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AT A GLANCE

- 450 employees across the state
- Conducted 7,795 inspections of 4.7 million pounds of processed meat and poultry products
- Conducted 7,800 dairy farm inspections
- Certified 1.2 billion pounds of ag products for export to 63 countries
- Surveyed for more than 40 invasive species threats
- $10.2 million matched by $63.3 million in private investment
- 1,225 farms and farmers' markets licensed to use the Minnesota Grown logo
- In partnership with 86 counties, collected 361,054 pounds of waste pesticides in 2013

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.

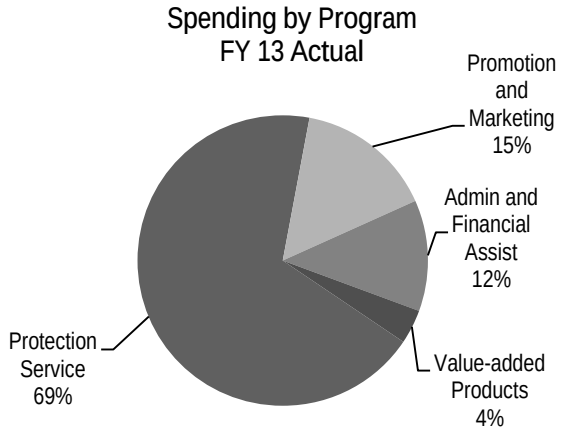
The Minnesota Department of Agriculture (MDA) provides many services to Minnesota farmers, their consumers, and the Agriculture economy. Among our many efforts, we:

- 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:

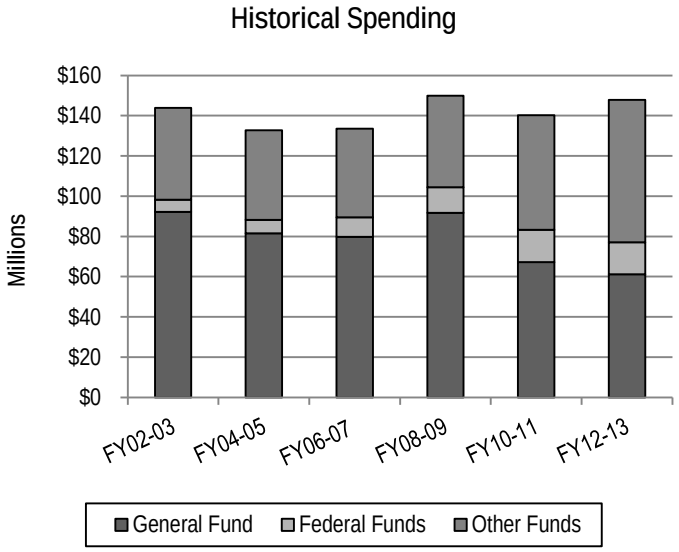
- A thriving economy that encourages business growth and employment opportunities
- All Minnesotans have optimal health
- People in Minnesota are safe
- A clean, healthy environment with sustainable uses of natural resources

BUDGET



Note: Promotion & Marketing includes pass-thru grants

Source: SWIFT



Source: Consolidated Fund Statement

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 certain authority to the commissioner.

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	35,269	25,810	29,219	36,588	31,599	31,600	30,130	30,341
2000 - Restricted Misc Special Rev	4,512	4,543	3,897	2,501	2,622	2,694	2,747	2,819
2001 - Other Misc Special Rev	3,046	3,570	3,957	4,352	5,093	5,048	5,093	5,048
2018 - Agriculture Fund	22,137	23,160	24,981	29,338	26,997	26,919	33,347	34,038
2050 - Environment & Natural Resource	211	184	249	855	107	105	107	105
2301 - Arts & Cultural Heritage Fund	1,333	1,427		0	0	0	0	0
2302 - Clean Water Fund	2,036	2,913	3,742	13,150	0	0	8,460	8,460
2403 - Gift	33	14	92	114	26	15	26	15
2801 - Remediation Fund	1,759	1,922	1,402	1,978	1,948	1,948	1,948	1,948
3000 - Federal	8,623	7,277	7,286	8,084	8,363	8,208	8,613	8,458
6000 - Miscellaneous Agency	75	66	57	66	59	60	59	60
8200 - Clean Water Revolving	3,682	4,748	5,041	5,326	5,621	5,930	5,621	5,930
8250 - Rural Finance Administration				60		75	10	85
Total	**82,717**	**75,635**	**79,922**	**102,413**	**82,436**	**82,603**	**96,162**	**97,308**
Biennial Change				23,983		(17,296)		11,135
Biennial % Change				15		(9)		6
Governor's Change from Base								28,431
Governor's % Change from Base								17

