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AT A GLANCE

- 450 employees across the state
- Analyzed over 5300 dairy product samples and 2700 meat and poultry samples in partnership with the MDA Laboratory Division
- Provided over 80 outreach and training sessions on food and feed related issues: training on new regulations related to the Food Safety Modernization Act, on the use of antibiotics in feed, and on the new cottage foods program
- Certified 1.6 billion pounds of ag products for export to 70 countries by 136 MN companies
- 29 species of invasive and noxious weeds regulated, controlled or eradicated
- Annual \$10.235 million state investment matched by \$60.3 million in private investment with estimated 980 jobs created through AGRI program
- 1,300 farms and famers' markets licensed to use the Minnesota Grown logo
- In partnership with 86 counties, collected over 400,000 pounds of waste pesticides in 2015

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, their consumers, and the Agriculture economy. Among our many efforts, we:

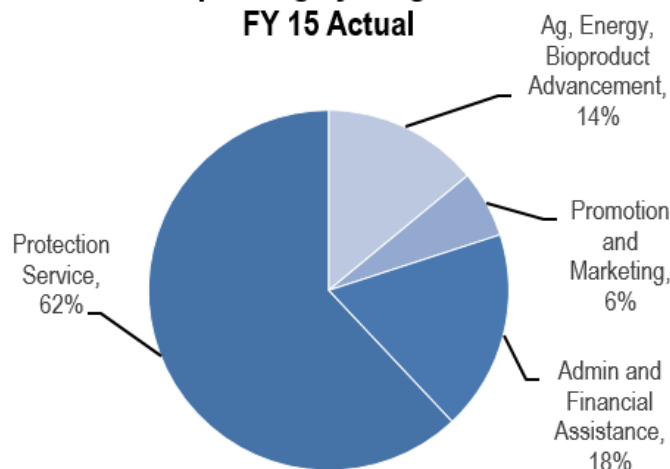
- Invest in farmers through education and grants aimed at modernizing the family farm,
- Invest in the future of the agricultural economy with grants for research and value-added processing,
- Ensure that state and federal regulations for food and health safety are followed,
- Educate producers, suppliers, and consumers on proper production and handling of food products,
- Educate Minnesotans about environmental hazards to keep our farms, homes, businesses and neighborhoods safe,
- Promote the consumption of Minnesota-grown foods, and
- Promote the export of Minnesota crops and livestock.

We support the following statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- All Minnesotans have optimal health
- People in Minnesota are safe
- A clean, healthy environment with sustainable uses of natural resources

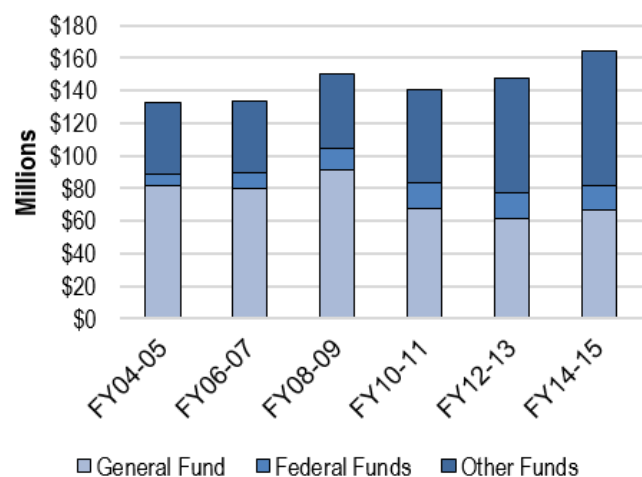
BUDGET

Spending by Program FY 15 Actual



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

2018-19 Biennial Budget
January 2017

Our budget comes from three primary sources. The largest funding resource is fee revenues. These revenues must be spent to support the activities from which they are collected and currently make up about 45 percent of the agency's budget. The state's General Fund is also a large part of the agency's budget at 35-40 percent. Roughly one third of the general fund budget passes through MDA in AGRI (Agricultural Growth, Research and Innovation) and other assistance programs. Federal funds currently account for about 10 percent of MDA's budget.

STRATEGIES

We use a range of regulatory and voluntary strategies to support our mission. This includes the use of registration, labeling, licensing, permitting, inspection and enforcement efforts. Additionally, we coordinate and conduct outreach activities such as workshops, conferences, and field demonstration projects.

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

We ensure that Minnesota plant products meet the import requirements of our trading partners, meet grading standards established in contracts, that seeds meet viability and purity standards, that general health standards are met for nursery stock, and that standards for freedom from harmful plant pests are met.

Our marketing and promotional initiatives offer producers technical and financial assistance on a variety of issues, including dairy and livestock development, business planning, and emerging water quality and conservation practices.

Our staff facilitates access to markets through the Minnesota Grown Directory, international trade market research and client support for trade missions and export assistance. We also support the organic industry through education, direct financial support, and skill development.

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

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	29,219	37,286	32,695	44,251	41,302	41,704	45,243	46,230
2000 - Restrict Misc Special Revenue	3,897	1,372	1,760	1,702	1,820	1,881	1,820	1,881
2001 - Other Misc Special Revenue	3,957	4,125	4,666	5,048	5,671	5,737	5,671	5,737
2018 - Agriculture Fund	24,981	26,967	31,861	38,022	38,082	38,770	39,364	40,052
2050 - Environment & Natural Resource	249	594	373	492	197	116	197	116
2302 - Clean Water Fund	3,742	10,001	13,208	9,718	0	0	8,808	8,808
2403 - Gift	92	83	5	53	57	33	57	33
2801 - Remediation Fund	1,402	1,445	1,544	1,963	1,949	1,948	1,954	1,957
3000 - Federal	7,286	7,314	8,686	19,185	15,345	9,301	15,345	9,301
6000 - Miscellaneous Agency	57	51	61	301	79	80	79	80
8200 - Clean Water Revolving Fund	5,041	26	0	0	0	0	0	0
Total	79,922	89,263	94,859	120,735	104,501	99,569	118,537	114,194
Biennial Change				46,409		(11,524)		17,137
Biennial % Change				27		(5)		8
Governor's Change from Base								28,661
Governor's % Change from Base								14

Expenditures by Program

Program: Protection Service	47,400	55,383	62,076	68,742	55,198	55,549	66,668	67,023
Program: Promotion and Marketing	4,769	5,315	6,749	9,446	7,546	7,624	7,546	7,624
Program: Ag, Energy, Bioproduct Advncmt	9,058	12,744	13,170	28,774	28,161	22,648	28,161	22,648
Program: Admin and Financial Assist	18,695	15,821	12,864	13,772	13,597	13,749	16,163	16,900
Total	79,922	89,263	94,859	120,735	104,501	99,569	118,537	114,194

Expenditures by Category

Compensation	34,491	36,451	38,209	44,825	41,331	41,848	45,865	47,030
Operating Expenses	25,317	32,006	35,871	39,841	28,825	28,857	37,179	37,207
Other Financial Transactions	7,510	216	411	347	41	42	52	53
Grants, Aids and Subsidies	12,353	19,971	20,249	35,300	34,302	28,820	35,357	29,875
Capital Outlay-Real Property	251	619	120	421	2	2	84	29
Total	79,922	89,263	94,859	120,735	104,501	99,569	118,537	114,194
Total Agency Expenditures	79,922	89,263	94,859	120,735	104,501	99,569	118,537	114,194
Internal Billing Expenditures	4,293	4,824	5,260	5,818	5,652	5,785	6,404	6,537
Expenditures Less Internal Billing	75,629	84,438	89,600	114,917	98,849	93,784	112,133	107,657

(Dollars in Thousands)

<u>Full-Time Equivalents</u>	432.1	438.5	447.2	526.9	460.5	456.8	508.3	506.6
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	560	3,852	1,414	5,277	321	429	321	429
Direct Appropriation	31,625	34,779	51,426	49,392	50,209	50,209	54,150	54,735
Net Transfers	(316)	(384)	(14,827)	(10,096)	(8,799)	(8,799)	(8,799)	(8,799)
Cancellations	0	789	42	0	0	0	0	0
Expenditures	29,219	37,286	32,695	44,251	41,302	41,704	45,243	46,230
Balance Forward Out	2,650	172	5,277	321	429	134	429	134
<i>Biennial Change in Expenditures</i>				10,441		6,060		14,527
<i>Biennial % Change in Expenditures</i>				16		8		19
<i>Gov's Exp Change from Base</i>								8,467
<i>Gov's Exp % Change from Base</i>								10
Full-Time Equivalents	128.2	126.6	129.8	158.3	162.1	161.3	174.6	175.8

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	11,875	12,097	12,410	11,342	9,020	5,213	9,020	5,213
Receipts	3,813	1,669	2,207	1,789	1,767	1,755	1,767	1,755
Net Transfers	170	170	(1,032)	84	0	0	0	0
Net Loan Activity	0	(181)	(484)	(2,491)	(3,755)	(1,320)	(3,755)	(1,320)
Expenditures	3,897	1,372	1,760	1,702	1,820	1,881	1,820	1,881
Balance Forward Out	11,962	12,382	11,342	9,020	5,213	3,768	5,213	3,768
<i>Biennial Change in Expenditures</i>				(1,807)		239		239
<i>Biennial % Change in Expenditures</i>				(34)		7		7
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	11.7	11.2	11.3	11.2	12.4	12.6	12.4	12.6

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,744	6,079	6,859	7,501	7,377	6,887	7,377	6,887
Receipts	4,290	4,844	5,308	4,924	5,228	5,325	5,228	5,325
Internal Billing Receipts	4,267	4,832	5,265	4,885	5,185	5,285	5,185	5,285
Net Transfers	0	0	0	0	(47)	(47)	(47)	(47)

2001 - Other Misc Special Revenue

Expenditures	3,957	4,125	4,666	5,048	5,671	5,737	5,671	5,737
Balance Forward Out	6,077	6,798	7,501	7,377	6,887	6,428	6,887	6,428
<i>Biennial Change in Expenditures</i>				1,632		1,694		1,694
<i>Biennial % Change in Expenditures</i>				20		17		17
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	33.7	34.6	35.3	42.2	30.1	30.1	30.1	30.1

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	18,880	17,677	16,047	17,178	17,736	17,433	17,736	17,433
Receipts	23,172	23,994	28,203	28,644	29,092	29,378	30,374	30,660
Net Transfers	186	186	4,787	9,936	8,686	8,686	8,686	8,686
Expenditures	24,981	26,967	31,861	38,022	38,082	38,770	39,364	40,052
Balance Forward Out	17,257	14,893	17,178	17,736	17,433	16,727	17,433	16,727
<i>Biennial Change in Expenditures</i>				17,936		6,969		9,533
<i>Biennial % Change in Expenditures</i>				35		10		14
<i>Gov's Exp Change from Base</i>								2,564
<i>Gov's Exp % Change from Base</i>								3
Full-Time Equivalents	183.9	185.3	183.3	212.8	205.5	204.5	206.5	205.5

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	105	435	667	294	313	116	313	116
Direct Appropriation	590	621	0	511	0	0	0	0
Expenditures	249	594	373	492	197	116	197	116
Balance Forward Out	446	463	294	313	116	0	116	0
<i>Biennial Change in Expenditures</i>				22		(552)		(552)
<i>Biennial % Change in Expenditures</i>				3		(64)		(64)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.7	3.6	4.3	3.3	0.9	0.5	0.9	0.5

2301 - Arts & Cultural Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Full-Time Equivalents	0.0							

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,015	6,473	8,127	2,219	0	0	0	0
Direct Appropriation	7,310	7,460	8,584	7,582	0	0	8,808	8,808
Net Transfers	(722)	(170)	(500)	(84)	0	0	0	0
Cancellations	0	7	783	0	0	0	0	0
Expenditures	3,742	10,001	13,208	9,718	0	0	8,808	8,808
Balance Forward Out	5,860	3,755	2,219	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				9,183		(22,926)		(5,310)
<i>Biennial % Change in Expenditures</i>				67		(100)		(23)
<i>Gov's Exp Change from Base</i>								17,616
Full-Time Equivalents	18.3	24.0	29.3	42.9	0	0	34.3	34.3

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	68	69	50	45	25	0	25	0
Receipts	86	63	0	33	33	33	33	33
Net Transfers	0	(2)	0	0	0	0	0	0
Expenditures	92	83	5	53	57	33	57	33
Balance Forward Out	62	47	45	25	0	0	0	0
<i>Biennial Change in Expenditures</i>				(116)		31		31
<i>Biennial % Change in Expenditures</i>				(67)		54		54
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.5	0.9	0.1					

2801 - Remediation Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19

2801 - Remediation Fund

Balance Forward In	0	30	0	15	0	0	0	0
Direct Appropriation	388	388	388	388	388	388	393	397
Open Appropriation	1,044	1,080	1,171	1,560	1,560	1,560	1,560	1,560
Cancellations	0	53	0	0	0	0	0	0
Expenditures	1,402	1,445	1,544	1,963	1,949	1,948	1,954	1,957
Balance Forward Out	30	0	15	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				661		390		404
<i>Biennial % Change in Expenditures</i>				23		11		12
<i>Gov's Exp Change from Base</i>								14
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.7	2.5	2.7	3.4	2.7	2.7	2.7	2.7

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,390	1,194	585	39	0	0	0	0
Receipts	6,377	6,501	8,290	19,147	15,345	9,302	15,345	9,302
Net Transfers	0	0	(150)	0	0	0	0	0
Expenditures	7,286	7,314	8,686	19,185	15,345	9,301	15,345	9,301
Balance Forward Out	481	380	39	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				13,271		(3,225)		(3,225)
<i>Biennial % Change in Expenditures</i>				91		(12)		(12)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	50.2	49.7	50.8	52.5	46.5	44.8	46.5	44.8

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	52	48	57	53	15	13	15	13
Receipts	(12)	(5)	7	212	2	2	2	2
Net Transfers	65	65	50	50	75	75	75	75
Expenditures	57	51	61	301	79	80	79	80
Balance Forward Out	48	57	53	15	13	10	13	10
<i>Biennial Change in Expenditures</i>				253		(203)		(203)
<i>Biennial % Change in Expenditures</i>				234		(56)		(56)
<i>Gov's Exp Change from Base</i>								0

6000 - Miscellaneous Agency

Gov's Exp % Change from Base							0
Full-Time Equivalents	0.3	0.3	0.3	0.3	0.3	0.3	0.3

8200 - Clean Water Revolving Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	20,891	24,561	26,540	26,614	22,178	10,738	22,178	10,738
Receipts	8,515	0	0	0	0	0	0	0
Net Transfers	195	0	0	0	0	0	0	0
Net Loan Activity	0	2,005	74	(4,436)	(11,440)	(3,889)	(11,440)	(3,889)
Expenditures	5,041	26	0	0	0	0	0	0
Balance Forward Out	24,560	26,540	26,614	22,178	10,738	6,850	10,738	6,850
Biennial Change in Expenditures				(5,067)				
Biennial % Change in Expenditures				(100)				

8250 - Rural Finance Administration

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,315	2,310	2,289	3,432	3,407	3,413	3,407	3,413
Receipts	48	40	58	32	22	25	22	25
Net Transfers	(53)	(31)	1,030	(35)	0	0	0	0
Net Loan Activity	0	(31)	55	(22)	(16)	(14)	(16)	(14)
Balance Forward Out	2,310	2,289	3,432	3,407	3,413	3,424	3,413	3,424

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Waste Pesticide Collection Fee

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	850	850	850	850
Revenues	850	850	850	850
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the waste pesticide surcharge paid by firms distributing pesticides. This increase will cover rising disposal and collection costs for waste pesticides collected through cooperative agreements and MDA sponsored collections to ensure that Minnesota residents continue to have statewide access to waste pesticide collection sites. Increased fee levels are expected to raise additional revenue of \$1.7 million biennially, which would be deposited in the agricultural fund and dedicated to the Waste Pesticide Collection Program.

Rationale/Background:

Base funding is used for MDA staff and county partners to provide a means to safely dispose of unwanted and unusable pesticides through the Waste Pesticide Collection Program. Waste Pesticide Collection Program base funding provides pesticide users in every county around the state the opportunity to dispose of unwanted agricultural (ag) pesticides through county household hazardous waste facilities, their mobile events or by attending MDA scheduled events.

Expenses to collect and dispose of collected waste pesticides now exceed program revenues and the annual collection of non-agricultural waste pesticides continues to rise. The imbalance between revenues and expenses is approximately -\$400,000 this past year and is expected to grow, making the program unsustainable at the current fee level. This deficit is currently funded by the Pesticide Regulatory Account, which is the account that funds the agency's regulation of pesticides. While M.S. 18B allows the Department to use this account to pay for the waste pesticide collection, it is unsustainable in the long term. Moreover, the waste pesticide surcharge and corresponding Waste Pesticide Account were specifically established to pay for the costs of this program.

Non-agricultural waste pesticides collected for disposal continues a steady annual increase. Program collection expenses across the board continue to rise. New revenue is needed to cover rising program costs and ensure that collection sites are maintained across all counties. The increase will be proportional so the surcharge on non-agricultural pesticides will be set to cover disposal costs of these products; and the surcharge on agricultural pesticides will be set to cover disposal costs of these products. A reserve will be maintained to cover higher than expected costs in a given year.

Proposal:

This is a change to the existing Waste Pesticide Collection Program.

MDA has established a successful statewide pesticide waste collection program, however review of program funding has determined that it is not financially sustainable in the long term. New revenues are needed to cover program costs including disposal expenses for non-agricultural and agricultural waste pesticide collected and establishing a reserve with a minimum and maximum balance to cover program expenses. Increased waste pesticide surcharge amounts are proposed to sustain the pesticide waste collection program.

