

Of the total expenditures, approximately 79% is for personal services and 21% for all other expenditures.

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3) Source of Funds:

		Fiscal Years Ending June 30, 1968 and June 30, 1969
GENERAL REVENUE:		
Oleomargarine Tax	$ 6,800,000	
Fines and Forfeits	6,270	
Service Fees	35,750	
Licenses and Permits:		
Plant Industry	53,500	
Food	217,880	
Agronomy (Feed, Fert., Chem.)	898,800	
All Other (Incl. Whsl. Dlrs., etc.)	34,570	$ 8,046,770
DEDICATED REVENUE:		
Auditing Cooperatives	70,000	
Seed Potato	312,000	
Market and Produce	402,000	
Canning	58,000	
Grade A	116,000	
Egg Law	62,000	
Dairy Industries	162,000	
Seed Tags	280,934	
Poultry Revolving	40,500	$ 1,503,434
FEDERAL FUNDS		97,500
		$ 9,647,704

General Revenue Income as shown above	$ 8,046,770	
Less Oleomargarine Tax	6,800,000	$1,246,770
Expenditures Financed by General Revenue		3,314,213
Net cost to General Revenue for Department Operations for Fiscal Years ending June 30, 1968 and June 30, 1969		($2,067,443)

4) Currently, we have memoranda of agreements with Federal Agencies for the following activities:

a. Market News (Poultry and Dairy) and (Fresh Fruits and Vegetables and Livestock). The U.S.D.A. spends approximately $17,000 a year on these two programs and the State spends approximately $8,500 a year. Under this program, we give producers, consumers and dealers in Minnesota information concerning supplies, prices and distribution of dairy and poultry products, fresh fruits and vegetables, and livestock.

b. White Pine Blister Rust. The U.S.D.A. contributes approximately $25,000 per annum on this program against a direct state expenditure of $[illegible],000 and utilization of Y.C.C. and Penal labor. Purpose of the activity is to protect white pine stands from loss caused by blister rust disease.

c. Agreements with the U.S.D.A. on Forest Insect and Diseases and on Plant Pests are designed to assist in the protection of forest resource values against undue damage and loss caused by insects and diseases and make insect surveys on field crops as basic information for warning service to interested parties on occurrence, distribution of insects within the state. Currently, the U.S.D.A. is putting approximately $20,000 a year into these programs.

d. We receive technical assistance under our Agreement on Rodent Predatory Animals and Noxious Birds, and the value of these services is estimated at $18,500 per annum.

e. We have a cooperative Memorandum of Understanding with the U.S.D.A. under the Federal-State Crop Reporting program under which we maintain a cooperative crop reporting service in Minnesota in the collection, analysis and publica-

tion of primary statistical data. We furnish office space for the total program; the U.S.D.A. puts approximately $245,000 into the program each year, and the state spends approximately $29,000 a year.

f. Under a cooperative agreement with the U.S.D.I., we receive $3,000 a year to assist in the eradication and destruction of Noxious Weeds on Indian Lands in the state.

g. Our Agreement with U.S.D.A. on Grading of Dairy Products is operative in one area only at the present time: namely, grading of butter samples submitted to the Minneapolis office under our Butter Labeling Act. We reimburse them for this service.

h. Under our Marketing Service Programs with the U.S.D.A., we are enabled to carry out specific projects such as Statistical Summarizations, Cost and Efficiency Studies, do Quality and Marketing Promotion on specific commodities and do studies on Nursery Viability, Sod Production and Storage Facilities. Total costs of these activities is approximately $110,000 a year, of which the U.S.D.A. contributes 50%.

i. Agreement with U.S.D.A. for cooperative grading service on poultry, eggs, and egg products. The grading service provided by State personnel in carrying out this agreement is done on a reimbursable basis in the amount of 75% of those fees collected by U.S.D.A. for resident services and 90% of expenses collected for fee grading work. Laboratory fees are reimbursed in accordance with U.S.D.A. regulations. U.S.D.A. collects all the fees and reimburses the State for services performed by State personnel licensed by U.S.D.A.

j. The National Poultry and Turkey Improvement Plans are administered by the State through a Memorandum of Understanding with the U.S.D.A. This involves the official classification of hatching eggs, chicks, and poults, with uniform U.S.D.A. terminology. No Federal funds are provided for the administration of this program.

k. The terminal and shipping point inspection and grading of fruits and vegetables is carried out under a Memorandum of Agreement with the U.S.D.A. The fees for terminal inspection work are collected by U.S.D.A. on a predetermined basis with 95% of these fees reimbursed to the State Shipping point inspection fees are collected by the department and U.S.D.A. bills the department for 4% of these fees, plus certain other costs.

BOARDS & COMMITTEES

A. Statutory; Boards Advisory to the Commissioner

1. Poultry Improvement Board
2. Seed Potato Certification Committee
3. Meat Improvement Board

B. Departmental Advisory Committees and Boards - Appointed by the Commissioner

1. Agronomy Services Advisory Committee
2. Baking Industry Advisory Committee
3. Beverage Advisory Committee
4. Canning Industry Advisory Committee
5. Crop & Livestock Reporting Service Advisory Committee
6. Dairy Advisory Committee
7. Dairy Industry Unfair Trade Practices Advisory Committee
8. Food Vending Advisory Committee
9. Meat Advisory Board
10. Pest Control Advisory Board
11. Plant Industry Advisory Committee

C. Marketing Order Boards

1. Area #1 Potato Council
2. Turkey Research and Market Development Board

D. Other Organizations Which Require Participation by the Department

1. Civil Defense
2. Hog Cholera Eradication Advisory Committee
3. Minnesota Soil & Water Conservation Commission
4. American Dairy Association of Minnesota
5. Minnesota State Disaster Committee
6. Minnesota - Wisconsin Boundary Area Commission
7. Governors Interdepartmental Committee on Children and Youth

In addition, staff members of the Department serve in an advisory capacity or are members of a large number of technical committees, trade associations and farm organizations.