Expenditures by Program

Program: Protection Service	43,119	45,831	47,400	63,099	47,087	46,849	60,397	60,928
Program: Promotion and Marketing	4,800	5,364	4,769	5,709	7,158	7,180	7,148	7,170
Program: Value-added Products	15,398	2,627	9,058	12,147	10,235	10,235	10,235	10,235
Program: Admin and Financial Assist	19,399	21,813	18,695	21,457	17,956	18,339	18,382	18,975
Total	**82,717**	**75,635**	**79,922**	**102,413**	**82,436**	**82,603**	**96,162**	**97,308**

Expenditures by Category

Compensation	31,643	33,809	34,491	40,126	35,978	36,050	42,462	43,404
Operating Expenses	21,327	23,634	25,317	36,018	25,365	24,997	32,597	32,338
Other Financial Transactions	7,402	8,830	7,510	6,418	6,575	7,014	6,585	7,024
Grants, Aids and Subsidies	21,418	9,073	12,353	19,199	14,469	14,494	14,469	14,494
Capital Outlay-Real Property	927	288	251	652	49	49	49	49
Total	**82,717**	**75,635**	**79,922**	**102,413**	**82,436**	**82,603**	**96,162**	**97,308**

Expenditures by Category

Total Agency Expenditures	82,717	75,635	79,922	102,413	82,436	82,603	96,162	97,308
Internal Billing Expenditures	4,005	4,174	4,293	5,172	4,720	4,601	5,105	5,096
Expenditures Less Internal Billing	**78,712**	**71,461**	**75,629**	**97,240**	**77,716**	**78,002**	**91,057**	**92,212**
Full-Time Equivalents	**420.6**	**441.3**	**432.1**	**446.8**	**409.6**	**407.7**	**472.6**	**477.2**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	3,229	3,029	560	2,650	0	0	0	0
Direct Appropriation	37,942	24,279	31,625	34,265	31,920	31,920	30,451	30,661
Receipts	0	0	0	0	0	0	0	0
Net Transfers	(310)	(432)	(316)	(321)	(321)	(321)	(321)	(321)
Cancellations		505		5				
Expenditures	**35,269**	**25,810**	**29,219**	**36,588**	**31,599**	**31,600**	**30,130**	**30,341**
Balance Forward Out	5,593	560	2,650	0	0	0	0	0
Biennial Change in Expenditures				4,728		(2,608)		(5,336)
Biennial % Change in Expenditures				8		(4)		(8)
Gov's Exp Change from Base								(2,728)
Gov's Exp % Change from Base								(4)
FTEs	135.3	143.3	128.2	124.1	121.2	120.8	130.7	130.3

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	5,930	7,846	11,875	11,962	13,737	14,613	13,737	14,613
Direct Appropriation	0	0	0	0	0	0	0	0
Receipts	2,412	3,623	3,813	3,940	3,498	3,640	3,623	3,765
Net Transfers	4,000	4,952	170	336				
Expenditures	**4,512**	**4,543**	**3,897**	**2,501**	**2,622**	**2,694**	**2,747**	**2,819**
Balance Forward Out	7,829	11,879	11,962	13,737	14,613	15,560	14,613	15,560
Biennial Change in Expenditures				(2,657)		(1,082)		(832)
Biennial % Change in Expenditures				(29)		(17)		(13)
Gov's Exp Change from Base								250
Gov's Exp % Change from Base								5
FTEs	11.6	11.3	11.7	12.1	12.8	12.4	13.8	13.4

2001 - Other Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	3,971	5,002	5,744	6,077	6,200	5,672	6,200	5,672
Receipts	4,112	4,303	4,290	4,476	4,564	4,561	4,564	4,561
Internal Billing Receipts	4,098	4,293	4,267	4,475	4,563	4,560	4,563	4,560
Expenditures	**3,046**	**3,570**	**3,957**	**4,352**	**5,093**	**5,048**	**5,093**	**5,048**
Balance Forward Out	5,037	5,735	6,077	6,200	5,672	5,184	5,672	5,184