The amount of non-agricultural waste pesticides collected each year has grown substantially with greater accessibility to collections through cooperative agreements. The Department estimates that the collection waste stream is roughly comprised of 375,000 pounds or more of household waste pesticide and 50,000 pounds of farm waste pesticide. We expect yields of non-agricultural waste pesticides collected to continue at their current level or to increase as they have for the past several years and agricultural waste yields to remain steady as more cooperative agreements are put in place to target agricultural waste pesticide.

The waste pesticide surcharge is paid by manufacturers/distributors that register products for sale and use in Minnesota. This proposal raises the waste pesticide surcharge on registered products proportionately to reflect the composition of the waste stream. The fee proposal raises the waste pesticide surcharge on approximately 10,000 non-agricultural pesticides registered from \$50 per product registered to \$125 per product register. The fee proposal raises the waste pesticide surcharge on approximately 3,650 agricultural pesticides registered from \$50 per product registered to \$75 per product register.

The waste pesticide collection program is a highly successful environmental program. Cooperative agreements exist to collect non-agricultural waste pesticides with every county collection authority in the state, and to collect agricultural pesticides with most county collection authorities in the state. The MDA collects agricultural waste pesticides in counties that are not under agreement. This proposal will enable residents of the state to safely dispose of unwanted, unusable and dangerous waste pesticides.

Results:

The program's initial target was farm waste pesticide. These pesticides had been stored for years and mostly kept in aging containers. Many of the pesticides were very hazardous and found in surprisingly large quantities. Over the years, the nature of the waste stream changed and today collections capture more household waste than farm waste. In recent years, the majority of waste pesticide collected for disposal is delivered to a county household hazardous waste facility that operates under cooperative agreements with MDA.

Currently, all counties signed a cooperative agreement to collect household waste and most also collect farm waste. Collections operated from county sites offer the most program efficiencies, convenience and cost benefits. MDA will continue to reach out to counties to establish cooperative agreements to collect farm waste pesticide.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Collection site and events		Ongoing in most counties	
Quality	Convenience and accessibility of collections		Local accessibility	
Results	Amount of waste pesticide collected and properly disposed		477,804 lbs.	2015

Statutory Change(s):

This proposal will require statutory change to M.S. Section 18B.065.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Developing Minnesota's Next Generation of Crops

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
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 \$2 million in FY 2018-19 from the general fund for development of Minnesota's next generation of agricultural crops. Funding appropriated to the Minnesota Department of Agriculture would fund field ready demonstration projects of alternative crops. The goal of the recommendation is to implement and market perennial and cover cropping systems specific to Minnesota that will protect and restore the state's surface and groundwater resources while increasing efficiency, profitability and productivity of Minnesota farmers.

Rationale/Background:

Researchers have worked to bring high value commodity crops to Minnesota to increase market opportunities for farmers and to address conservation issues. These crops may be perennial or used as cover crops in existing cropping rotations to provide ground cover after harvest and before spring planting. This is a time when fields are bare, and potential for snowmelt and precipitation runoff are high; therefore, exposed fields are vulnerable to erosion and nutrient loss. New technology that enables fields to be planted prior to the harvest of corn or soybeans provides the cover crop additional establishment time, a significant need for the successful use of these crops in Minnesota's cold climate. Adding annual or perennial cover can help protect soil and water, and mitigate climate change. New, economically viable crops and the use of new establishment technologies could make Minnesota's cropland more productive, efficient, and sustainable, while maintaining or enhancing the profitability of farmers.

The MDA will administer the distribution of funds and coordinate reporting on progress, results and outcomes. The Minnesota Department of Agriculture will work with researchers and potential markets to implement perennials and winter annuals into areas with high vulnerability for surface or groundwater contamination (i.e. source water protection areas). The work will complement the MDA's Nitrogen Fertilizer Management Plan activities.

Proposal:

This proposal will support funding for field ready demonstration projects under that demonstrate the feasibility of implementing continuous cover in areas of Minnesota with ground and surface water concerns. Demonstration sites will be targeted in townships that are identified in the Nitrogen Fertilizer Management Plan (NFMP) as having elevated Nitrates in groundwater. This work will be used to support the implementation of Alternative Management Tools in the NFMP. In addition to promotion and demonstration of market ready perennial and cover cropping systems, resources will be committed to establishing the markets that will advance the utilization of these crops that go into food, fuel, and fiber products. This utilization work will be leveraged with financial resources from manufacturers that will use these crops in their products.

The MDA will oversee the distribution of funds and progress reports. In addition to individual research projects, the funds will be used to coordinate regional field days as a form of outreach to increase awareness about the environmental benefits and establishment knowledge for Minnesota's agricultural producers.

Results:

This is a new program. The Department will measure the following results to determine the efficacy of the program:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of demonstration plots. Numbers of products that are brought to market using perennial or cover crops Dollars leveraged from private industry to drive utilization of alternative crop products Number of documents produced including peer-review journal articles, handbooks, factsheets, theses, brochures, etc.			
Quality	Number of perennial and cover crops that are developed and growing in Minnesota			
Results	Number of acres of perennial and winter annuals crops and pollution load reductions.			

Statutory Change(s):

This proposal does not require statutory changes.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Pollinator Protection Account

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	250	250	250	250
Revenues	250	250	250	250
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	1	3	3	3

Recommendation:

The Governor recommends the creation of a Pollinator Protection Account so that dedicated funds are available for use to increase the protection of pollinators from potential negative impacts from pesticides. The funding for the account would be through general fund appropriations of \$500,000 annually and dedicated fee revenue on pesticide treated seeds and on pesticides toxic to pollinators, expected to be \$250,000 annually.

Rationale/Background:

The MDA recently completed the “Review of Neonicotinoid Use, Registration, and Insect Pollinator Impacts in Minnesota” report which identified the need for a pollinator protection account. Pesticides, which can be toxic to pollinators, may be used without verifying that there is an imminent threat of crop loss and an applicable documented economic threshold is met. Broad-scale and prophylactic uses of seed treatments with pesticides such as neonicotinoids may increase the risk to pollinators. Creating a stable funding source for a pollinator protection program that will allow MDA and partners to carry out activities related to reducing potential negative impacts from pesticides to pollinators, by providing pesticide applicators with additional information through evaluating and supporting research on economic thresholds, education campaigns on pesticide use, stewardship materials, etc. This should result in less pesticide use and an opportunity to decrease pollinator exposure to pesticides.

Proposal:

This is a new proposal that coincides with the release of the “Review of Neonicotinoid Use, Registration, and Insect Pollinator Impacts in Minnesota” report and this is one of the proposed actions of the report.

This proposal provides for the creation of a Pollinator Protection Account to provide funds to increase the protection of pollinators from potential negative impacts from pesticides. The pollinator protection account will be used to evaluate and support research on economic thresholds, develop an educational campaign on the use of pesticides, and develop stewardship materials.

Revenues will include a surcharge on the product registration fee for neonicotinoid and other pesticides that may be toxic to pollinators. The creation of a Governor’s Committee on Pollinator Protection, as directed in Executive Order 16-07, will provide an opportunity for interested stakeholders to discuss pollinator policy and programs, and develop recommendations.

This is a new fee on pesticides toxic to pollinators. Each pesticide product distributed or used in Minnesota must be registered with MDA annually, and is subject to fees and surcharges. The existing fee structure for each pesticide product is: annual registration fee of \$350 and Waste Pesticide Program surcharge of \$50. The annual fee and surcharge are paid by the company registering each product (“registrant”). The new fee for pesticides toxic to pollinators would be an additional annual \$150 fee per product, for a total annual fee of \$550. This would be a 37.5% increase. There are an estimated 1,650 agricultural and non-agricultural insecticide products subject to the increased registration fee.

Results:

The Pollinator Protection Program would be a new program. The performance measures below would track the efficacy of this new program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Increase in untreated seed availability Reduced use of pesticides that are harmful to pollinators			FY2019
Quality	Increase in agricultural producer and industry information and education.			FY2019
Results	Increase in use of untreated seed and IPM Increase in pollinator populations			FY2020+

Statutory Change(s):

Regulatory change will be needed to M.S. Chapter 18B.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Critical Core Capacity for Plant Pathogens and Pests

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	4	4	4	4

Recommendation:

The Governor recommends \$1 million biennially from the general fund to expand current capabilities for rapid detection, identification, containment, control and management of high priority plant pests and pathogens in order to safeguard Minnesota's agricultural, horticultural and natural systems.

Rationale/Background:

The base general fund supports a core staff of scientists who prioritize invasive threats and administer programs for detection, containment, and control of invasive plant pests and pathogens. Program activities directed at invasive species and emerging plant diseases currently are almost entirely supported through federal and state grants. Successful projects have been initiated with grant funds but cannot be sustained long-term in this way. Additionally, grant funds are not always available or flexible enough to address pest situations as they arise or that may be unique to Minnesota. The proposed increase in the general fund budget will provide funds that ensure adequate infrastructure, equipment, and technical expertise to support project activities for which grant funds are not available. Federal and state grants will continue to be sought and utilized to initiate new projects and conduct other work as opportunities arise.

The Department of Agriculture is responsible for new and emerging plant pests and pathogens affecting or threatening Minnesota's agricultural, horticultural and natural resources. The Department also provides diagnostic services for plant pests and pathogens which is a critical aspect of pathogen response.

The speed at which harmful pests and pathogens can spread around the world has never been greater due to changes in markets and global pathways of distribution; these organisms can have major implications for farmers in terms of production, profitability, and ability to export.

Every year there are new organisms that threaten the production of crops. For example, just since 2015, national issues have arisen regarding flag smut of wheat which was found in Kansas, blackleg of potatoes which has become a significant issue in Maine, and a new species of *Xanthomonas* bacteria recently discovered in multiple states including Minnesota in August, 2016. Additional pre-emptive and responsive analysis is needed in Minnesota to ensure that our farmers are not surprised and harmed by any new or emerging plant pests. Meanwhile, for other pests that have become widespread in Minnesota there is a need for more sustainable management efforts such as biological control.

A new issue has also arisen within the last year of rustic wood furniture imported from China without proper phytosanitary treatments. Two separate incidents were uncovered by the MDA during 2016 leading to the discovery of two exotic woodboring species (*Callidiellum villosulum* and *Trichoferus campestris*) infesting imported furniture and the collection and destruction of that furniture by USDA APHIS. In the case of *Callidiellum villosulum*, furniture was collected from customers in 40+ states. In the case of *Trichoferus campestris*, there are indications that this insect may now be present in Minnesota. These incidents have highlighted a previously unknown pathway for woodborers to enter the U.S. Additional work is now needed to uncover additional

instances where unprocessed logs may have been imported as part of rustic furniture and to determine if new exotic woodborers are present in Minnesota.

In order to fulfill the department's statutory responsibilities, there is an ongoing and increasing need for rapid detection, identification, containment, control, and management of high-priority plant pathogens and pests to safeguard Minnesota's agricultural, horticultural, and natural systems. The Department of Agriculture currently does not have general funding to adequately anticipate and address any of these newly-emerging threats. The recommended funding is needed to supply the necessary resources to build capacity and capability to safeguard Minnesota agricultural and horticultural production, export markets, and natural environments from invasive plant pests and pathogens.

Proposal:

This proposal will bolster the capacity of the Department of Agriculture to identify new pests and pathogens earlier in the invasion process and enhance opportunities to exclude or contain and control them. Moreover, the ability of the department to stay abreast of and respond to new organisms discovered in other areas of the country will be strengthened, which will help protect access to export markets for growers.

The recommended funding will allow the Minnesota Department of Agriculture to hire two laboratory analysts and two research scientists (4 FTEs) that will allow the Department to increase its capacity to be able to monitor and rapidly respond to pests and pathogens that pose the greatest threats to production, profitability, and market access for agricultural producers and the agricultural industry as a whole, as well to Minnesota's natural systems. The staff hired will have specific scientific skills and training that allow them to analyze, study, sample, monitor, and respond to emerging pests and pathogens. The funding will also allow the Department to invest in the specialized equipment necessary to carry out these functions. The measure that will indicate that our capacity is increasing will be the increasing number of organisms for which we are able to test.

Results:

Agricultural and horticultural production systems in Minnesota will gain greater protection from new pests and pathogens due to a more robust response and reporting system. The most direct measure of increasing capacity will be the number of organisms for which monitoring occurs each year and the number of samples that are tested. In addition, when a state is recognized as having a robust survey and testing program, it becomes easier to demonstrate freedom from organisms that block access to export markets. This should result in faster and broader access to export markets for Minnesota producers.

In 2015 and 2016 the Minnesota Terrestrial Invasive Plants and Pests Center identified 39 plant pathogens and 40 insects that threaten the agricultural, horticultural, and/or natural systems of Minnesota. Additionally, the department maintains a list of organisms which can impact access to export markets that currently numbers 180. In FY16/17 the department was able to implement monitoring for 16 of the 39 (41%) pathogens and 18 of the 40 insects (45%) from the MTIPPC lists and 16 of the 180 organisms (9%) on the export list. With an increase in general funds, we anticipate that we can increase the number of organisms of state concern for which monitoring efforts are in place each year and be better positioned to respond to new pest threats such as those that have emerged in the last year.

Similarly, the Department currently has the capacity to conduct analyses for about 22% of the pests and pathogens of concern for the Department's laboratory capabilities. It is vital to increase the analytical capacity of the Lab Services Division in order to support field monitoring efforts. We are proposing a significant change to an existing program by increasing the laboratory's diagnostic capabilities. The change will be quantified by the number of pests and diseases diagnosed over time. By using nationally and internationally accepted scientific protocols known to produce reliable results, the quality of work will be measured by comparing our results to those standards. This major program change will allow The Department of Agriculture to identify pests that are prohibited in commodities for export to foreign countries as well as identifying new and emerging pests that threaten Minnesota agriculture. These results benefit the agricultural, nursery, and forestry industries as well as those who rely on or enjoy our natural environment. With this increase in general funds, we anticipate that the lab will also be able to increase the number of organisms for which they can conduct analyses by at least 10% in each year.

The agricultural, horticultural, and forestry industries and those who rely on or enjoy our natural environment will benefit from the increased plant pest and pathogen surveillance and response capabilities. The benefits derived will include greater safeguarding of agricultural production and access to export markets as well as greater protection of natural environments. Moreover, citizens across the state will benefit from the delayed impacts of damaging invasive pests on their own private

property, delaying costly management and implementing environmentally harsh controls. The tourism industry will benefit from the delayed damage and environmental impacts to the natural environment. Cities and county governments will benefit by allowing management strategies to be implemented prior to the costly removal and treatment of hazard trees.

Statutory Change(s):

This proposal does not require statutory change.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Industrial Hemp Development Program

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	200	200
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$200,000 annually from the general fund for permanent funding related to the regulatory and licensing responsibilities of the Industrial Hemp Development Act (MS 18K). Funds will be used to hire a full-time staff person to implement the activities of the Industrial Hemp Program. The agency was provide a one-time appropriation to assist with the duties required for operation of a statewide pilot program (MS 18K.09), but that funding will expire on June 30, 2017.

Rationale/Background:

Based on MDA's experiences thus far with managing the current industrial hemp pilot program established in 2016, continued funding will be necessary to provide adequate resources for licensing and registering of growers, on site field inspections, variety testing and agronomic research, variety development through the University of Minnesota, facilitating U.S. Department of Justice (Drug Enforcement Agency – DEA) permits, preparing for commercial production activities and rule making, coordinating with state and local law enforcement and developing a regulatory framework for overseeing the statutes.

This proposal will determine the viability of an industrial hemp industry in Minnesota. Currently, there are no known processors for industrial hemp in the state, but with increased involvement by growers in the MDA pilot program, opportunities for processors to operate in Minnesota and buy industrial hemp grain from growers will increase. States like Colorado and Kentucky who have had active industrial hemp pilot programs for the past three years, have shown that once processors establish within a state, the industrial hemp market improves dramatically.

Proposal:

This budget proposal expands the one-time legislative appropriation (\$250,000) provided to MDA in 2016.

The proposed appropriation will be used to pay for salary and benefits for a full-time staff (\$100,000), field certification, testing and laboratory costs (\$15,000), U of M variety trials (\$55,000), MN.IT licensing and application support (\$25,000), and travel (\$5,000).

This proposal is new and due to the federal and state regulatory nature of the Cannabis plant, there is no similar or overlapping work within the agency or other agencies. MDA does work closely with the Department of Public Safety and the federal Department of Justice.

The program has also established a supportive advisory committee with representation from: MN Farmer's Union, MN Farm Bureau, MN Industrial Hemp Lobby, University of Minnesota, MN Crop Improvement, United Food and Commercial Workers Union, MN Industrial Hemp Association.

Funding recommended through this proposal will provide the MDA with staff and financial resources to effectively register and certify growers, oversee regulation of pilot project and commercial production sites, support agronomic research and variety

development with the University of Minnesota, ensure that all laws are being adhered to, and assist industrial hemp growers as they attempt to develop an emerging industry for an alternative cropping system in MN.

Implementation of the proposed work will occur immediately upon funding. The MDA has already posted a job description for an Industrial Hemp Program Coordinator and has been developing procedures for registration and certification of growers and crop testing fields to ensure that THC levels fall below the maximum allowed limit for industrial hemp. MDA and University of Minnesota have also started planning for 2017 variety trials to occur at Experiment Stations throughout the state to ensure purity of hemp lines and to better understand differences between varieties.