2001 - Other Misc Special Rev

Biennial Change in Expenditures				1,693		1,832		1,832
Biennial % Change in Expenditures				26		22		22
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	35.6	36.5	33.7	33.7	36.8	36.8	36.8	36.8

2018 - Agriculture Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	20,190	20,381	18,880	17,257	12,153	10,324	12,153	10,324
Receipts	21,848	22,833	23,172	24,048	24,975	25,874	31,481	33,604
Net Transfers	162	(1,922)	186	186	186	186	186	186
Expenditures	**22,137**	**23,160**	**24,981**	**29,338**	**26,997**	**26,919**	**33,347**	**34,038**
Balance Forward Out	20,060	18,132	17,257	12,153	10,324	9,462	10,324	9,462
Biennial Change in Expenditures				9,021		(402)		13,067
Biennial % Change in Expenditures				20		(1)		24
Gov's Exp Change from Base								13,469
Gov's Exp % Change from Base								25
FTEs	163.2	175.5	183.9	196.1	188.9	188.1	213.1	218.8

2050 - Environment & Natural Resource

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		39	105	446	212	105	212	105
Direct Appropriation	250	250	590	621	0	0	0	0
Expenditures	**211**	**184**	**249**	**855**	**107**	**105**	**107**	**105**
Balance Forward Out	39	105	446	212	105		105	
Biennial Change in Expenditures				709		(892)		(892)
Biennial % Change in Expenditures				179		(81)		(81)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	1.2	1.7	2.7	2.7	1.9	1.9	1.9	1.9

2301 - Arts & Cultural Heritage Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		87						

2301 - Arts & Cultural Heritage Fund

Direct Appropriation	1,400	1,400						
Receipts			0					
Cancellations		60						
Expenditures	**1,333**	**1,427**		0	0	0	0	0
Balance Forward Out	67							
Biennial Change in Expenditures				(2,761)		0		0
Biennial % Change in Expenditures				(100)		0		0
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0

2302 - Clean Water Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1,436	3,180	3,015	5,860				
Direct Appropriation	7,700	7,700	7,310	7,460	0	0	8,460	8,460
Net Transfers	(4,000)	(4,952)	(722)	(170)				
Cancellations		0						
Expenditures	**2,036**	**2,913**	**3,742**	**13,150**	0	0	**8,460**	**8,460**
Balance Forward Out	3,101	3,014	5,860					
Biennial Change in Expenditures				11,943		(16,892)		28
Biennial % Change in Expenditures				241		(100)		0
Gov's Exp Change from Base								16,920
FTEs	12.8	15.5	18.3	27.5	0	0	25.8	25.8

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	57	61	68	62	11		11	
Receipts	37	21	86	65	15	15	15	15
Expenditures	**33**	**14**	**92**	**114**	**26**	**15**	**26**	**15**
Balance Forward Out	60	68	62	11				
Biennial Change in Expenditures				159		(165)		(165)
Biennial % Change in Expenditures				337		(80)		(80)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs		0.1	0.5	0.8	0	0	0	0

(Dollars in Thousands)

2801 - Remediation Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		73		30				
Direct Appropriation	388	388	388	388	388	388	388	388
Open Appropriation	1,444	1,502	1,044	1,560	1,560	1,560	1,560	1,560
Cancellations		41						
Expenditures	**1,759**	**1,922**	**1,402**	**1,978**	**1,948**	**1,948**	**1,948**	**1,948**
Balance Forward Out	73		30					
Biennial Change in Expenditures				(301)		516		516
Biennial % Change in Expenditures				(8)		15		15
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	2.4	3.4	2.7	2.5	2.5	2.5	2.5	2.5

3000 - Federal

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	421	595	1,390	481	5	5	5	5
Receipts	8,388	7,638	6,377	7,773	8,363	8,208	8,613	8,458
Net Transfers				(166)				
Expenditures	**8,623**	**7,277**	**7,286**	**8,084**	**8,363**	**8,208**	**8,613**	**8,458**
Balance Forward Out	186	955	481	5	5	5	5	5
Biennial Change in Expenditures				(530)		1,201		1,701
Biennial % Change in Expenditures				(3)		8		11
Gov's Exp Change from Base								500
Gov's Exp % Change from Base								3
FTEs	57.2	52.7	50.2	47.1	45.3	45.0	47.8	47.5