Results:

This is new proposal that expands on the one-time legislative appropriation (\$250,000) provided to MDA in 2016. The following chart shows key measures and performance evaluations. Performance measures are calculated based on work performed by MDA in 2015 and 2016 following the passage of the Federal Farm Bill and the Minnesota Industrial Hemp Development Act.

<i>Type of Measure</i>	<i>Description of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Trend</i>
Regulatory Actions	Background Checks, Crop Testing, Application Approval	None	Moderate	Improving
Licensing and Certification	Application Development, Licensing IT System, Assistance to Growers	None	Low	Improving
Key Partnerships	MN Farmer's Union, MN Farm Bureau, U of M, MN Crop Improvement, United Food and Commercial Workers, MN Law Enforcement, Federal Law Enforcement, Commodity Groups	None	Moderate Activity	Improving
Outreach	Pilot Location Mapping, THC test analysis, Production, Processing and Marketing Assistance	None	Very Low	Needs Improvement

Statutory Change(s):

This proposal does not require statutory changes.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Noxious Weed, Invasive Plant and Pollinator Protection Program

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	300	300	300	300
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	300	300	300	300
FTEs	3.5	3.5	3.5	3.5

Recommendation:

The Governor recommends \$300,000 annually from the general fund for additional funding for the Noxious Weed, Invasive Plant and Pollinator Protection Program (NWIPPP) which is mandated to oversee enforcement of the Noxious Weed Law (Minnesota Statutes 18.75 – 18.91) and Invasive Species exclusion, management and eradication (Minnesota Statutes Chapter 18G). Funds will be used to provide needed resources and trained staff to continue oversight and enforcement of the Noxious Weed Law and Plant Protection Statutes with county and municipal partners. This proposal would also expand the program to prevent new invasive plants from establishing, contain existing noxious weed populations, and provide statewide support for the many stakeholders committed to protecting Minnesota's precious native habitats, agricultural lands and pollinator refuges from the costly impacts of noxious weeds and invasive plants.

Rationale/Background:

In 2009, the Minnesota Legislature expanded the Noxious Weed Law significantly by including 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. Proper funding of the NWIPPP will be essential for providing the resources needed for implementing and maintaining 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 through native seed mixes is an example of why a strong proactive noxious weed program is needed in the state. Based on Minnesota's corn and soybean acreage, estimates extrapolated from states already trying to manage this species suggest that corn and soybean production inputs could increase by as much as \$25 per acre or \$3 billion dollars annually. Palmer amaranth is just one of many examples of destructive plant species that threaten Minnesota's agricultural industries and natural resources.

This proposal will address the protection of agricultural and conservation lands, pollinator habitats, natural areas, and other private and public lands throughout the state from the impacts of invasive terrestrial plants.

Proposal:

This proposal will be an expansion of the existing Noxious Weed/Invasive Weed and Biological Control Program within the Plant Protection Division of the MDA.

The proposed budget recommendation will be used to pay for salary and benefits for three full-time staff (\$200,000), ½ -time OAS assistance (\$50,000), and MN.IT geographic information systems support (\$50,000). Currently, the Noxious Weed Program budget is \$200,000 and supports two full-time staff with limited overhead costs and operating resources.

This proposal expands the current MDA Noxious Weed/Invasive Weed and Biological Control Program and compliments the activities already underway by MN DNR (Invasive terrestrial and aquatic programs) and MN DOT (Integrated Vegetation

Management). Furthermore, the proposal is unanimously supported by all representatives of the Noxious Weed Advisory Committee (MS 18.91).

MDA will continue to collaborate with and be supported by the following partners: MN Association of County Agricultural Inspectors, MN Association of Townships, League of MN Cities, University of Minnesota, MN Department of Natural Resources, MN Department of Transportation, Board of Water and Soil Resources, MN Association of Soil and Water Conservation Districts, MN Association of County Land Commissioners, MN Nursery and Landscape Association, MN Crop Improvement Association, The Nature Conservancy, MN Timber Industries, MN Farmer's Union.

The funds recommended in this proposal will allow the MDA to work closely with its partners, citizen groups and the Noxious Weed Advisory Committee to develop a comprehensive proactive noxious weed program that will address existing and the increasing number of new threats from invasive terrestrial plants to the state.

Implementation of the proposed work will occur immediately upon funding. The Noxious Weed Advisory Committee has already worked with MDA to develop a statewide management plan that would address the necessary steps to implement the proposed work.

Results:

This is an expansion of the current MDA Noxious Weed/Invasive Weed and Biological Control Program. The following chart shows key measures and performance evaluations. Performance measures are calculated through end-of-year project summaries, Noxious Weed Advisory Committee (NWAC) recommendations and annual work plans with partners.

Type of Measure	Description of Measure	Previous (Prior to 2009)	Current (2009 – Present)	Trend (Assuming increased Funding)
Regulatory Actions	Eradication, Control, Bio Control	Limited to county participation in enforcement. State cuts to program decrease confidence	County participation is increasing, but some counties still reluctant to put time into this initiative.	Majority of counties participating with confidence the state has a legitimate program to back them up.
Education/Outreach	Survey, Mapping, Best Management Practices	Limited to MDA budget	2009 Changes increase MDA's role, thus increasing outreach for program.	Increased outreach by MDA, local governments and all NWAC partners.
Key Partnerships	Counties, Municipalities, Townships	Few partnerships due to severely limited financial resources for noxious weeds	Partnerships increase with the creation of NWAC in 2009	Partnerships will continue to increase with more resources dedicated
Feedback from Citizens and Partnerships	Respond to Critical Challenges, Existing Noxious Weeds and New Invasive Plant Threats	Negative – Noxious Weeds looked at by local enforcement partners as a strain to their time and resources.	Increasing positivity and support from local governments as they see MDA and NWAC moving forward with renewed interest.	Noxious weed program is viewed positively as something the state takes serious by having a funded program
Management Implementation	Treatment Application, Restoration, Prevention	Low to non-existent. Limited resources make management and implementation difficult to administer.	Increasing – MDA LCCMR supplemental noxious weed grants have allowed partners to improve management and implementation activities	Management and implementation will increase steadily throughout the state and become more consistent among counties.

Statutory Change(s):

This proposal does not require statutory changes.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Food Certificate Fee Account

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	(50)	(50)	(50)	(50)
Revenues	(110)	(110)	(110)	(110)
Agricultural Fund				
Expenditures	182	182	182	182
Revenues	182	182	182	182
Net Fiscal Impact = (Expenditures – Revenues)	60	60	60	60
FTEs	1	1	1	1

Recommendation:

The Governor recommends creating a dedicated fee account for the Certificates of Free Sale described in Minnesota Statute 28A.081. This proposal would also increase the fee for each original certificate requested from \$75 to \$125, funding an additional staff person to process certificates more quickly. This proposal moves Certificate of Free Sale revenue and expenditures from the general fund to agricultural fund and dedicates fee revenue to fund the Manufactured Food Program and Dairy Inspection Program administrative and inspection costs associated with the issuance of the certificates.

Rationale/Background:

Foreign governments and buyers often require documentation from food manufacturers and food exporters stating the food products are freely sold within Minnesota, often called a Certificate of Free Sale. Minnesota Statute establishes the authority for the Department to charge a fee to the requestor for the preparation of Certificates of Free Sale (M.S. Section 28A.081). The fees collected are currently placed in the general fund.

Processing Certificate of Free Sale requests is a resource burden to the Department which requires administrative processing and often requires an additional inspection to be scheduled and conducted at the food manufacturing facility. The food industry members requesting Certificates of Free Sale require efficient and accurate response to requests since the food is often in international transit when requests are submitted. A dedicated funding account to support the administrative and inspectional needs associated with Certificates of Free Sale requests will allow for better Department planning, response time and service.

This proposal will increase access to international markets for Minnesota food manufacturers and processors. This will be seen through a reduction in the time required to process Certificates of Free Sale by the department and ultimately decrease the administrative impact to the requestors.

The requests for Certificate of Free Sale have an average annual rate increase of approximately 10%. This increases the inspection requirements for a larger number of facilities to ensure the issued Certificates are accurate and facility issues have been resolved. The increase in inspections is an additional resource burden to the Department which is increasing the response time to issue Certificates of Free Sale. The increase in rate of request also increases the administrative burden to the program.

Proposal:

This is change to the funding for the administrative processing and inspection needs in an existing inspection program.

Administrative or programmatic capacity – This proposal would use the dedicated fee account to fund the administrative staff time and inspection staff time associated with responding to Certificate of Free Sale requests. This is approximately one FTE.

Both the Food and Feed Safety Division and the Dairy and Meat Inspection Division process Certificate of Free Sale requests.

Industry groups representing food manufacturers and processor in Minnesota will need to be engaged.

This proposal will dedicate funding to the inspection programs to allow for better program planning and assignment, including hiring additional staff for certificate processing, if necessary. This will allow for a decrease in the administrative processing time for Certificates of Free Sale which will result in increased access to international markets for Minnesota food manufacturers and processors.

The implementation date would be July 1, 2017. Updates would need to be made to existing forms and MDA website information.

Results:

Current performance measures are limited to the number of certificates process and the overall process time. Additional performance measures that will be tracked through additional database development will include measures related to administrative review, inspection response time and time for resolution of facility issues. This additional tracking will allow for greater transparency and targeted process improvements.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Certificates of Free Sale processed.			
Quality	Overall rate of time to process Certificates of Free Sale.			
Results	Increase in access to international markets for Minnesota food producers.			

Statutory Change(s):

This proposal will impact M.S. Section 28A.081.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Continuous Improvement to Customer Experience

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
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	2	2	2	2

Recommendation:

The Governor recommends \$1.5 million biennially from the general fund to improve internal business processes and the outward facing customer experience with the Department. This will be accomplished through new continuous improvement staff and strategic information technology investments.

Rationale/Background:

The Department is increasingly falling behind other agencies in the delivery of electronic services to its customers, and in providing tools for a modern workforce. The approach towards information technology at MDA has been mostly ad hoc and driven by pressing needs or mandates placed on a particular division or program. Historically, little central planning has occurred for IT direction and investment. This initiative will provide the resources needed to employ a more systematic and thoughtful approach to planning and investment in information technology.

Currently the Department has no direct funding support for continuous improvement efforts. The general fund allocation for current IT infrastructure is used to pay for existing MN.IT services and support. To deliver a top-level customer and public experience the department must understand its customers, partners, and stakeholders need. The resources provided by this proposal will identify key business needs that will drive a new IT strategy that:

- Promotes smarter internal processes within the Department;
- Improves the department's interaction with businesses and residents through better online services;
- Simplifies the end-users experience with the Department's online systems;
- Ensures that government and citizen data is protected and the business of the Department never stops; and
- Provides the Department's mobile workforce with IT tools and support to successfully do their work.

Proposal:

This is a new initiative identified by the Commissioner after reviewing the information technology governance processes within the Department. The outcome of this review called for a clear and transparent process for management and development of information technology initiatives using a formalized approach to continuous improvement. These initiatives will be based on an analysis of the agency's business processes and related software systems that support them.

There is a legitimate expectation from customers and stakeholders for timely, convenient transactions with the department. This initiative will allow an increase in electronic business transactions such as licensing and will result in improved internal system performance in terms of efficiency and accuracy. There are currently no dedicated staff within the Department to perform analysis of current systems and business practices. Funding in this proposal will be dedicated to projects and recommendations identified through this analysis.

Results:

The Department recognizes the importance of measurement and how it fits in the improvement cycle, how to select measures, how to use data to guide and sustain improvements, and how to develop a data collection plan. The Department will identify measures associated with the timeliness of delivered services and the level of satisfaction with the end-users experience. A baseline assessment of key customer service areas will be conducted and improvements measured over time to ensure that continuous improvement efforts and investments are having the desired improvement on customer experiences and wait-times. Performance will be measured in terms of:

- **Quantity:** *This proposal seeks to increase the number of online transactions between customers and the department (license applications and renewals, training and testing opportunities, online access to inspection reports, etc.) and significantly decrease wait times.*
- **Quality:** *A baseline customer satisfaction survey will be conducted on an annual basis to quantify areas of strength and weakness for online service delivery for the department. This feedback will, in part, help prioritize areas of further continuous improvement and infrastructure investment.*
- **Results:** *The public has a reasonable and high expectation of conducting business online and the department's current systems are inadequate. This proposal will ensure that the public can conduct more transactions with the department online, more efficiently and receive information and regulatory approvals more quickly. This serves to improve the customer experience and increase access to business opportunities throughout the state and internationally.*

This performance data will be collected through an analysis of online transactional data and through measuring customer satisfaction. Internal process data will also be measured as part of ongoing continuous improvement efforts funded through this proposal.

Statutory Change(s):

This proposal does not require statutory changes.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Maintaining Current Service Levels

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	741	1,326	1,326	1,326
Revenues	0	0	0	0
Remediation Fund				
Expenditures	5	9	9	9
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	746	1,335	1,335	1,335
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$2.067 million in FY 2018-19 and \$2.652 million in FY 2020-21 from the general fund, and \$14,000 in FY 2018-19 and \$18,000 in FY 2020-21 from the remediation fund, to maintain the current service delivery at the Minnesota Department of Agriculture. Funds would be used to address salary cost increases, information technology (IT) cost increases and rent increases.

Rationale/Background:

Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

MDA constantly reviews key core cost drivers such as payroll, information technology and rent costs. Often, we can find efficiencies or lower-cost ways of accomplishing our goals and meeting the expectations of our customers. At other times, we need to maintain the resources that are serving us well, even as the cost of providing those goes up.

This proposal focuses on those areas of our budget where costs are going up but the appropriations that pay for them remain at base levels. Since MDA is funded by a variety of sources, this proposal focuses only on the portions of these costs that are paid for with directly appropriated (general fund and remediation fund) dollars. Without additional resources added to agency budgets, service delivery erodes.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Department of Agriculture, this funding will cover expected and anticipated employee compensation growth, including anticipated employer-paid pension costs and negotiated compensation costs that will increase agency compensation budgets by an additional one percent.

This proposal covers four specific cost concerns:

1. Compensation and pension increases for positions funded from direct appropriations
2. Information Technology increases for costs associated with general fund activities
3. Rent increases for the general fund portion of Laboratory Building rent
4. Rent increases for the general fund portion of Orville Freeman Office Building rent

Amount for each issue by year are as follows (general fund):

	FY 18	FY 19	FY 20	FY 21
Payroll Increases	325	745	745	745
IT Increases	259	259	259	259
Lab Rent Increases	87	176	176	176
Freeman Rent Increases	75	155	155	155
	746	1,335	1,335	1,335

Results:

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

Statutory Change(s):

This proposal does not require statutory changes.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Monitoring for Pesticides in Surface Water and Groundwater (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	350	350	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	350	350	0	0
FTEs	2.25	2.25	0	0

Recommendation:

The Governor recommends a continuation of clean water funding for monitoring of pesticides in surface water and groundwater, totaling \$700,000 in FY 2018-19. Funding will support ongoing pesticide monitoring using clean water funded-supported state-of-the-art laboratory instruments which provide increased capability and greater capacity. Dollars will be used to support staff positions and laboratory costs to process and analyze additional ambient water quality samples for an expanded list of pesticides and their breakdown products.

Rationale/Background:

The MDA has continuously monitored the state's water resources for more than 20 years. The purpose of the MDA's monitoring activities is to determine the presence and concentration of pesticides in Minnesota's groundwater and surface water. This program activity monitors and assesses pesticides to ensure we are meeting water quality standards. The MDA's water quality data is used to evaluate the need for and effectiveness of protective actions for groundwater and surface water. Having reliable long-term data about pesticides is extremely important for informed decision-making about imposing or removing restrictions on pesticide use to protect the environment.

Clean water fund dollars have increased the capacity of the MDAs pesticide laboratory. It has allowed the MDA to increase the number of detectable pesticides, increase the sensitivity of detection of certain pesticides and has increased the overall number of samples that can be analyzed on an annual basis.

Proposal:

Continued funding will provide the MDA the ability 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.

Clean water funding has allowed the MDA to increase the number of detectable pesticides from 44 in 2009 to 144 in 2016. The increased laboratory capacity has allowed the MDA to provide cooperative pesticide monitoring and assessment with other state agencies (MDH and MPCA) on lakes, wetlands, and public water supply systems.

Results:

Results will be measured by the number of pesticide analyses per year and number of analytes detected. The goal is to sustain analysis of a least 600 additional test each year as compared to 2009 levels. All Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Nitrate in Groundwater (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,085	2,086	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,085	2,086	0	0
FTEs	11.3	11.3	0	0

Recommendation:

The Governor recommends the continuation of clean water fund funding to implement Minnesota's Nitrogen Fertilizer Management Plan (NFMP) for preventing and responding to nitrate contamination of groundwater from nitrogen fertilizer use, totaling \$4.171 million in FY 2018-19. Clean water fund dollars in this proposal will provide support for private well testing, promotion of best management practices, demonstration and adoption, Extension staffing, local advisory teams, and technical support.

Rationale/Background:

Nitrate in groundwater in agricultural regions is one of the most challenging, widespread, and complex water quality issues in Minnesota. Approximately 1 out of 5 cropland acres overlies sensitive groundwater resources. Additionally, in the most sensitive areas of the state, recent testing of private wells indicates that approximately 10% of private wells exceed the drinking water standard for nitrate. In some vulnerable townships 20 to 50% of private wells exceed the drinking water standard. Recent sampling data suggests the MDA and its partners will need to respond to elevated nitrate in over 100 townships, clusters of townships, or source water protection areas where nitrate levels exceed the action levels following the process outlined in the NFMP.

Proposal:

Nitrate is one of the pollutants of greatest concern in Minnesota's groundwater. Continued funding is used for activities that help identify the severity and magnitude of nitrate contamination and evaluate and implement practices at the local level to reduce nitrate in groundwater. The MDA will focus on implementing the Nitrogen Fertilizer Management Plan (NFMP) which is the state's blueprint for addressing nitrate in groundwater. The MDA's groundwater and drinking water protection projects include:

- Work with local governments and farmers to respond in areas with elevated nitrate in groundwater;
- Pass through funding to local government to develop and implement locally led best management practice (BMP) promotion and evaluation projects;
- Private well monitoring networks (regional assessments) and accelerated private wells for nitrate in sensitive townships;
- Nutrient management surveys to evaluate on-farm adoption of BMPs; and,
- Regional efforts with the University of Minnesota and local governments to refine and demonstrate BMPs to protect groundwater.

Results:

Results will be measured by the number of areas monitored and assessed for nitrate in groundwater and the subsequent prevention and mitigation activity that will occur in those areas. Success will also be measured by the number of local farmers, agricultural organizations, and local governments who collaborate in this effort. Successful implementation of the NFMP will result in reduction in groundwater contamination from nitrate, and safe drinking water in those targeted areas.

All clean water fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Pesticide Testing of Private Wells (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	2.6	2.6	0	0

Recommendation:

The Governor recommends \$2 million in FY 2018-19 from the clean water fund for private well pesticide sampling as part of the Township Testing Program. This program activity will identify, monitor, and assess the presence of pesticides in private wells in vulnerable areas of the state. Tests detect both commonly used pesticides and their primary breakdown products. Once completed, all testing results are shared with homeowners and summarized for the public. Funding is used to support staff positions to collect private well water samples, and for a private laboratory to analyze water samples for a suite of pesticides.

Rationale/Background:

The Private Well Pesticide Sampling Project is a follow-up testing program to the [Minnesota Department of Agriculture Township Testing Program](#) for sampling nitrate in private wells. Homeowners in a township are offered the opportunity to participate if their township has at least 30% of the area characterized with vulnerable groundwater and at least 20% of the area in crop production. Homeowners are offered a free follow-up pesticide test if nitrate is detected in their first water sample that is tested for nitrate.

The information gained from this testing is valuable to the homeowner and Minnesota Department of Agriculture. The homeowner learns about the presence and concentration of nitrate and pesticides in their well. The Minnesota Department of Agriculture learns the localized nitrate and pesticide results to enable more informed local planning and decision-making to protect groundwater.

Proposal:

Currently there is limited information on the presence of pesticides in private wells where nitrate is found. Pesticide monitoring of private wells will provide data that can be analyzed to determine the type, concentration, and frequency of pesticides in private wells. The data gathered are also used to evaluate the relationship between nitrate and pesticide concentrations in private drinking water wells.

Results:

The pesticide testing of private wells program will result in increased monitoring of private wells for pesticides, and better informed well owners. Sampling results will be summarized for all interested parties, and provide detailed water quality data not generally available elsewhere.

All Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Irrigation Water Quality Protection (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	110	110	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	110	110	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a continuation of clean water fund funding to support an irrigation water quality specialist position through a contract with the University of Minnesota Extension, totaling \$220,000 in FY 2018-19. This water quality specialist develops guidance and provides education on irrigation and nitrogen best management practices (BMPs) for Minnesota irrigators. Many farmers, particularly those newly implementing irrigation, will benefit from increased education, training, and direct support.

Rationale/Background:

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. This funding provides an irrigation water quality specialist position through a contract with the University of Minnesota Extension. The irrigation water quality specialist position develops guidance and provides education on irrigation and nitrogen BMPs. This includes direct support to irrigators on issues of irrigation scheduling and soil water monitoring.

Proposal:

Continued funding will support MDA's ongoing efforts, and enable the implementation of irrigation best management practices to protect groundwater. Irrigation in Minnesota typically occurs on sandy soils which are highly vulnerable to groundwater contamination. BMPs and conservation practices are critically important for protecting groundwater from a major source of nitrate contamination in sensitive areas.

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, will benefit from increased education, training, and direct support.

Results:

Results will be measured by the number of irrigators who receive information and subsequently adopt water and nitrogen management practices. Results will also be measured by the number of local governments and other agricultural stakeholders who collaborate in this effort.

In addition, all clean water fund activities include performance measures published in the Clean Water Fund Performance Report. The MDA and other agency specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: AgBMP Loan Program (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	75	75	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	75	75	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$150,000 in FY 2018-19 from the clean water fund for continued 0.5 FTE staff funding to administer the AgBMP (best management practices) program. The AgBMP Loan Program provides revolving low interest loans for eligible activities that reduce or eliminate water pollution.

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 problem in rural Minnesota, whether on a farm, a residence or business, an un-sewered 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.

Results:

Results will be measured by the number of loans issued, conservation practices implemented, and private dollars leveraged. The number of local governments who collaborate will also be tracked. Results will also be measured by reduction in nutrients, sediment, bacteria, and other pollutants. This is estimated by multiplying the number of practices installed by pollutant load reduction numbers from peer reviewed literature/ scientific articles.

All Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. The MDA and other agency specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Agricultural Water Quality Certification Program (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,750	2,750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,750	2,750	0	0
FTEs	8.3	8.3	0	0

Recommendation:

The Governor recommends \$5.5 million from the clean water fund for continuation of the Minnesota Agricultural Water Quality Certification Program (MAWQCP). MAWQCP is a federal-state partnership between Minnesota, the USDA and the EPA established in January of 2012. It is 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. The MDA piloted the MAWQCP in four watersheds across the state and expanded it statewide in 2016. A majority (65 percent) of the proposed funding is passed through to local government to provide technical assistance and implementation funds. State dollars maintain a federal match of \$9 million for FY16 - FY19.

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 signed in 2016, and 2) the water quality credit trading project development.

Two broad areas of program expansion are commencing with FY17 that create the need for additional resources. The first is the integration of program outreach and delivery of services through private industry partners. The multiple formal agreements that have been enacted with agribusiness provide both a significant increase in capacity for producer interaction and a higher demand for management of increased and further dispersed program operations. The second expansion is the new development of a water quality credit trading component within MAWQCP and in partnership with Minnesota Pollution Control Agency as the regulating authority. This creates additional financial and staffing resource demands. This proposal therefore includes an increase of \$500,000 and 1 FTE.

Results:

MAWQCP acres will increase, conservation practices will be implemented which will result in improvements to water quality. An increase in certified acres will ensure that farming practices are protective of water quality. Nutrients (nitrogen and phosphorous) and soil loss and sediment models are used to show the estimated annual reductions in these pollutants.

- Performance measures for this program include:
 - Number of Certified Farms
 - Number of Certified Acres
 - New Best Management Practices Installed
 - Tons of Total Suspended Solids Reduced
 - Tons of Phosphorous Reduced
 - Pounds of Sediment Reduced

- As of November 2016 the program has produced:
 - 289 Certified Farms
 - 160,884 Certified Acres
 - 510 New Best Management Practices
 - Reduction of 4694 Tons of Total Suspended Solids Per Year
 - 6918 Tons of Soil Saved Per Year
 - Reduction of 5855 Pounds of Phosphorous Per Year

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Certified Farms	26	285	Nov 2014 to Nov 2016
Quantity	Certified Acres	8,368	158,642	Nov 2014 to Nov 2016
Quantity	New Best Management Practices	62	505	Nov 2014 to Nov 2016

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Technical Assistance (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,200	1,200	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,200	1,200	0	0
FTEs	6.8	6.8	0	0

Recommendation:

The Governor recommends \$2.4 million in FY 2018-19 for a continuation of clean water fund appropriations to provide technical assistance on practices to reduce contamination from agricultural sources in surface waters and help ensure that accurate scientific information is available and used to address water quality concerns in agricultural areas of Minnesota. 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.

Rationale/Background:

The MDA's technical assistance helps to ensure accurate scientific information is available and used to address water quality concerns in agricultural areas of Minnesota. 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 Research Program. Data and information collected is used to inform computer simulation models and management decisions for the development of nutrient management strategies and watershed implementation plans. Results are used to prioritize and target best management practices (BMP) implementation in impaired watersheds. To encourage communication and promote awareness of the new technology, the MDA collaborates on these activities with many partners including universities, crop consultants, Soil and Water Conservation Districts, farmers and other state and federal agencies.

Proposal:

MDA's technical assistance activities helps translate information from research and on-farm demonstrations. The goal is to develop and promote conservation practices that protect and restore water quality. The MDA passes money through to local governments and supports the existing conservation delivery system. The MDA works closely with other agencies on water restoration and protection activities.

This funding supports demonstration projects that promote and empirically validate conservation practices to the agricultural community, researchers, conservation professionals and policy makers. Funding is used to promote activities and partnerships that will increase the adoption of conservation practices. Examples of projects include: Minnesota Discovery Farms, Root River Field to Stream Partnership, Nutrient Management Initiative, and the Clay County Drainage site.

Results:

The Minnesota state agencies that receive Clean Water funding are collaborating on performance measures. The goal is to explain how Clean Water funding was spent and the impact of that investment. To meet this goal, the Clean Water Fund Performance Report is published once every two years. The MDA contributes information to 13 of the 36 interagency measures. In addition to reporting on interagency measures, the MDA has also developed a suite of agency specific performance measures that are tracked by project staff and reported on the *Minnesota's Legacy* website.

Results will be measured by the number of edge-of-field monitoring stations installed and operational as well as the number of groups that request and use data generated at research and demonstration sites (to validate models, reference in TMDL/WRAPS studies, or promote the adoption of conservation practice). The number of local partnerships and pass through dollars will also be tracked.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Academic Research/Evaluation (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	663	662	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	663	662	0	0
FTEs	1.25	1.25	0	0

Recommendation:

The Governor recommends \$1.325 million in FY 2018-19 from the clean water fund to continue supporting research projects that develop and evaluate agricultural best management practices (BMPs) and quantify and reduce agricultural contributions to impaired waters, including a better understanding of the underlying processes. BMPs will be developed and evaluated to protect and restore water resources while maintaining profitability.

Rationale/Background:

There remains considerable knowledge gaps about agriculture's impact on water resources, and which specific conservation practices should be implemented (type and location) to improve water quality. There is a need for current and accurate scientific data on the environmental impacts of agricultural practices and to develop new or redesign current conservation practices to reduce environmental impacts while maintaining farm profitability.

Results of this research are used to promote practices that protect and restore Minnesota's water resources. Research results from these funded projects are used to validate Total Maximum Daily Loads (TMDL) models and are also used as efficiency input data for BMP estimations used to generate Watershed Restoration and Protection Strategies (WRAPS) implementation scenarios. Project results are frequently referenced in agricultural based WRAPS studies. Principal investigators commonly use the project results to leverage larger scale federal projects to support additional university staff and students. Through technical assistance activities, the MDA shares results from research projects with the public and local government units. The goal is to translate scientific information into positive actions that protect and restore Minnesota waters.

Proposal:

Continued funding will support research and evaluation of practices and technologies that will protect and improve water quality. This program is intended to answer questions regarding processes and practices that can lead to clean water such as:

- Where are pollutants coming from and what is the magnitude of each source?
- How will we improve water quality? Which practices work best? What are the costs and benefits?
- Where in the landscape should conservation practices be placed?
- What tools can local resource managers use to focus limited funds?

Funding is passed through via a competitive research proposal process and used to support projects that meet program priorities.

Results:

The Minnesota state agencies that receive clean water fund dollars are collaborating on performance measures. The goal is to explain how clean water funding was spent and the impact of that investment. To meet this goal, the Clean Water Fund Performance Report is published once every two years. The MDA contributes information to 13 of the 36 interagency

measures. In addition to reporting on interagency measures, the MDA has also developed a suite of agency specific performance measures that are tracked by project staff and reported on the *Minnesota's Legacy* website.

For the Academic Research /Evaluation Program the goal is for research results to be integrated into multi-agency efforts to protect and restore Minnesota waters such as TMDL and WRAPS reports. This is accomplished through outreach activities and the development of research documents. Long term success will be achieved when research is adopted for such activities as targeting of conservation practices and implementation of water quality practices such as cover crops.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Research Inventory Database (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	50	50	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	50	0	0
FTEs	0.3	0.3	0	0

Recommendation:

The Governor recommends a continuation of clean water fund funding for the Minnesota Water Research Digital Library (MNWRL), a user-friendly, searchable inventory of water research relevant to Minnesota. The amount recommended is \$100,000 in FY 2018-19. MNWRL 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 MDA staff and program costs to administer MNWRL, maintain the site and coordinate with partners.

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 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. MNWRL provides one-stop access to all types of water research.

Proposal:

The MNWRL includes nearly 1,400 diverse research articles and scientific reports and is fully operational. The MDA will provide support and training for partner organizations and conduct intensive outreach to Minnesota's water and research communities.

Results:

Results will be measured by the number of publications uploaded, website visitors, number of search sessions and pdf downloads.

This user-friendly searchable inventory provides agency staff, researchers, water planners, and the public with fast access to all types of research relevant to water management in Minnesota. The inventory will grow steadily from its current base of nearly 1,400 articles (FY 2016), increasing the utility of research that was previously scattered across many websites, reports, and journals.

In addition, all clean water fund activities include performance measures published in the Clean Water Fund Performance Report. The MDA and other agency specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Forever Green Initiative (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	450	450	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	450	450	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a continuation of clean water fund funding for the Forever Green Initiative at the University of Minnesota, which focuses on projects incorporating perennial and winter annual crops into existing agricultural systems. The goal is to develop perennial and cover cropping systems specific to Minnesota that are necessary to protect and restore the state's water resources while increasing efficiency, profitability, and productivity of Minnesota farmers. Funding will be appropriated to the Minnesota Department of Agriculture (MDA) and dispersed through to the Board of Regents of the University of Minnesota. The amount recommended is \$900,000 in FY 2018-19.

Rationale/Background:

The Forever Green Initiative brings researchers together from multiple departments including plant breeding, agronomy, food science and economics. The goal is to develop new high value commodity crops for conservation purposes.

Many of these new crops or innovative technologies used to implement cover crops could fit into a corn and soybean rotation and provide ground cover after harvest and before the next spring's emergence. 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 potential for snowmelt and precipitation runoff are high; therefore, cropland is most vulnerable to erosion and nutrient loss. Adding annual or perennial cover can help protect soil and water, and mitigate climate change. New, economically viable crops and the use of new establishment technologies could make Minnesota's cropland more productive, efficient, and sustainable, while maintaining the profitability of farmers. Current crop research includes; Intermediate Wheatgrass, oilseed crops such as pennycress, hazelnut, and various cover crops.

The MDA will administer the distribution of funds and coordinate reporting on progress, results and outcomes. The Minnesota Department of Agriculture will work with Forever Green researchers to implement perennials and winter annuals into areas with high vulnerability for surface or groundwater contamination (i.e. source water protection areas). The work will complement the MDA's Nitrogen Fertilizer Management Plan activities and coordination.

Proposal:

Funding for Forever Green will provide research on new crops and systems that are protective of water quality will directly support the University of Minnesota Forever Green Initiative. Funding is available for all aspects of research and development of these crops including plant breeding efforts, agronomic evaluations, and food science evaluations.

Results:

Results will be measured by the number of outreach and educational events hosted, number of documents produced (including peer-review journal articles, handbooks, factsheets, etc.) and the number of crops that are developed and grown in Minnesota.

Success will result in development of these new crops and cropping systems that result in significant adoption on the Minnesota landscape.

In addition, all clean water fund activities include performance measures published in the Clean Water Fund Performance Report. The MDA and other agency specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY18-19 Biennial Budget Change Item

Change Item Title: Vegetative Cover and Soil Health (Clean Water Fund Activities)

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	75	75	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	75	75	0	0
FTEs	1.0	1.0	0	0

Recommendation:

The Governor recommends \$150,000 in FY 2018-19 from the clean water fund to establish a new vegetative cover and soil health program. This next program will focus on a market-driven approach to identify and develop markets for environmentally protective crops in targeted, high risk areas. Efforts will support other vegetative cover initiatives and state and local clean water implementation activities, and will focus on traditional and cover crop systems. The goal is to increase planting of vegetative cover using an economically viable approach so it can be grown profitably by farmers.

Funding will be used to evaluate potential opportunities and barriers for farmers to adopt these protective crops. The concept is to focus on familiar, traditional cash crops. Re-establishing a demand for locally grown hay, for example, results in perennial or cover crops which can be harvested to overcome the economic barrier and reduce imports. Existing crops which may be expanded include alfalfa and small grains (oats, winter wheat, and cover crops); the specific crop may vary depending on the targeted region and identified survey results.

Rationale/Background:

In areas with highly vulnerable groundwater, the use of nitrogen fertilizer Best Management Practices (BMPs) may not be enough to meet water quality goals. Economically viable vegetative cover grown on targeted cropland acres can address non-point source pollution on a large scale, providing significant water quality benefit to Minnesota's surface and ground water resources. Identifying methods of adding vegetative cover to these vulnerable areas of the landscape can reduce nitrogen inputs and/or increase uptake of soil nitrogen. Increasing vegetative cover can be accomplished by diversifying crop rotations, adopting perennial cropping systems and incorporating cover crops.