6000 - Miscellaneous Agency

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	1,008	86	52	48	34	40	34	40
Receipts	(922)	(33)	(12)	0	0	0	0	0
Net Transfers	75	65	65	65	65	65	65	65
Expenditures	**75**	**66**	**57**	**66**	**59**	**60**	**59**	**60**
Balance Forward Out	86	52	48	34	40	45	40	45
Biennial Change in Expenditures				(18)		(3)		(3)
Biennial % Change in Expenditures				(13)		(3)		(3)

(Dollars in Thousands)

6000 - Miscellaneous Agency

Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3

8200 - Clean Water Revolving

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	8,693	11,750	20,891	24,560	23,922	22,614	23,922	22,614
Receipts	5,830	13,888	8,515	4,688	4,313	4,441	4,313	4,441
Net Transfers	909		195					
Expenditures	**3,682**	**4,748**	**5,041**	**5,326**	**5,621**	**5,930**	**5,621**	**5,930**
Balance Forward Out	11,750	20,890	24,560	23,922	22,614	21,125	22,614	21,125
Biennial Change in Expenditures				1,937		1,184		1,184
Biennial % Change in Expenditures				23		11		11
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

8250 - Rural Finance Administration

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	10,525	2,308	2,315	2,310	2,262	2,274	2,262	2,274
Receipts	16	11	48	32	32	32	42	42
Net Transfers	(8,234)	(4)	(53)	(20)	(20)	(20)	(20)	(20)
Expenditures				**60**		**75**	**10**	**85**
Balance Forward Out	2,308	2,315	2,310	2,262	2,274	2,211	2,274	2,211
Biennial Change in Expenditures				60		15		35
Biennial % Change in Expenditures						25		58
Gov's Exp Change from Base								20
Gov's Exp % Change from Base								27

Change Item: Operating Adjustment

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	206	416	416	416
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	206	416	416	416
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding for compensation related costs associated with the delivery of agency services. This amount represents an annual increase of 1.8% for General Fund compensation costs.

Rationale/Background:

Each year, compensation costs rise due to labor contract settlements, and changes in employer-paid contributions for insurance, FICA, Medicare, retirement, and other factors. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced staffing and/or reduced non-compensation spending.

Proposal:

The Governor recommends increasing agencies' general fund budgets for employee wage and benefit costs by 1.8% per year for FY 2016-17. Agencies were instructed to include a 1.8% increase to total compensation each year in their base budgets, based upon the compound annual compensation spending rate increase per FTE over the last ten years for executive branch employees. This recommendation is intended to allow agencies to maintain their current level of agency operations.

For non-General Fund direct appropriated funds, the Governor's budget recommendations also include an adjustment of 1.8% per year, where the amount can be supported by the source of revenue.

Results:

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

Statutory Change(s):

Not applicable.

Change Item: Wolf Depredation Compensation

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	100	100	100	100
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	100	100	100	100
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the wolf depredation compensation allocation by $100,000 in FY 2016 and $100,000 in FY 2017. Base funding currently is $25,000 per fiscal year and would be increased to $125,000 per fiscal year.

Rationale/Background:

The wolf depredation and elk damage compensation allocations currently are $25,000 and $75,000 respectively per fiscal year. Until this biennium, each was $75,000 per fiscal year, $150,000 for the biennium. The $300,000 in total biennial appropriation could be cross-utilized within the biennium. This option has proven invaluable as damages are neither predictable nor consistent. Losses due to wolves have increased in recent years and exceeded the previous $150,000 biennial appropriation. The allocations are currently depleted. An increase in base funding would stabilize the program.

The number/percentage of claims unpaid is increasing. The percentage of claims paid is decreasing due to depletion of allocated funds.

Proposal:

In this proposal:

- No additional staff will be required. The funds will be disbursed through the existing Animal Damage Compensation Program.
- Livestock producers would support the proposal.
- The goal is to successfully pay all valid claims.
- The increase in funding will more closely match the current animal producer claims of loss due to wolf depredation.

Results:

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Payment of livestock claims due to wolf depredation	100%	80%	2012-2013 biennium versus 2014-2015 biennium to date

The current rate only includes claims submitted through half of FY15 and takes into account Federal funding received in addition to state funding. This rate will go down by the end of the biennium as new claims come in.