Proposal:

MDA Marketing and Development staff will evaluate potential opportunities and barriers for farmers to adopt these protective crops. The concept is to focus on familiar, traditional cash crops. Re-establishing a demand for locally grown hay, for example, results in perennial or cover crops which can be harvested to overcome the economic barrier and reduce imports. Examples of crops which may be expanded include alfalfa and small grains (oats, winter wheat, and cover crops); the specific crop may vary depending on the targeted region and identified survey results. This concept can be integrated into early season crops including silage and canning crops.

Research will be funded with university experts and commodity groups, to develop and conduct interviews and surveys with large producers within an identified vulnerable area. For example, interviews with livestock producers will determine their current feed source, cost and quality. Results will evaluate whether there is an economically viable opportunity to pursue production of vegetative cover for livestock feed in high-risk areas, using a pilot feed-match program.

This is a new proposal that will benefit from leveraging existing funds administered by the MDA for the development of vegetative cover. MDA has marketing and implementation incentive programs which provide over \$10 million in grants to

farmers and businesses, all of which could be tailored to implement the recommendations from this new program. This may also complement other federal, state or local programs.

Results:

Success will result in a sustainable increase in vegetative cover on the landscape, specifically in targeted high-risk areas. All clean water fund activities include performance measures published in the Clean Water Fund Performance Report. The MDA and other agency specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Program: Protection Services

Activity: Pesticide and Fertilizer Management Division

<http://www.mda.state.mn.us/about/divisions/pfmd.aspx>

AT A GLANCE

- In partnership with 86 counties, collected over 400,000 pounds of waste pesticides in 2015
- In 27 year history, over \$38 million in reimbursements of environmental cleanup
- Funded over \$800,000 for fertilizer research, directed by a council of agriculture organizations
- Monitored groundwater (506 samples) and surface water (1,010 samples) for pesticides in 2015
- Pesticide monitoring of groundwater since 1985 and surface water since 1991, now analyzing for 138 different chemicals

PURPOSE & CONTEXT

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

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

SERVICES PROVIDED

We have broad responsibilities for pesticides, fertilizers, water quality and the environment. We have a wide variety of services, regulatory activities and voluntary programs that are listed below.

- Inspections
- Pesticide/fertilizer training, licensing and permitting
- Emergency response 24/7
- Site cleanups and Superfund administration
- Anhydrous ammonia (AA) regulation
- Commercial manure application licensing
- Pesticide and fertilizer use surveys
- Pesticide misuse investigations
- Best Management Practices (BMP) development
- Discovery Farms technical support
- Reimbursement for cleanups
- Actions to protect pollinators in both urban and rural settings
- Pesticide Management Plan – normal use
- Nitrogen Fertilizer Management Plan – normal use
- Groundwater monitoring for pesticides and nitrates
- Surface water monitoring for pesticides and nitrates
- Free waste pesticide collection for agricultures 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
- Anhydrous Ammonia private inspector certification

RESULTS

- **Pesticide Inspections.** Inspections of pesticide facilities are designed to correct violations and assist in compliance. Our electronic/paperless Compliance Information System (CIS) results in more timely, comprehensive and consistent inspections.
- **Waste Pesticide Collections.** The Minnesota Department of Agriculture 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.
- **Bulk Fertilizer Storage permits.** The average time it takes to issue a bulk fertilizer storage permit is three days.
- **Anhydrous Ammonia Inspections of Bulk Storage Facilities.** Anhydrous ammonia (NH₃) is an affordable and effective but also potentially dangerous nitrate fertilizer. The frequency of inspection of NH₃ facilities has increased and evidence of noncompliance at these facilities has decreased.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Pesticide inspections of various facilities, dealers and sites	264	270	FY14 to FY15
Quantity	Pounds of waste pesticides collected	400,000	450,000	CY14 to CY15
Quantity	Anhydrous ammonia inspections of bulk storage facilities	145	220	FY's 12,13 to FY's 14,15

Authority for this activity is found in Minnesota Statutes, Chapters 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. 11 (<https://www.revisor.mn.gov/statutes/?id=11>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	499	629	555	611	587	587	1,087	1,087
2000 - Restrict Misc Special Revenue	37	38	9	3	0	0	0	0
2018 - Agriculture Fund	12,103	13,448	15,902	15,168	15,795	15,856	16,895	16,956
2302 - Clean Water Fund	3,716	9,974	13,179	9,681	0	0	8,733	8,733
2403 - Gift	24	72	5	0	0	0	0	0
2801 - Remediation Fund	1,402	1,445	1,544	1,963	1,949	1,948	1,954	1,957
3000 - Federal	350	356	441	853	577	394	577	394
Total	18,130	25,961	31,635	28,278	18,908	18,786	29,246	29,128
<i>Biennial Change</i>				15,820		(22,218)		(1,538)
<i>Biennial % Change</i>				36		(37)		(3)
<i>Governor's Change from Base</i>								20,680
<i>Governor's % Change from Base</i>								55

Expenditures by Category

Compensation	8,913	10,281	11,142	11,502	8,846	8,801	11,998	12,158
Operating Expenses	9,082	15,467	18,517	16,583	9,051	8,974	16,224	15,946
Other Financial Transactions	136	132	145	51	11	11	22	22
Grants, Aids and Subsidies	0	0	1,828	143	1,000	1,000	1,000	1,000
Capital Outlay-Real Property	0	81	2	0	0	0	2	2
Total	18,130	25,961	31,635	28,278	18,908	18,786	29,246	29,128
Total Agency Expenditures	18,130	25,961	31,635	28,278	18,908	18,786	29,246	29,128
Internal Billing Expenditures	1,990	2,314	2,679	2,978	2,694	2,676	3,407	3,389
Expenditures Less Internal Billing	16,140	23,648	28,955	25,300	16,214	16,109	25,839	25,738
<u>Full-Time Equivalents</u>	103.3	117.1	122.5	157.3	102.4	101.4	137.2	138.2

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	65	0	23	0	0	0	0
Direct Appropriation	564	564	564	564	587	587	1,087	1,087
Net Transfers			14	23				
Expenditures	499	629	555	611	587	587	1,087	1,087
Balance Forward Out	65	0	23	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				37		9		1,009
<i>Biennial % Change in Expenditures</i>				3		1		87
<i>Gov's Exp Change from Base</i>								1,000
<i>Gov's Exp % Change from Base</i>								85
Full-Time Equivalents	4.4	4.9	4.2	4.9	4.6	4.6	5.6	7.6

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13	2	0	0	0	0	0	0
Receipts	25	44	9	3	0	0	0	0
Expenditures	37	38	9	3	0	0	0	0
Balance Forward Out	2	7	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(63)		(11)		(11)
<i>Biennial % Change in Expenditures</i>				(84)		(93)		(93)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.4	0.4	0.1	0.1	0.0	0.0	0.0	0.0

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	10,997	10,241	8,723	7,756	7,615	7,031	7,615	7,031
Receipts	13,795	14,263	16,235	16,416	16,621	16,806	17,721	17,906
Net Transfers	(2,482)	(2,452)	(1,301)	(1,389)	(1,410)	(1,410)	(1,410)	(1,410)
Expenditures	12,103	13,448	15,902	15,168	15,795	15,856	16,895	16,956
Balance Forward Out	10,207	8,605	7,756	7,615	7,031	6,571	7,031	6,571
<i>Biennial Change in Expenditures</i>				5,519		582		2,782
<i>Biennial % Change in Expenditures</i>				22		2		9

2018 - Agriculture Fund

Gov's Exp Change from Base							2,200
Gov's Exp % Change from Base							7
Full-Time Equivalents	75.8	82.9	85.0	104.8	93.5	92.5	93.5 92.5

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,015	6,469	8,127	2,173	0	0	0	0
Direct Appropriation	7,110	7,260	8,509	7,507	0	0	8,733	8,733
Net Transfers	(552)		(500)					
Cancellations	0	0	783	0	0	0	0	0
Expenditures	3,716	9,974	13,179	9,681	0	0	8,733	8,733
Balance Forward Out	5,856	3,755	2,173	0	0	0	0	0
Biennial Change in Expenditures				9,170		(22,860)		(5,394)
Biennial % Change in Expenditures				67		(100)		(24)
Gov's Exp Change from Base								17,466
Full-Time Equivalents	18.0	23.7	29.1	42.6	0	0	33.8	33.8

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	26	5	0	0	0	0	0
Receipts	50	50	0	0	0	0	0	0
Expenditures	24	72	5	0	0	0	0	0
Balance Forward Out	26	5	0	0	0	0	0	0
Biennial Change in Expenditures				(91)		(5)		(5)
Biennial % Change in Expenditures				(95)		(100)		(100)
Full-Time Equivalents	0.3	0.9	0.1	0.0	0.0	0.0	0.0	0.0

2801 - Remediation Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	30	0	15	0	0	0	0
Direct Appropriation	388	388	388	388	388	388	393	397
Open Appropriation	1,044	1,080	1,171	1,560	1,560	1,560	1,560	1,560
Cancellations	0	53	0	0	0	0	0	0

2801 - Remediation Fund

Expenditures	1,402	1,445	1,544	1,963	1,949	1,948	1,954	1,957
Balance Forward Out	30	0	15	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				661		390		404
<i>Biennial % Change in Expenditures</i>				23		11		12
<i>Gov's Exp Change from Base</i>								14
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.7	2.5	2.7	3.4	2.7	2.7	2.7	2.7

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	112	0	0	0	0	0	0	0
Receipts	247	356	441	853	577	394	577	394
Expenditures	350	356	441	853	577	394	577	394
Balance Forward Out	8	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				588		(323)		(323)
<i>Biennial % Change in Expenditures</i>				83		(25)		(25)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.8	1.7	1.4	1.6	1.6	1.6	1.6	1.6

Program: Protection Services
Activity: Plant Protection Division

<http://www.mda.state.mn.us/about/divisions/plantprotection.aspx>

AT A GLANCE

- 1.6 billion pounds of agriculture products certified for export to 70 countries by 136 MN companies
- 632 million hundredweights of seed sold under MN permit
- \$10.1 billion tons grain purchased under grain licenses and bonds
- 1.2 billion pounds of potatoes inspected and certified
- 24.7 million lbs of fruits and vegetables inspected
- 1,200 seed samples tested for quality to protect farmers
- 15,000 Gypsy moth traps set and 50,000 acres treated for Gypsy Moths
- Discovered two incidents of exotic insects imported into the U.S., enabling control efforts
- Enforced quarantines to contain emerald ash borer (EAB) and gypsy moth as well as exclude mountain pine beetle and an exotic walnut disease

PURPOSE & CONTEXT

The Plant Protection Division (PPD) has two broad areas of responsibility. First, PPD is responsible for detecting, excluding, containing and managing invasive or exotic plant pests that threaten both agriculture and MN forests and the environment. Second, PPD inspects and certifies agricultural commodities for export, grade and freedom from specific pests. These activities contribute to the mission of the agency by protecting agriculture and the environment from pest threats and by verifying the quality of Minnesota products for sale or export. Minnesota farmers are protected by grain bonds, seed inspection, noxious weed programs and many other PPD programs designed to protect public and private land as well as critical pollinator habitat.

SERVICES PROVIDED

We ensure that 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, lumber). Inspection and certification programs ensure Minnesota's plant commodities meet standards for import and export requirements, viability 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. We keep Minnesota as free as possible from harmful plant pests. Our surveying, auditing, quarantines, and treatment programs benefit farmers, the timber industry, the recreation industry, critical pollinator habitat and the general public.

Fee-generated dedicated funds comprise over 45 percent of the division activities. About 30 percent of our programs are funded through federal grants. About 25 percent of our funds are from the state General Fund and are used to support regulatory programs and to conduct surveys.

RESULTS

Minnesota plant products are exported to markets without delays; produce for sale is quickly inspected; nursery stock, seeds and seed potatoes sold in Minnesota are viable and free of serious plant pests. The damaging effects of invasive plant pests are kept out of Minnesota or their impacts on agriculture and the environment are minimized.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Export certificates issued (all within 1-3 business days)	3,645	4,392	2015, 2016
Quality	Species evaluated as noxious weeds	13	29	2015, 2016
Results	Wholesale dealer and grain licenses issued within 2 days of application receipt	100%	100%	2012, 2013
Quantity	Number of emerald ash borer (EAB) biocontrol wasps released	46,496	182,512	2015, 2016

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 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. Section 18.75 (<https://www.revisor.mn.gov/statutes/?id=18.75>) provides the authority to administer a state noxious weed program

M.S. Chapter 21 (<https://www.revisor.mn.gov/statutes/?id=21>) provides the authority to inspect and certify seed potatoes.

M.S. Section 21.80 (<https://www.revisor.mn.gov/statutes/?id=21.80>) provides the authority to inspect and certify seeds for distribution and enforce seed label requirements.

M.S. Chapter 27 (<https://www.revisor.mn.gov/statutes/?id=27>) provides the authority to provide a wholesale produce dealer bonding program.

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

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	1,650	1,887	1,956	2,487	2,084	2,084	2,584	2,584
2018 - Agriculture Fund	3,807	3,732	3,779	4,493	4,427	4,841	4,427	4,841
2050 - Environment & Natural Resource	249	594	373	492	197	116	197	116
3000 - Federal	1,452	1,210	1,547	1,797	1,495	1,413	1,495	1,413
6000 - Miscellaneous Agency	0	0	0	225	0	0	0	0
Total	7,158	7,423	7,655	9,493	8,203	8,454	8,703	8,954
<i>Biennial Change</i>				2,567		(491)		509
<i>Biennial % Change</i>				18		(3)		3
<i>Governor's Change from Base</i>								1,000
<i>Governor's % Change from Base</i>								6

Expenditures by Category

Compensation	4,632	4,658	4,862	5,655	5,008	5,136	5,358	5,486
Operating Expenses	2,464	2,635	2,787	3,535	3,115	3,258	3,210	3,353
Other Financial Transactions	12	6	6	237	13	13	13	13
Grants, Aids and Subsidies	50	119	0	67	67	47	122	102
Capital Outlay-Real Property	0	5	0	0	0	0	0	0
Total	7,158	7,423	7,655	9,493	8,203	8,454	8,703	8,954
Total Agency Expenditures	7,158	7,423	7,655	9,493	8,203	8,454	8,703	8,954
Internal Billing Expenditures	646	616	728	749	738	862	738	862
Expenditures Less Internal Billing	6,512	6,807	6,927	8,744	7,465	7,592	7,965	8,092
Full-Time Equivalents	68.7	66.2	68.5	69.0	65.1	63.8	69.6	68.3

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	225	0	153	0	0	0	0
Direct Appropriation	1,873	1,763	2,068	2,268	2,084	2,084	2,584	2,584
Net Transfers	0	(31)	41	66				
Cancellations	0	70	0	0	0	0	0	0
Expenditures	1,650	1,887	1,956	2,487	2,084	2,084	2,584	2,584
Balance Forward Out	223	0	153	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				906		(275)		725
<i>Biennial % Change in Expenditures</i>				26		(6)		16
<i>Gov's Exp Change from Base</i>								1,000
<i>Gov's Exp % Change from Base</i>								24
Full-Time Equivalents	15.5	16.6	15.1	16.6	15.1	15.1	19.6	19.6

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,912	1,929	2,075	2,676	2,924	3,238	2,924	3,238
Receipts	4,143	4,197	4,782	5,083	5,083	5,083	5,083	5,083
Net Transfers	(322)	(322)	(403)	(342)	(342)	(342)	(342)	(342)
Expenditures	3,807	3,732	3,779	4,493	4,427	4,841	4,427	4,841
Balance Forward Out	1,926	2,072	2,676	2,924	3,238	3,138	3,238	3,138
<i>Biennial Change in Expenditures</i>				733		997		997
<i>Biennial % Change in Expenditures</i>				10		12		12
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	35.9	33.8	34.2	34.2	34.2	34.2	34.2	34.2

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	105	435	667	294	313	116	313	116
Direct Appropriation	590	621	0	511	0	0	0	0
Expenditures	249	594	373	492	197	116	197	116
Balance Forward Out	446	463	294	313	116	0	116	0
<i>Biennial Change in Expenditures</i>				22		(552)		(552)

2050 - Environment & Natural Resource

<i>Biennial % Change in Expenditures</i>			3		(64)	(64)
<i>Gov's Exp Change from Base</i>						0
<i>Gov's Exp % Change from Base</i>						0
Full-Time Equivalents	2.7	3.6	4.3	3.3	0.9	0.5

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	500	340	343	0	0	0	0	0
Receipts	1,084	871	1,204	1,797	1,496	1,414	1,496	1,414
Expenditures	1,452	1,210	1,547	1,797	1,495	1,413	1,495	1,413
Balance Forward Out	132	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				681		(435)		(435)
<i>Biennial % Change in Expenditures</i>				26		(13)		(13)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	14.7	12.2	14.8	14.8	14.8	14.0	14.8	14.0

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	0	0	0	0
Receipts	0	0	0	225	0	0	0	0
Expenditures	0	0	0	225	0	0	0	0
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				225		(225)		(225)
<i>Biennial % Change in Expenditures</i>						(100)		(100)

Program: Protection Services
Activity: Laboratory Services Division

<http://www.mda.state.mn.us/about/divisions/lab.aspx>

AT A GLANCE

For Fiscal Year 2015:

- Performed 9,167 tests for 9,295 analytes on 3,890 samples for MDA's Dairy and Meat Inspection Division;
- Performed 8,552 tests for 128,323 analytes on 5851 samples for MDA's Pesticide and Fertilizer Inspection Division;
- Performed 15,550 tests for 38,551 analytes on 2116 samples for MDA's Plant Protection Division;
- Performed 8,227 tests for 8,427 analytes on 2899 samples for the Food and Feed Safety Division.

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) program objectives. These activities are critical to the protection of Minnesota's food supply, agricultural industry, and natural environment.

SERVICES PROVIDED

The Laboratory Services 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

- 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 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 see how we are doing. We discuss problem areas and address them through our formal corrective action procedure.

Performance Measures based on customer survey

Satisfaction with technical assistance provided by laboratory

Type of Measure	Dissatisfied	Somewhat Satisfied	Satisfied	Very Satisfied
<i>Previous Score</i>	0%	0%	0%	100%
<i>Current Score</i>	0%	0%	0%	100%

Satisfaction with Data quality

Type of Measure	Dissatisfied	Somewhat Satisfied	Satisfied	Very Satisfied
<i>Previous Score</i>	0%	0%	0%	100%
<i>Current Score</i>	0%	6%	0%	94%

Satisfaction with overall Laboratory performance

Type of Measure	Dissatisfied	Somewhat Satisfied	Satisfied	Very Satisfied
<i>Previous Score</i>	0%	0%	9%	91%
<i>Current Score</i>	0%	6%	0%	94%

Note: Previous Scores are for calendar year 2014 and Current Scores are for calendar year 2015.

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.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	4,189	4,332	4,105	4,859	4,428	4,564	4,928	5,064
2000 - Restrict Misc Special Revenue	116	71	79	99	132	155	132	155
2018 - Agriculture Fund	2,743	3,112	2,464	3,068	2,960	3,048	2,960	3,048
3000 - Federal	1,770	1,471	1,916	2,403	1,790	1,630	1,790	1,630
Total	8,818	8,987	8,565	10,429	9,310	9,397	9,810	9,897
<i>Biennial Change</i>				1,188		(286)		714
<i>Biennial % Change</i>				7		(2)		4
<i>Governor's Change from Base</i>								1,000
<i>Governor's % Change from Base</i>								5

Expenditures by Category

Compensation	4,245	4,169	4,034	4,931	4,616	4,766	4,960	5,137
Operating Expenses	4,293	4,235	4,446	5,092	4,684	4,621	4,760	4,725
Other Financial Transactions	30	65	82	23	10	10	10	10
Capital Outlay-Real Property	250	519	3	383	0	0	80	25
Total	8,818	8,987	8,565	10,429	9,310	9,397	9,810	9,897
Total Agency Expenditures	8,818	8,987	8,565	10,429	9,310	9,397	9,810	9,897
Internal Billing Expenditures	564	607	644	671	656	672	656	672
Expenditures Less Internal Billing	8,253	8,380	7,920	9,758	8,655	8,725	9,155	9,225
<u>Full-Time Equivalents</u>	52.9	49.3	46.8	59.5	53.4	53.4	57.4	57.4

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	61	0	363	0	68	0	68
Direct Appropriation	4,231	4,231	4,421	4,421	4,496	4,496	4,996	4,996
Net Transfers		40	47	75	0	0	0	0
Expenditures	4,189	4,332	4,105	4,859	4,428	4,564	4,928	5,064
Balance Forward Out	42	0	363	0	68	0	68	0
<i>Biennial Change in Expenditures</i>				442		28		1,028
<i>Biennial % Change in Expenditures</i>				5		0		11
<i>Gov's Exp Change from Base</i>								1,000
<i>Gov's Exp % Change from Base</i>								11
Full-Time Equivalents	15.7	15.3	14.2	19.7	17.0	17.0	21.0	21.0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	74	0	0	67	110	120	110	120
Receipts	42	186	146	142	142	142	142	142
Expenditures	116	71	79	99	132	155	132	155
Balance Forward Out	0	115	67	110	120	107	120	107
<i>Biennial Change in Expenditures</i>				(9)		109		109
<i>Biennial % Change in Expenditures</i>				(5)		61		61
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.0	0.5	0.6	0.7	1.1	1.3	1.1	1.3

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	855	1,268	1,119	1,386	1,163	1,107	1,163	1,107
Receipts	529	458	538	643	681	717	681	717
Net Transfers	2,604	2,484	2,193	2,202	2,222	2,242	2,222	2,242
Expenditures	2,743	3,112	2,464	3,068	2,960	3,048	2,960	3,048
Balance Forward Out	1,246	1,098	1,386	1,163	1,107	1,019	1,107	1,019
<i>Biennial Change in Expenditures</i>				(323)		476		476
<i>Biennial % Change in Expenditures</i>				(6)		9		9

(Dollars in Thousands)

2018 - Agriculture Fund

Gov's Exp Change from Base							0
Gov's Exp % Change from Base							0
Full-Time Equivalents	21.9	22.2	18.7	24.9	25.4	25.4	25.4 25.4

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	225	150	0	0	0	0	0	0
Receipts	1,548	1,438	1,915	2,403	1,790	1,630	1,790	1,630
Expenditures	1,770	1,471	1,916	2,403	1,790	1,630	1,790	1,630
Balance Forward Out	4	117	0	0	0	0	0	0
Biennial Change in Expenditures				1,078		(899)		(899)
Biennial % Change in Expenditures				33		(21)		(21)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	14.3	11.3	13.3	14.3	9.9	9.7	9.9	9.7

Program: Protection Service
Activity: Food and Feed Safety Division

<http://www.mda.state.mn.us/about/divisions/dairyfood.aspx>

AT A GLANCE

- In Fiscal Years 2015 and 2016,
- Increased staff in the division from 70 to 90 FTEs with additional general fund resources.
- Created separate retail and manufactured food inspection programs to allow for more specialized staff ensuring more accurate and efficient inspections.
- Provided over 80 outreach and training sessions on food and feed related issues: training on new regulations related to the Food Safety Modernization Act, on the use of antibiotics in feed, and on the new cottage foods program.
- Issued about 1500 food and 180 animal feed certificates each year to Minnesota companies so that they could sell their products internationally.

PURPOSE & CONTEXT

The Food and Feed Safety Division (FFSD) 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, manufacturing and sale of food and commercial animal feed products. Our activities contribute to a strong agricultural economy by ensuring food and feed processors have access to interstate and international markets, giving these processors opportunities to expand their business, and providing farmers with access to processing services necessary to market their products within Minnesota, nationally and internationally.

The division is also responsible for the inspection of retail food facilities (grocery stores and convenience stores) in Minnesota. Inspection work focuses on ensuring that 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 products. The success of these programs is 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 manufacturers of food and commercial animal feed have systems in place to ensure products are safe and are producing food in a clean and sanitary environment; these inspections are required by Federal and State law. Changes in inspection focus will continue as the Food Safety Modernization Act (FSMA) is phased in and expands the regulatory requirements for manufacturers of human and animal foods.

Outreach - The Division maintains a strong emphasis on outreach and education, prior to or 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. Outreach and education is also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

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 food safety systems fail and 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 products they produce are safe.

Food Inspection: Current number of inspections

In September of 2015 the division divided its food inspection program into separate programs focused on Retail Food and Manufactured Food. These separate programs will allow the division to maintain inspection staff with more specialized training in each inspection area and allow the workforce to be better prepared for a number of new regulations that will come into effect related to the Federal Food Safety Modernization Act. Due to general fund increases in the 14-15 biennium, the division has added over 20 inspection and support staff over a previous base of 70 staff. During the biennium both programs conducted over 10,000 inspections of food facilities throughout Minnesota. In 2015 there was a decrease in the number of Retail Food inspection occurring due to the hiring and training of new inspection staff.



Figure 1 Number of Retail and Manufactured Food Inspections by Year

Manufactured Food Inspection: Field Audits of Inspection Staff

The Food and Drug Administration and MDA conducts field audits of its manufactured food inspection staff in order to assess performance and inspection competencies. Field staff are audited at least twice every three years where specific inspection elements are assessed as being Acceptable or Needs Improvement. Specific programmatic corrective actions are required if this performance rating falls below 80 percent. The five year average for MDA is currently at 97 percent.

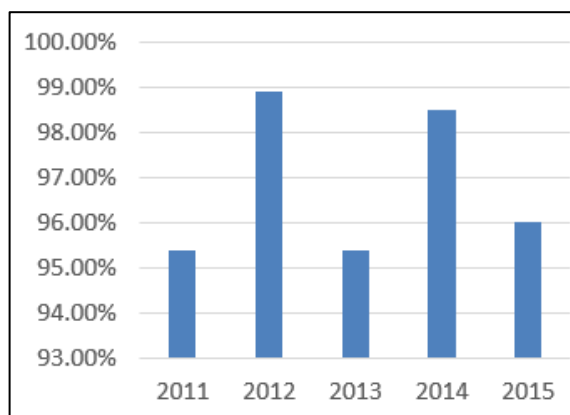


Figure 2 Field Audit Rating for Manufactured Food Inspectors

Commercial Feed Inspection: Percentage of Mills with Violations

One measure of animal feed safety is the percentage of animal feed facilities that mix antibiotics or other drugs (called Medicated Feed Manufacturers) into feed that had feed safety violations. Medicated Feed Manufacturers are scheduled for inspection every other year but when significant violations occur, the inspection frequency of those facilities is increased to an annual inspection. The percentage of feed safety violations have been significantly decreasing over the past five years.

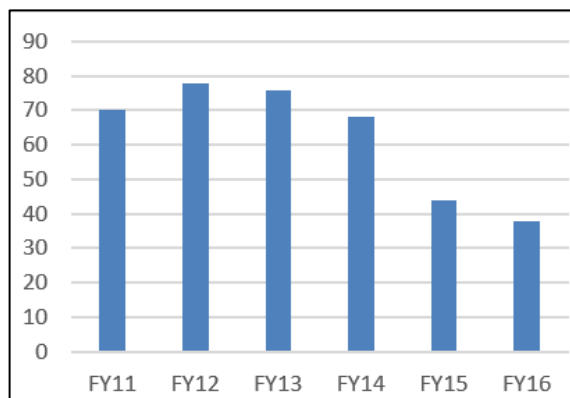


Figure 3 Percentage of Medicated Feed Manufacturers that had feed safety violations

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

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

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	4,288	3,690	4,375	8,684	6,530	6,530	6,480	6,480
2000 - Restrict Misc Special Revenue	1,010	917	1,080	1,026	1,160	1,191	1,160	1,191
2018 - Agriculture Fund	2,515	2,293	2,237	2,369	2,828	2,891	3,010	3,073
3000 - Federal	1,039	854	915	1,825	1,855	1,914	1,855	1,914
6000 - Miscellaneous Agency	57	51	60	0	0	0	0	0
Total	8,909	7,805	8,668	13,904	12,374	12,527	12,506	12,659
<i>Biennial Change</i>				5,858		2,328		2,592
<i>Biennial % Change</i>				35		10		11
<i>Governor's Change from Base</i>								264
<i>Governor's % Change from Base</i>								1

Expenditures by Category

Compensation	6,572	5,990	6,355	9,304	9,364	9,496	9,468	9,600
Operating Expenses	2,335	1,813	2,308	4,592	3,002	3,023	3,030	3,051
Other Financial Transactions	1	2	0	6	6	6	6	6
Grants, Aids and Subsidies	0	0	0	0	0	0	0	0
Capital Outlay-Real Property	1	0	5	3	2	2	2	2
Total	8,909	7,805	8,668	13,904	12,374	12,527	12,506	12,659
Total Agency Expenditures	8,909	7,805	8,668	13,904	12,374	12,527	12,506	12,659
Internal Billing Expenditures	578	592	581	669	848	858	876	886
Expenditures Less Internal Billing	8,331	7,213	8,087	13,235	11,525	11,668	11,629	11,772
Full-Time Equivalents	82.6	71.7	73.1	89.7	90.7	90.9	91.7	91.9

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	114	0	2,154	0	0	0	0
Direct Appropriation	4,431	4,781	6,460	6,460	6,530	6,530	6,480	6,480
Net Transfers	(30)	(1,205)	89	70				
Cancellations	0	0	19	0	0	0	0	0
Expenditures	4,288	3,690	4,375	8,684	6,530	6,530	6,480	6,480
Balance Forward Out	113	0	2,154	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				5,081		0		(100)
<i>Biennial % Change in Expenditures</i>				64		0		(1)
<i>Gov's Exp Change from Base</i>								(100)
<i>Gov's Exp % Change from Base</i>								(1)
Full-Time Equivalents	42.7	33.9	37.5	54.4	51.7	51.7	51.7	51.7

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	557	254	427	970	987	906	987	906
Receipts	707	1,025	1,473	1,092	1,079	1,079	1,079	1,079
Net Transfers		0	150	(49)				
Expenditures	1,010	917	1,080	1,026	1,160	1,191	1,160	1,191
Balance Forward Out	254	362	970	987	906	793	906	793
<i>Biennial Change in Expenditures</i>				179		245		245
<i>Biennial % Change in Expenditures</i>				9		12		12
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	9.0	9.4	9.8	8.4	9.3	9.3	9.3	9.3

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,501	2,065	2,166	3,020	3,609	3,865	3,609	3,865
Receipts	2,278	2,623	3,320	3,287	3,414	3,469	3,596	3,651
Net Transfers	(230)	(230)	(230)	(330)	(330)	(330)	(330)	(330)
Expenditures	2,515	2,293	2,237	2,369	2,828	2,891	3,010	3,073
Balance Forward Out	2,034	2,166	3,020	3,609	3,865	4,113	3,865	4,113

(Dollars in Thousands)

2018 - Agriculture Fund

<i>Biennial Change in Expenditures</i>			(203)		1,115	1,479
<i>Biennial % Change in Expenditures</i>			(4)		24	32
<i>Gov's Exp Change from Base</i>						364
<i>Gov's Exp % Change from Base</i>						6
Full-Time Equivalents	22.8	19.9	18.9	17.8	21.2	21.2
					22.2	22.2

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	163	235	160	10	0	0	0	0
Receipts	1,051	778	915	1,815	1,855	1,914	1,855	1,914
Net Transfers			(150)					
Expenditures	1,039	854	915	1,825	1,855	1,914	1,855	1,914
Balance Forward Out	175	160	10	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				848		1,029		1,029
<i>Biennial % Change in Expenditures</i>				45		38		38
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	7.8	8.2	6.7	9.1	8.5	8.7	8.5	8.7

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	21	29	43	33	0	0	0	0
Net Transfers	65	65	50	(33)	0	0	0	0
Expenditures	57	51	60	0	0	0	0	0
Balance Forward Out	29	43	33	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(48)		(60)		(60)
<i>Biennial % Change in Expenditures</i>				(44)		(100)		(100)
Full-Time Equivalents	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0

Program: Protection Service

Activity: Dairy and Meat Inspection Division

<http://www.mda.state.mn.us/about/divisions/dairyfood.aspx>

AT A GLANCE

- In Fiscal Years 2015 and 2016,
- Accepted 7 new processors into the State meat inspection program, which provides inspections "Equal To" federal inspections so these processors can have access to wholesale markets. More processors are in the planning stages.
- Conducted outreach and inspection activities with 14 new dairy plants. Previously, this trend has been stagnant or dropping in numbers.
- Provided training and oversight of 32 dairy plant personnel who are now certified to perform basic regulatory functions temporarily in their plants so that they can maintain continuity of operations when equipment needs minor repairs.
- Analyzed over 5,300 dairy product samples and 2,700 meat and poultry samples in partnership with the MDA Laboratory Division.
- Issued about 650 certificates each year to Minnesota companies so that they could sell their products internationally.

PURPOSE & 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. The success of these programs is 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 law. Changes in inspection focus will continue with dairy manufacturers as the Food Safety Modernization Act is phased in and expands the requirements for these processors, along with other food manufacturers.

Outreach The Division maintains a strong emphasis on outreach and education, prior to or 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 every day, not just on inspection day. Outreach and education is also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

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 food safety systems fail and 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 products they produce are safe.

Dairy Inspection: Interstate Milk Shipment (IMS) Audits

States and industry must participate in IMS if they want to ship milk across state lines. 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 (Figure 1) 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

	2013	2014	2015	2016
Percent	98%	98%	96%	97%

Meat and Poultry Inspection: Food Safety Assessment Results

In-depth assessments 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, as is required if the audit results in a 30 Reassessment action nor a Notice of Intended Enforcement, which would result in suspension if specific items are not corrected in a timely manner. This evaluation measures the quality of inspection work being performed, as well as how well entities are complying with the regulatory requirements. The overall trend for this measure is stable to improving.

Percent of FSA's Requiring Follow-Up

	2011	2012	2013	2014	2015	2016
Percent	39%	45%	58%	36%	37%	Not available

Dairy and Meat Inspection: Sample Results

Routine sampling of products and the production environment is done at dairy and meat processors as a way to monitor the safety of products these processors are producing. Sample results that are out of compliance or the designated specifications indicate that the products or environment are contaminated or that the conditions are favorable for contamination of food produced in that environment. For both meat and dairy, the goal would be to have all samples in compliance. This evaluation measures how well processing plants, collectively, are doing in producing safe meat, poultry and dairy products. The overall trend for meat, poultry and dairy sample results is improving, with a higher percentage of samples found in compliance in 2016 versus previous years.