Statutory Change(s):

None

Change Item: Dairy Program General Fund Increase

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	400	400	400	400
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	400	400	400	400
FTEs	4	4	4	4

Recommendation:

The Governor recommends an increase to the Dairy General Fund appropriation of $400,000 in FY 2016 and $400,000 in FY 2017. Historically, the Dairy Inspection program and Food Inspection Program have shared a General Fund Appropriation. The Dairy Inspection Program also uses dedicated fees to support approximately 2/3 of the program activities with the General Fund supporting the remaining activities. However, over the past two years, the General Fund appropriation allocated for the Dairy Inspection program has been reduced by 20-30%. The impact of this change has made the Dairy Inspection Program dependent upon the Dairy Services fund for resources. Because of this change, increases in staff salary costs, and some reductions in fees collected, the Dairy Services Fund balance has decreased rapidly and is nearing zero, with projections of a negative balance of over $1 million in the 2016-2017 biennium. The additional General Fund appropriation would increase the overall General Fund appropriation by 20% and would be used to fill the funding deficit and prevent layoffs and negative program consequences. No new staff would be added with this proposal as funding would support current staffing levels, allowing MDA to maintain 4 FTEs.

Rationale/Background:

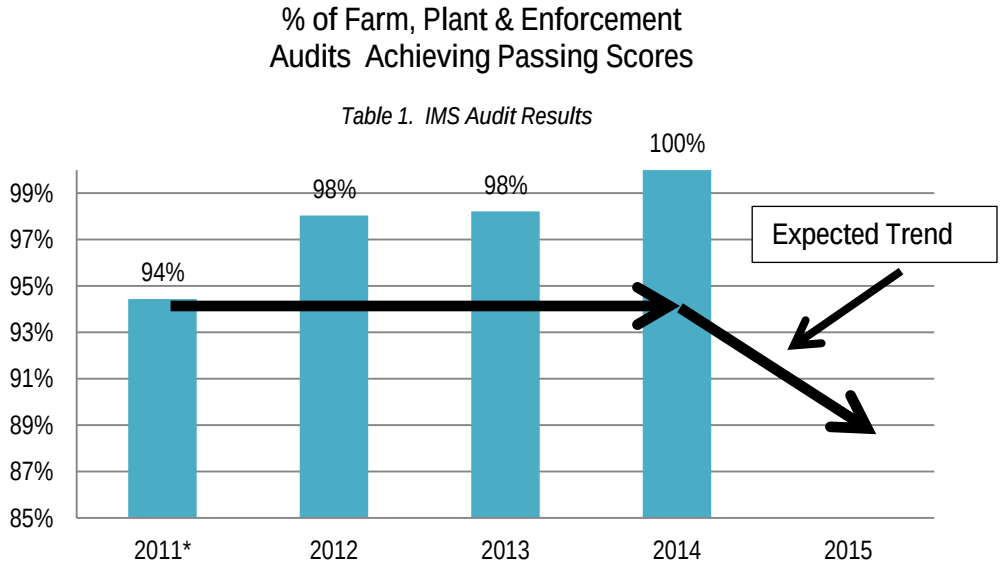
This request is part of a larger effort to fill the fiscal gap. Along with a General Fund appropriation, the Dairy Inspection program is asking to raise fees associated with inspection work so that they are recovering a greater portion of the actual cost of the work. While dairy farmers and processors can bear some of cost burden, all citizens of Minnesota benefit from the production of safe and wholesome dairy products and a thriving economy. A General Fund appropriation increase is needed to maintain this balance.

Proposal:

This proposal requests an increase in the Dairy General Fund appropriation of $400,000. As stated above, this is a substantial increase compared to the current General Fund appropriation but necessary to fill a large projected budget shortfall.

Results:

Maintaining adequate funding for the Dairy Inspection program activities is important to the Agency and the Dairy industry. Because many inspection activities are mandated by law and required for Grade A Dairy Processors to sell their products in other States and internationally, compliance with the laws, including inspection frequencies and inspection activities, is very important. Current performance on audits is at acceptable levels as shown in Table 1. However, with a projected shortfall of over $1M, the dairy program will be required to reduce its inspection staff substantially. This reduction is expected to result in the failure to meet inspection frequencies which causes failed audits. When dairy plants and/or the Agency fail Interstate Milk Shipment audits, they cannot sell milk into other States or internationally (see expected trend). For this reason, the program and industry strive to pass 100% of audits.



Statutory Change(s):

None.

Change Item: Dairy Laboratory Work

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	150	150	150	150
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	150	150	150	150
FTEs	1	1	1	1

Recommendation:

The Governor recommends $150,000 in FY 2016 and $150,000 in FY 2017 from the general fund to support dairy laboratory sampling for the Minnesota Dairy Inspection Program. This funding will be used to fund laboratory staff and the supplies needed to conduct regulatory mandated dairy sampling as well as public health risk based regulatory sampling in dairy plants.

Rationale/Background:

Beginning in 2009, the Dairy Program increased the payment to the MDA lab from $146,000 to $410,000 in order to offset a decrease in General Fund funding available to the lab to support this testing. The Dairy Inspection program has continued to fund the lab at the $410,000 level until 2013, when expenses dropped to $330,000 due to increases in efficiencies gained through program modifications. The Dairy program reduced the amount of funding transferred to the lab in FY 2015 to $280,000 based on the amount available from program funding to give to the lab and additional efficiencies gained; however, this level of funding may not be sufficient to support necessary sampling activities. Laboratory sampling of dairy products is mandated by regulation; without a sufficient sampling frequency dairy plants would not be able to sell Grade A dairy products across State lines or into other countries. Currently, the program is meeting minimum frequencies. However, because of a significant funding gap projected in 2016 and 2017, the program may be required to reduce sampling activities to the point where it will no longer be able to meet regulatory mandates.

Proposal:

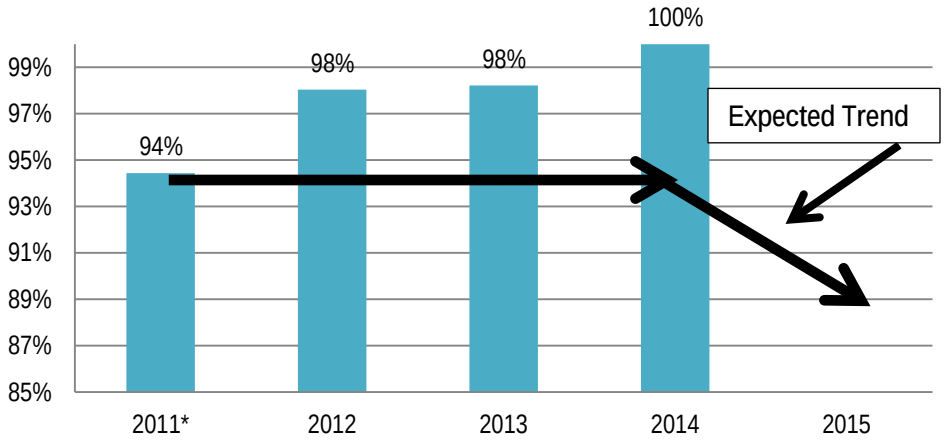
This request would fund laboratory personnel as well as provide the supplies, equipment and equipment maintenance necessary to support laboratory testing. The dairy program has addressed sampling efficiency and activities in order to address the pending funding deficit. These efforts have created efficiencies by eliminating duplication of testing, minimized or eliminated non-regulatory mandated testing, and focused on conducting analyses that are the most important for protecting public health. Despite these gains, the projected shortfall remains and additional funding is necessary to fill the gaps. Table 1 shows dairy program sampling numbers as well as funding for the program over the past nine years.

Table 1	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Number of Samples	3,185	3,777	3,589	3,635	3,459	3,671	3,421	3,168	2,935	
Total Number of Tests	13,404	16,126	15,151	16,045	15,240	16,008	12,484	10,044	8,190	
Total Number of Analytes	14,072	16,126	15,739	16,702	15,890	16,644	12,862	10,173	8,287	
Avg/tests/sample	4.2	4.3	4.2	4.4	4.4	4.4	3.6	3.2	2.8	
Funding from DFID to the lab for dairy testing	$133,000	$133,000	$146,000	$410,000	$410,000	$410,000	$410,000	$330,000	$370,000	$ 280,000*

*$280,000 based on funding available to give for lab sampling, not actual costs.