Percent of Samples Analyzed

	2014	2015	2016
Dairy	97.61%	97.84%	97.99%
Meat	Not Available	93%	97%

M.S. 32 (<https://www.revisor.mn.gov/statutes/?id=32>) 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.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	939	2,128	2,220	2,690	2,418	2,594	2,418	2,594
2000 - Restrict Misc Special Revenue	0	0	8	134	125	126	125	126
2018 - Agriculture Fund	2,214	1,834	1,995	2,196	2,241	2,283	2,241	2,283
3000 - Federal	1,232	1,244	1,329	1,545	1,542	1,305	1,542	1,305
6000 - Miscellaneous Agency	0	0	0	74	77	78	77	78
Total	4,385	5,206	5,554	6,638	6,403	6,385	6,403	6,385
<i>Biennial Change</i>				2,601		596		596
<i>Biennial % Change</i>				27		5		5
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	3,320	3,858	4,170	4,986	4,871	4,891	4,871	4,891
Operating Expenses	1,065	1,348	1,383	1,652	1,532	1,495	1,532	1,495
Other Financial Transactions	0	0	0	0	0	0	0	0
Capital Outlay-Real Property	0	0	0	0	0	0	0	0
Total	4,385	5,206	5,554	6,638	6,403	6,385	6,403	6,385
Total Agency Expenditures	4,385	5,206	5,554	6,638	6,403	6,385	6,403	6,385
Internal Billing Expenditures	428	504	474	567	553	550	553	550
Expenditures Less Internal Billing	3,957	4,702	5,080	6,071	5,850	5,835	5,850	5,835
<u>Full-Time Equivalents</u>	42.3	45.8	47.5	57.2	53.4	51.9	53.4	51.9

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	27	0	184	0	88	0	88
Direct Appropriation	936	936	2,361	2,361	2,506	2,506	2,506	2,506
Net Transfers	30	1,165	43	145				
Expenditures	939	2,128	2,220	2,690	2,418	2,594	2,418	2,594
Balance Forward Out	27	0	184	0	88	0	88	0
Biennial Change in Expenditures				1,843		102		102
Biennial % Change in Expenditures				60		2		2
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	10.6	15.9	17.9	24.3	22.5	21.7	22.5	21.7

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	1	34	31	34	31
Receipts	0	0	10	118	121	121	121	121
Net Transfers				49				
Expenditures	0	0	8	134	125	126	125	126
Balance Forward Out	0	0	1	34	31	26	31	26
Biennial Change in Expenditures				143		108		108
Biennial % Change in Expenditures						76		76
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	0.0	0.0	0.0	1.2	1.2	1.2	1.2	1.2

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,417	624	399	649	644	635	644	635
Receipts	1,790	1,869	2,396	2,310	2,373	2,373	2,373	2,373
Net Transfers	(370)	(280)	(150)	(120)	(140)	(160)	(140)	(160)
Expenditures	2,214	1,834	1,995	2,196	2,241	2,283	2,241	2,283
Balance Forward Out	624	379	649	644	635	565	635	565
Biennial Change in Expenditures				143		332		332

2018 - Agriculture Fund

<i>Biennial % Change in Expenditures</i>				4		8		8
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	21.2	19.4	18.9	20.2	19.2	19.2	19.2	19.2

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	160	149	28	0	0	0	0	0
Receipts	1,221	1,122	1,301	1,545	1,542	1,305	1,542	1,305
Expenditures	1,232	1,244	1,329	1,545	1,542	1,305	1,542	1,305
Balance Forward Out	149	28	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				399		(27)		(27)
<i>Biennial % Change in Expenditures</i>				16		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	10.6	10.5	10.7	11.3	10.3	9.5	10.3	9.5

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	9	7	9	7
Net Transfers				83	75	75	75	75
Expenditures	0	0	0	74	77	78	77	78
Balance Forward Out	0	0	0	9	7	5	7	5
<i>Biennial Change in Expenditures</i>				74		81		81
<i>Biennial % Change in Expenditures</i>						110		110
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.3

Program: Promotion and Marketing
Activity: Agricultural Marketing and Development

<http://www.mda.state.mn.us/about/divisions/amd.aspx>

AT A GLANCE

- 1,300 farms and famers' markets licensed to use the Minnesota Grown logo
- Dozens of farmers assisted with livestock permitting
- 280 farmers assisted by dairy profit teams
- 868 pre-service and in-service teachers received ag literacy training during the 2015/2016 school year
- 75 farmers using Farm Link to assist with transition of farm ownership
- 612 farmers and processors attend the 2016 Organic Conference

PURPOSE & CONTEXT

Agricultural Marketing and Development works to help farmers and other agricultural businesses:

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

We serve:

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

SERVICES PROVIDED

We provide numerous and diverse services to meet our 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;
- Women, Infant and Children (WIC) Farmers' Market Nutrition and Senior Farmers' Market Nutrition Programs that distribute 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 classroom;
- 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 one-to-one assistance to 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;
- Insect biological control and plant pathology quarantine facilities available for agricultural pest research;
- 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 on-line 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 promotion councils oversight of creation and operation;
- Good Food Access Program administration;

- Farm safety information and tractor rollover protection rebates; and
- Agricultural Growth, Research and Innovation Program and Agriculture Research, Education, Extension and Technology Transfer Grant Program administration.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Unique visitors to the MN Grown Directory website	240,000	308,000	2011 - 2015
Quality	Percent of elementary and middle schools using the Ag-in-the-Classroom's Ag Mag	40%	46%	2012 – 2016
Quantity	Number of certified organic operations (farms & handlers)	939	818	2011 - 2015
Results	Return on MDA export market development activities	\$199:\$1	\$913:1	2011-15

M. S. 17.03 Subds. 1, 6, 7, and 7a (<https://www.revisor.mn.gov/statutes/?id=17.03>) authorize 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 and M.S. 17.1018 establish the Good Food Access Program.

M.S. 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.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	2,674	2,931	3,320	4,353	3,810	3,810	3,810	3,810
2000 - Restrict Misc Special Revenue	162	257	497	209	254	259	254	259
2018 - Agriculture Fund	851	774	889	1,146	897	910	897	910
2403 - Gift	60	3	1	15	0	0	0	0
3000 - Federal	1,022	1,350	2,042	3,724	2,585	2,644	2,585	2,644
Total	4,769	5,315	6,749	9,446	7,546	7,624	7,546	7,624
<i>Biennial Change</i>				6,111		(1,026)		(1,026)
<i>Biennial % Change</i>				61		(6)		(6)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	2,542	2,577	2,707	2,976	2,788	2,829	2,788	2,829
Operating Expenses	1,327	1,387	1,559	2,291	1,716	1,701	1,716	1,701
Other Financial Transactions	7	10	0	0	0	0	0	0
Grants, Aids and Subsidies	892	1,328	2,483	4,179	3,042	3,094	3,042	3,094
Capital Outlay-Real Property	1	13	0	0	0	0	0	0
Total	4,769	5,315	6,749	9,446	7,546	7,624	7,546	7,624
Total Agency Expenditures	4,769	5,315	6,749	9,446	7,546	7,624	7,546	7,624
Internal Billing Expenditures	67	97	95	152	109	110	109	110
Expenditures Less Internal Billing	4,702	5,218	6,654	9,294	7,437	7,513	7,437	7,513
<u>Full-Time Equivalents</u>	31.0	31.4	31.8	32.9	32.9	32.8	32.9	32.8

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	202	0	543	0	0	0	0
Direct Appropriation	3,062	3,062	3,973	4,123	3,996	3,996	3,996	3,996
Net Transfers	(186)	(216)	(110)	(313)	(186)	(186)	(186)	(186)
Cancellations	0	117	0	0	0	0	0	0
Expenditures	2,674	2,931	3,320	4,353	3,810	3,810	3,810	3,810
Balance Forward Out	202	0	543	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				2,068		(53)		(53)
<i>Biennial % Change in Expenditures</i>				37		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	23.2	22.2	22.5	22.7	22.5	22.5	22.5	22.5

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,125	1,190	1,330	181	206	187	206	187
Receipts	226	349	412	234	235	238	235	238
Net Transfers			(1,064)					
Net Loan Activity	0	49	0	0	0	0	0	0
Expenditures	162	257	497	209	254	259	254	259
Balance Forward Out	1,190	1,331	181	206	187	166	187	166
<i>Biennial Change in Expenditures</i>				287		(193)		(193)
<i>Biennial % Change in Expenditures</i>				68		(27)		(27)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.3	0.1	0.2	0.3	0.3	0.3	0.3	0.3

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	477	458	483	501	492	497	492	497
Receipts	636	584	722	701	716	724	716	724
Net Transfers	186	186	186	436	186	186	186	186
Expenditures	851	774	889	1,146	897	910	897	910

2018 - Agriculture Fund

Balance Forward Out	448	454	501	492	497	497	497	497
Biennial Change in Expenditures				410		(228)		(228)
Biennial % Change in Expenditures				25		(11)		(11)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	6.4	7.1	7.4	8.6	8.6	8.6	8.6	8.6

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	37	13	16	15	0	0	0	0
Receipts	36	13	0	0	0	0	0	0
Net Transfers		(2)						
Expenditures	60	3	1	15	0	0	0	0
Balance Forward Out	13	21	15	0	0	0	0	0
Biennial Change in Expenditures				(47)		(16)		(16)
Biennial % Change in Expenditures				(74)		(100)		(100)
Full-Time Equivalents	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	111	298	19	17	0	0	0	0
Receipts	914	1,120	2,040	3,707	2,585	2,644	2,585	2,644
Expenditures	1,022	1,350	2,042	3,724	2,585	2,644	2,585	2,644
Balance Forward Out	3	68	17	0	0	0	0	0
Biennial Change in Expenditures				3,394		(536)		(536)
Biennial % Change in Expenditures				143		(9)		(9)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	0.9	2.1	1.7	1.4	1.5	1.4	1.5	1.4

Program: Ag, Energy, Bioproduct Advancement

Activity: Ag Advancement Programs

[Program/Activity website](#)

AT A GLANCE

- Annual \$10.235 million state investment matched by \$60.3 million in private investment with estimated 980 jobs created.
- 118 livestock operations assisted; 100 were beginning farmers; all made environmental improvements
- 54 agriculture businesses expanded or entered new markets
- 15 meat processing businesses upgraded or expanded
- 22 schools increased purchases of MN grown produce, meat, dairy and grains
- \$2.83 million invested in commodity and cover crop research
- 94 Minnesota food businesses received cost share for retail sampling and wholesale tradeshow attendance
- University of Minnesota hiring 17 agriculture faculty positions.

PURPOSE & CONTEXT

The Agricultural Growth, Research and Innovation Program (AGRI) provides financial assistance to the agricultural and renewable energy industries to

- Support profitable farms and businesses
- Generate jobs; and
- Strengthen the agricultural economy.

The Agriculture Research, Education, Extension and Technology Transfer (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, and graduate students and post-doctoral fellowships.

We serve:

- Farmers
- Agribusinesses and entrepreneurs
- Schools and daycares
- Biofuels and bio-based chemical industries

SERVICES PROVIDED

Through AGRI, we stimulate 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 production incentives for advance biofuel production, and
- advance applied crop research to improve agricultural product quality, quantity and value.

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

- Livestock Investment Grants
- Value Added Agriculture Grants
- Farm to Schools Grants
- Crop Research Grants

- Sustainable Agriculture Demonstration Grants
- Blender Pump Cost Share Assistance
- Production Incentives for Advanced Biofuels
- Good Agricultural Practices Cost Share Assistance
- Beginning Farmer Farm Business Management Scholarships
- Food Business Trade Show Cost Share Assistance
- County Fair Agriculture Promotion Grants

Through AGREETT, we provide funds to the University of Minnesota for agricultural faculty positions in the College of Food, Agricultural and Natural Resource Sciences, MN 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	2008-2015
Result	Agricultural Jobs Created – Livestock Investment Grants(Construction/Farm)	1,100/227	674/188	2014-2015
Quantity	Number of Districts with Farm-to-School Programs	145	268	2011-2015
Result	Value-added Grant Program Leverage	\$4.3 M private/\$1 M state	\$7 M private/\$2M state	2013 -2015
Result	Agricultural Jobs Created – Value Added Grants	54	119	2013 - 015

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. 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.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	9,058	12,744	9,474	12,486	14,160	14,147	14,160	14,147
2018 - Agriculture Fund	0	0	3,624	9,288	8,501	8,502	8,501	8,502
3000 - Federal	0	0	73	7,000	5,500	0	5,500	0
Total	9,058	12,744	13,170	28,774	28,161	22,648	28,161	22,648
<i>Biennial Change</i>				20,143		8,864		8,864
<i>Biennial % Change</i>				92		21		21
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	228	298	332	340	340	346	340	346
Operating Expenses	418	482	254	395	361	355	361	355
Other Financial Transactions	0	0	1	0	0	0	0	0
Grants, Aids and Subsidies	8,413	11,964	12,584	28,039	27,460	21,947	27,460	21,947
Total	9,058	12,744	13,170	28,774	28,161	22,648	28,161	22,648
Total Agency Expenditures	9,058	12,744	13,170	28,774	28,161	22,648	28,161	22,648
Internal Billing Expenditures	0	0	0	4	19	20	19	20
Expenditures Less Internal Billing	9,058	12,744	13,170	28,770	28,142	22,628	28,142	22,628
<u>Full-Time Equivalents</u>	3.1	4.5	5.3	5.3	5.3	5.3	5.3	5.3

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	535	2,846	461	1,497	321	221	321	221
Direct Appropriation	10,235	10,435	14,993	19,810	22,560	22,560	22,560	22,560
Net Transfers			(4,483)	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)
Cancellations	0	537	0	0	0	0	0	0
Expenditures	9,058	12,744	9,474	12,486	14,160	14,147	14,160	14,147
Balance Forward Out	1,712	0	1,497	321	221	134	221	134
<i>Biennial Change in Expenditures</i>				158		6,347		6,347
<i>Biennial % Change in Expenditures</i>				1		29		29
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.1	4.5	5.1	5.1	5.1	5.1	5.1	5.1

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	876	113	137	113	137
Receipts	0	0	17	25	25	27	25	27
Net Transfers			4,483	8,500	8,500	8,500	8,500	8,500
Expenditures	0	0	3,624	9,288	8,501	8,502	8,501	8,502
Balance Forward Out	0	0	876	113	137	162	137	162
<i>Biennial Change in Expenditures</i>				12,912		4,090		4,090
<i>Biennial % Change in Expenditures</i>						32		32
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	73	7,000	5,500	0	5,500	0
Expenditures	0	0	73	7,000	5,500	0	5,500	0
<i>Biennial Change in Expenditures</i>				7,072		(1,572)		(1,572)
<i>Biennial % Change in Expenditures</i>						(22)		(22)
<i>Gov's Exp Change from Base</i>								0

3000 - Federal

Gov's Exp % Change from Base			0
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Program: Administration and Financial Assistance

Activity: Grants and Assistance

[Program/Activity website](#)

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 industry assisted, including ag youth, farmers and farm customers in need, ag researchers and others.

PURPOSE & CONTEXT

The Grants and Assistance activity passes money through the Minnesota Department of Agriculture (MDA) to other organizations and programs that focus on specific ag-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 assistance to county fairs and agricultural associations, the Minnesota Livestock Breeders Association, the Minnesota Poultry Association and the Minnesota Agricultural Education Leadership Council. 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, the future of agriculture in Minnesota.
- 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, legal services 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. Money provided through MDA has been used to purchase milk for distribution and to compensate producers and processors for harvesting and packaging surplus fruits, vegetables and other agricultural commodities that would otherwise go un-harvested or would be discarded.
- This activity also supports the development of future products for agricultural industries. By partnering with the Minnesota Turf Seed Council, the Minnesota Horticultural Society and the Northern Crops Institute, MDA supports their research, development and promotion of northern-hardy products and other activities.

RESULTS

Each of our partners reports to MDA on its educational, research and assistance activities. For county fair assistance, we measure 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	Percent county fair aid formula is funded	95%	95%	2012-2017
Quantity	Tons of food provided to food shelves and other emergency feeding organizations	3,044	6,749	2015-2016

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

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	2,217	4,763	2,572	3,921	3,480	3,480	4,480	4,480
2018 - Agriculture Fund	748	1,773	952	0	0	0	0	0
2403 - Gift	7	8	0	38	57	33	57	33
3000 - Federal	355	307	0	0	0	0	0	0
Total	3,327	6,851	3,524	3,959	3,537	3,513	4,537	4,513
<i>Biennial Change</i>				(2,696)		(433)		1,567
<i>Biennial % Change</i>				(26)		(6)		21
<i>Governor's Change from Base</i>								2,000
<i>Governor's % Change from Base</i>								28

Expenditures by Category

Compensation	39	21	20	32	0	0	0	0
Operating Expenses	291	279	176	1,094	805	780	805	780
Grants, Aids and Subsidies	2,998	6,550	3,327	2,833	2,733	2,733	3,733	3,733
Capital Outlay-Real Property	0	0	0	0	0	0	0	0
Total	3,327	6,851	3,524	3,959	3,537	3,513	4,537	4,513
<u>Full-Time Equivalents</u>	0.5	0.2	0.2	0.0	0.0	0.0	0.0	0.0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	25	231	775	8	0	0	0	0
Direct Appropriation	2,485	4,685	1,918	4,026	3,593	3,593	4,593	4,593
Net Transfers	(94)	(94)	(113)	(113)	(113)	(113)	(113)	(113)
Cancellations	0	59	0	0	0	0	0	0
Expenditures	2,217	4,763	2,572	3,921	3,480	3,480	4,480	4,480
Balance Forward Out	199	0	8	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(487)		467		2,467
<i>Biennial % Change in Expenditures</i>				(7)		7		38
<i>Gov's Exp Change from Base</i>								2,000
<i>Gov's Exp % Change from Base</i>								29
Full-Time Equivalents	0.5	0.2	0.2	0.0	0.0	0.0	0.0	0.0

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	721	1,093	1,083	21	0	0	0	0
Net Transfers	800	800	(109)	(21)				
Expenditures	748	1,773	952	0	0	0	0	0
Balance Forward Out	773	120	21	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(1,569)		(952)		(952)
<i>Biennial % Change in Expenditures</i>				(62)		(100)		(100)

2301 - Arts & Cultural Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Full-Time Equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	29	29	30	30	25	0	25	0
Receipts	0	0	0	33	33	33	33	33
Expenditures	7	8	0	38	57	33	57	33

(Dollars in Thousands)

2403 - Gift

Balance Forward Out	22	22	30	25	0	0	0	0
<i>Biennial Change in Expenditures</i>				22		52		52
<i>Biennial % Change in Expenditures</i>				147		139		139
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	115	9	23	0	0	0	0	0
Receipts	250	298	(22)	0	0	0	0	0
Expenditures	355	307	0	0	0	0	0	0
Balance Forward Out	9	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(662)				
<i>Biennial % Change in Expenditures</i>				(100)				

Program: Administration and Financial Assistance

Activity: Agency Services

<http://www.mda.state.mn.us/en/news/newsroom>

AT A GLANCE

- Administrative offices of the Commissioner, human resources, finance and budget
- Agency-level services for the public, agricultural industries and other governmental entities
- Implementation of statewide policies
- Leadership on agricultural issues

PURPOSE & CONTEXT

The Agency Services activity makes sure MDA stays responsive to the needs of agriculture in Minnesota and stays focused on advancing our mission.