Results:

Dairy laboratory testing frequency and quality is a significant contributor to Interstate Milk Shipment audit scores and overall results. Table 2 illustrates the current trend for these results as well as the expected trend if additional program funding is not made available. A much higher percentage of audits is expected to fail due to lack of sampling numbers. When dairy plants and/or the Agency fail Interstate Milk Shipment audits, they cannot sell milk into other States or internationally (see expected trend). For this reason, the program and industry strive to pass 100% of audits.



Statutory Change(s):

None

Change Item: Additional Meat Inspectors

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Federal Fund				
Expenditures	250	250	250	250
Revenues (from USDA)	250	250	250	250
Net Fiscal Impact = (Expenditures – Revenues)	250	250	250	250
FTEs	5	5	5	5

Recommendation:

The Governor recommends an increase of $250,000 in FY 2016 and $250,000 in FY 2017 in the General Fund appropriation for the Minnesota Meat and Poultry Inspection Program. This increase would be matched by the United States Department of Agriculture's Food Safety Inspection Service as a part of the State Inspection Program's Cooperative Agreement. This increase is needed to support the addition of 5 FTEs for conducting meat inspections and providing outreach to local and small meat processors and livestock producers.

Rationale/Background:

The Minnesota Meat and Poultry Inspection Program is a State "Equal To" meat inspection program which provides food safety based inspection services to small, local and niche processors who need inspection in order to sell their products freely in Minnesota. It is called "Equal To" because the program provides services that are equal to those provided by the United States Department of Agriculture's Food Safety Inspection Service. Because it meets the "Equal To" standard, the program currently receives a federal fund match from the United States Department of Agriculture's Food Safety Inspection Service which provides 50% of the total program funding.

Feedback received from program stakeholders, including livestock producers, meat processors and other local sustainable agricultural groups, has demonstrated that the lack of inspected meat and poultry processors is a significant bottleneck in the local agricultural economy. Currently, there are between 52-55 active plants under inspection at any given time. The addition of new plants to the program, as well as new products and activities in existing plants, is limited by the availability of inspectors in the area. A significant increase in request for inspections in the past 6 months has shown that there is a significant demand for these services. The ability of the program resources to meet this demand varies based on where the demand is, where inspectors are, and how busy the current inspectors are. When the program cannot provide an inspector, the meat processor must wait until an inspector is available, or pursue inspection with the USDA Food Safety Inspection Service if it is available. Because the State program is more user-friendly and size appropriate for small, local and ethnically diverse processors, many request inspection from the State, choosing to wait for inspection services, even if the wait is expected to be long.

The Inspection Program must also maintain specific standards in order to maintain its standing with the United States Department of Agriculture's Food Safety Inspection Service and the Federal match money. Of the nine standards, the staffing component is currently the most challenging to meet with current resources. Daily inspections are required, including inspections of each animal slaughtered under inspection. The program must demonstrate it is meeting those standards on a routine basis.

Proposal:

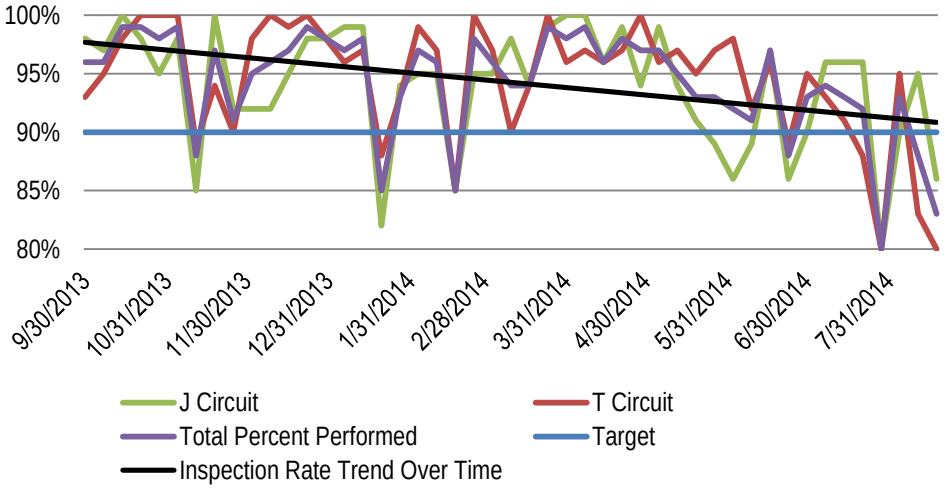
The current request for $250,000 in funding for additional inspection staff is intended to be used to meet the current inspection demand and maintain adequate inspection frequencies for the Federal Cooperative Agreement. Currently, the demand for inspection far exceeds the availability of inspectors. Demand for inspection services has remained steady over the past few years; however, recently, the demand for inspection has increased significantly as processors and farmers have identified new and expanding markets for their products. Between May and July of 2015, the department went from meeting 80% of inspection needs to 75% of inspection needs. Approximately 1 out of every 4 plants demanding inspection does not have inspection because inspectors are not available to conduct these inspections. Even more plants are expected to be without inspection and lose potential business opportunities if additional inspection resources are not made available.