The Department of Agriculture's 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.

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 Human Resources Division
- The Finance and Budget Division, which also provides staffing for loan programs under the Rural Finance Authority, a separate board made up of state officials and public members, and Ag Best Management Practices (AgBMP) loans.
- Hosting for staff of MN.IT, the state's Office of information technology

RESULTS

We maintain communication and coordination with farmers, ag groups, state boards, interagency committees, 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 our social media presence continues to increase and has helped with outreach on many issues, including the recent outbreak of avian influenza. The following table shows recent social media measurements.

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Facebook Fans	3,026	3,662	Sep 2015-
	Facebook Monthly Reach	20,202	61,138	Aug 2016
Results	Twitter Followers	13,526	15,154	Sep 2015-
	Twitter Monthly Impressions	75,700	94,200	Aug 2016

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

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	3,705	4,181	4,117	4,161	3,805	3,909	5,296	5,985
2000 - Restrict Misc Special Revenue	2,572	88	85	231	149	149	149	149
2001 - Other Misc Special Revenue	3,957	4,125	4,666	5,048	5,671	5,737	5,671	5,737
2018 - Agriculture Fund	0	0	19	295	432	439	432	439
2302 - Clean Water Fund	26	27	29	37	0	0	75	75
2403 - Gift	1	0	0	0	0	0	0	0
3000 - Federal	66	523	423	39	0	0	0	0
6000 - Miscellaneous Agency	0	0	0	2	2	2	2	2
8200 - Clean Water Revolving Fund	5,041	26	0	0	0	0	0	0
Total	15,368	8,970	9,340	9,813	10,059	10,236	11,625	12,387
<i>Biennial Change</i>				(5,184)		1,142		4,859
<i>Biennial % Change</i>				(21)		6		25
<i>Governor's Change from Base</i>								3,717
<i>Governor's % Change from Base</i>								18

Expenditures by Category

Compensation	4,001	4,598	4,587	5,099	5,499	5,584	6,083	6,584
Operating Expenses	4,043	4,359	4,440	4,608	4,558	4,650	5,540	5,801
Other Financial Transactions	7,323	1	177	31	2	2	2	2
Grants, Aids and Subsidies	0	10	27	40	0	0	0	0
Capital Outlay-Real Property	0	0	110	35	0	0	0	0
Total	15,368	8,970	9,340	9,813	10,059	10,236	11,625	12,387
Total Agency Expenditures	15,368	8,970	9,340	9,813	10,059	10,236	11,625	12,387
Internal Billing Expenditures	21	96	59	27	35	36	46	47
Expenditures Less Internal Billing	15,347	8,874	9,281	9,786	10,024	10,200	11,579	12,340

(Dollars in Thousands)

<u>Full-Time Equivalents</u>	47.8	52.2	51.5	56.0	57.4	57.4	60.9	60.9
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1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	80	178	351	0	52	0	52
Direct Appropriation	3,808	4,322	14,668	5,359	3,857	3,857	5,348	5,933
Net Transfers	(36)	(43)	(10,355)	(1,549)				
Cancellations	0	6	22	0	0	0	0	0
Expenditures	3,705	4,181	4,117	4,161	3,805	3,909	5,296	5,985
Balance Forward Out	67	172	351	0	52	0	52	0
<i>Biennial Change in Expenditures</i>				393		(565)		3,002
<i>Biennial % Change in Expenditures</i>				5		(7)		36
<i>Gov's Exp Change from Base</i>								3,567
<i>Gov's Exp % Change from Base</i>								46
Full-Time Equivalents	12.6	13.1	13.0	10.7	23.5	23.5	26.5	26.5

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	10,104	10,651	10,654	10,123	7,683	3,969	7,683	3,969
Receipts	2,813	65	156	200	190	176	190	176
Net Transfers	170	170	(118)	84				
Net Loan Activity	0	(231)	(484)	(2,491)	(3,755)	(1,320)	(3,755)	(1,320)
Expenditures	2,572	88	85	231	149	149	149	149
Balance Forward Out	10,516	10,568	10,123	7,683	3,969	2,676	3,969	2,676
<i>Biennial Change in Expenditures</i>				(2,344)		(18)		(18)
<i>Biennial % Change in Expenditures</i>				(88)		(6)		(6)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.0	0.8	0.6	0.6	0.6	0.6	0.6	0.6

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,744	6,079	6,859	7,501	7,377	6,887	7,377	6,887
Receipts	4,290	4,844	5,308	4,924	5,228	5,325	5,228	5,325
Internal Billing Receipts	4,267	4,832	5,265	4,885	5,185	5,285	5,185	5,285
Net Transfers					(47)	(47)	(47)	(47)

2001 - Other Misc Special Revenue

Expenditures	3,957	4,125	4,666	5,048	5,671	5,737	5,671	5,737
Balance Forward Out	6,077	6,798	7,501	7,377	6,887	6,428	6,887	6,428
<i>Biennial Change in Expenditures</i>				1,632		1,694		1,694
<i>Biennial % Change in Expenditures</i>				20		17		17
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	33.7	34.6	35.3	42.2	30.1	30.1	30.1	30.1

2018 - Agriculture Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	292	1,176	923	1,176	923
Receipts	0	0	193	179	179	179	179	179
Net Transfers			118	1,000				
Expenditures	0	0	19	295	432	439	432	439
Balance Forward Out	0	0	292	1,176	923	663	923	663
<i>Biennial Change in Expenditures</i>				314		558		558
<i>Biennial % Change in Expenditures</i>				84,924,911		177		177
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0.0	0.1	2.2	3.2	3.2	3.2	3.2

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	4	0	46	0	0	0	0
Direct Appropriation	200	200	75	75	0	0	75	75
Net Transfers	(170)	(170)		(84)				
Cancellations	0	7	0	0	0	0	0	0
Expenditures	26	27	29	37	0	0	75	75
Balance Forward Out	4	0	46	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				13		(66)		84
<i>Biennial % Change in Expenditures</i>				26		(100)		126
<i>Gov's Exp Change from Base</i>								150
Full-Time Equivalents	0.3	0.2	0.3	0.4	0	0	0.5	0.5

2403 - Gift

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0
Expenditures	1	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(1)				
<i>Biennial % Change in Expenditures</i>				(100)				

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	4	12	12	12	0	0	0	0
Receipts	62	519	423	27	0	0	0	0
Expenditures	66	523	423	39	0	0	0	0
Balance Forward Out	0	8	12	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(127)		(461)		(461)
<i>Biennial % Change in Expenditures</i>				(22)		(100)		(100)
Full-Time Equivalents	0.1	3.6	2.2	0.0	0.0	0.0	0.0	0.0

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	31	19	14	21	6	6	6	6
Receipts	(12)	(5)	7	(13)	2	2	2	2
Expenditures	0	0	0	2	2	2	2	2
Balance Forward Out	19	14	21	6	6	6	6	6
<i>Biennial Change in Expenditures</i>				2		2		2
<i>Biennial % Change in Expenditures</i>				3,433		89		89
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

8200 - Clean Water Revolving Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	20,891	24,561	26,540	26,614	22,178	10,738	22,178	10,738
Receipts	8,515	0	0	0	0	0	0	0

(Dollars in Thousands)

8200 - Clean Water Revolving Fund

Net Transfers	195							
Net Loan Activity	0	2,005	74	(4,436)	(11,440)	(3,889)	(11,440)	(3,889)
Expenditures	5,041	26	0	0	0	0	0	0
Balance Forward Out	24,560	26,540	26,614	22,178	10,738	6,850	10,738	6,850
<i>Biennial Change in Expenditures</i>				(5,067)				
<i>Biennial % Change in Expenditures</i>				(100)				

8250 - Rural Finance Administration

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,315	2,310	2,289	3,432	3,407	3,413	3,407	3,413
Receipts	48	40	58	32	22	25	22	25
Net Transfers	(53)	(31)	1,030	(35)				
Net Loan Activity	0	(31)	55	(22)	(16)	(14)	(16)	(14)
Balance Forward Out	2,310	2,289	3,432	3,407	3,413	3,424	3,413	3,424

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Dept. of Agriculture Natural Resources Conservation Service CFDA #10.912	Drainage Water Management Red River Basin – demonstrate on-farm the benefits of drainage water management to surface water quality and quantity (PFMD-B041F18)		0	50	25	0	Match	0
Dept. of Agriculture Natural Resources Conservation Services CFDA #10.902	MN Agricultural Water Quality Certification Program-provide technical assistance to landowners seeking water quality certification (PFMD-B041F46)		167	360	0	0		0
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (PFMD-B041F60)		179	237	433	299	Match	1.55
Environmental Protection Agency CFDA # 66.716	Bed Bug Outreach in Minnesota - Bedbug education and expanding outreach (PFMD-B041F61)		95	161	95	95		0
Dept. of Agriculture Sustainable Agriculture Research and Education CFDA #10.215	Farm Research to Quantify the Value of Cover Crops for Nutrient Crediting – evaluate ability of cover crops to scavenge and recycle soil nutrients (PFMD-B041F65)		0	15	15	0		0
Dept. of Interior Fish and Wildlife Service CFDA #15.608	Fishers & Farmers Root River Field to Stream Partnership Project-conservation planning, site assessments, and water quality monitoring (PFMD-B041F68)		0	30	9	0	Match	0
	Pesticide & Fertilizer Activity Total:		441	853	577	394		1.55
Dept. of Interior Fish and Wildlife Service CFDA #15.666	Wolf Livestock Demonstration Project Grant-Wolf Depredation and Livestock Compensation (PPD-B042F47)		29	140	100	100	Match	0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
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)		477	541	573	572	Match	4.14
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)		81	190	20	0	Match	.84
Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025	Plant & Animal Disease, Pest Control & Animal Care (PPD-B042F62)		960	926	802	742		9.84
	Plant Protection Activity Total:		1,547	1,797	1,495	1,414		14.82
Dept. of Health & Human Services Food & Drug Administration CFDA #93.103	Animal Feed Regulatory Program Standards, ISO Lab Accreditation, and Food Protection Rapid Response Capacity Building (LAB-B043F08)		242	470	289	165		1.05
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)		370	445	394	394		1.50
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)		616	715	635	635		4.02
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (LAB-B043F60)		515	543	312	276	Match	1.98
Environmental Protection Agency CFDA #66.700	2017 National Pesticide Residue Workshop (LAB-B043F61)		0	40	0	0		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (LAB-B043F83)		172	190	160	160	Match	1.14
	Laboratory Services Activity Total:		1,915	2,403	1,790	1,630		9.69
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 (FFIS-B044F08)		915	1,815	1,855	1,914		8.70
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Development & Assessment of Friendly Education Materials for Improving Food Safety in Small & Very Small Meat Processing Establishments (FFIS-B044F97)		0	10	0	0		0
	Food & Feed Inspection Services Total: Activity Total		915	1,825	1,855	1,914		8.70
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)		0	125	125	0		.50
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (DMID-B045F83)		1,329	1,420	1,417	1,305	Match	9.75
	Dairy & Meat Inspection Activity Total		1,329	1,545	1,542	1,305		10.25
	Total Program 01 Protection Services		6,147	8,423	7,259	6,657		45.01
Dept. of Agriculture Food & Nutrition Service CFDA #10.572	WIC Farmers Market Nutrition Program (AMDD-B046F17)		289	320	330	330	Match	0
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)		0	46	18	19		.40

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
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)		463	625	547	547		.17
Dept. of Agriculture Natural Resources Conservation Service CFDA #10.912	Iowa Soybean Association Technology Transfer of Bioreactor Operations & Conservation Drainage Placement-reduce nitrogen discharge and minimize production of environmentally undesirable byproducts (AMDD-B046F18)		19	30	0	0		0
Small Business Administration State Trade Export Promotion Program CFDA #59.061	Export assistance to small and medium sized food/ag companies (AMDD-B046F49)		20	12	0	0		0
Dept. of Agriculture National Institute of Food & Agriculture CFDA #10.307	Organic Ag Research & Extension-Tools for Organic Transition-Financial Data & Education Resources for Farmers & Ag Professionals (AMDD-B046F64)		0	58	0	0		0
Dept. of Agriculture Food & Nutrition Service CFDA #10.575	Farm to School-improve access to local foods in schools (AMDD-B046F88)		24	84	0	0		0
Dept. of Agriculture Agricultural Marketing Service CFDA #10.170	Specialty Crop Block Grant-enhance the competitiveness of our specialty crop industries (AMDD-B046F91)		1,119	2,400	1,575	1,633		1.30
Dept. of Agriculture Food & Nutrition Service CFDA #10.576	Senior Farmers' Market Nutrition Program (AMDD-B046F95)		108	134	115	115		0
	Ag Marketing & Development Activity Total:		2,042	3,709	2,585	2,644		1.47
	Total Program 02 Promotion & Marketing		2,042	3,709	2,585	2,644		1.47

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Dept. of Agriculture Commodity Credit Corporation CFDA #10.117	Biofuel Infrastructure Partnership-ethanol retail infrastructure development to increase use of higher ethanol fuel blends in MN to increase use of locally grown renewable fuels, reduce vehicle emissions (AMDD-B047F78)		73	7,000	5,500	0	Match	0
	Ag Advancement Programs Activity Total:		73	7,000	5,500	0		0
	Total Program 04 Ag Energy Bio Product Advancement Program		73	7,000	5,500	0		0
Dept. of Homeland Security CFDA #97.067	Homeland Security Risk Assessment (ADMIN-B049F52)		0	27	0	0		0
	Agency Services Activity Total:		0	27	0	0		0
	Total Program 06 Admin		0	27	0	0		0
	Total Agency Agriculture – B04		8,262	19,159	15,344	9,301		46.48

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 Management 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. Federal awards received from Natural Resources Conservation Service and Fish and Wildlife Management Assistance to demonstrate the benefits of drainage water management or support conservation planning are matched with Clean Water funds.

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 survey and detection programs for pests such as potato cyst nematode, plum pox disease, gypsy moth, emerald ash borer, and karnal bunt of wheat. 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. Required matching funds are generally provided through state General Fund appropriations or state grants from the Environment and Natural Resources Trust Fund. Funds from the U.S. Department of Interior's Fish and Wildlife Service help to compensate farmers and ranchers with damage claims related to elk or

wolf and required matching funds are provided by State General Fund appropriations. The availability of federal funds declined sharply after state fiscal year 2012 and have not recovered.

Laboratory Services Division

Through the U.S. Department of Agriculture's 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 for surveillance and outbreak response. In addition, funds are provided to participate on the Risk Assessment Working Group to enhance the ability to handle unknown biological contaminants and maintain one of three National Food Emergency Response Network Training Centers that will host and conduct training. 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 General Fund. Funding received from the Food and Drug Administration funds the laboratory's analytical capability and capacity for the analysis of food and food products in order to rapidly respond to any local or national food safety or security threat from the use of chemical contaminants, toxins, and poisons. The FDA also funds our efforts to expand our scope of methods accredited to the International Organization for Standardization (ISO)/International Electrotechnical Commission (IEC) 17025:2005 laboratory testing standard. 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. Additionally the USEPA will be funding a national pesticide residue workshop to be hosted by our laboratory. Federal funding from the FDA for ISO/IEC 17025:2005 accreditation efforts is scheduled to expire at the end of the Federal fiscal year. Other funding from the Food and Drug Administration and EPA 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 Food Inspection Division

Federal awards received by the MDA's Dairy and Meat Inspection Division have been relatively stable. The DMID did receive federal funding for a drug residue prevention project which is a 2 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 is expected to remain stable for FY 2017-18; however, it is expected that the State will require an increase level of Federal funding to fully capitalize on the level of State funding available. The 100% required State match is from the General Fund. No fees are currently used to support this activity.

Marketing and Development Division

The U.S. Department of Agriculture's Ag Marketing Services provides funding to enhance the competitiveness of specialty crops and provide support for socially disadvantaged and beginning farmers of these crops. Funding for this grant has increased in recent years. Funding provided to defray the costs of organic certification is expected to remain stable. Currently, there are no required matching funds. The Farmers Market Nutrition Program provides funding 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 are provided by the General Fund. Federal funding for the biofuel infrastructure partnership with USDA Commodity Credit Corporation will end at the end of fiscal year 2018.

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 2018 and 2019. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.