The addition of inspection personnel also supports outreach opportunities to small meat and poultry processors or livestock producers involved in direct marketing activities. Small plants depend upon assistance from inspection staff as they work to meet regulatory requirements. The current program inspectors are stretched to the point of focusing only on conducting the minimum level of required inspections and have no additional time to assist new or prospective plants in working to meet the requirements so that they can expand their business. By providing adequate funds for inspection staff, inspection program staff can spend additional time helping new , prospective or even existing processors learn and meet the regulatory requirements, which contributes toward the production of safe products.

Results:

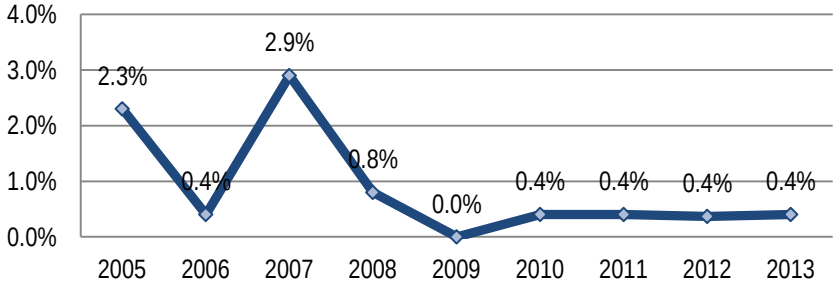
Meeting the required inspection frequencies is a critical part of maintaining the program's "Equal To" status with the Food Safety Inspection Service and maintaining the 50% funding match. Each animal must be inspected and each plant must be inspected each day they are operating under inspection. Rates of inspection are tracked on a weekly basis to ensure the program is maintaining staffing at an acceptable level. Because of current budget challenges the program is also short staffed for completing the inspections at plants already under inspection. The inspection rate trend is currently falling and is expected to fall below the acceptable limit of 90% if additional resources are not made available.

Figure 2. Daily Inspection Frequencies Over Time



Inspection services are both an economic stimulator and a food protection service. The implementation of the regulatory requirements and the enforcement of those regulatory requirements are intended to ensure that meat and poultry products are safe. This program is one of many programs that affect food safety. The regulations enforced in this program are also broad and address a wide variety of safety issues, but progress can be tracked on an individual issue basis in some cases. For example, assessment of program laboratory sampling data for *Listeria moncytogenes* over the years has shown that the level of contamination in the products produced in plants under inspection has been reduced. A major push for stronger control programs in the meat processing plants was enforced beginning in 2006 and 2007, with the results trending toward zero in the subsequent years.

Figure 3. Percent of Routine Ready-To-Eat Products Positive for Listeria monocytogenes, by Federal Fiscal Year



In addition, Food Safety Assessment audits are routinely conducted at processing plants that are under the inspection program to ensure the plants are meeting the regulatory requirements on a system-wide level and that inspection personnel are identifying violation and obtaining compliance when violations have been found. Corrective actions, including increased outreach efforts, are taken by program staff when trends in violations are identified. As shown on Table 1, auditors are identifying violations and taking action when violations are noted.

Table 1. Results of Food Safety Audits Over Time

Enforcement Level	Year							
	2006	2007	2008	2009	2010	2011	2012	2013
Audits Performed	27	56	33	19	14	33	22	19
Minor Violations Only	37%	55%	53%	74%	21%	60%	55%	42%
Follow up Required (30 day reassessment)	22%	38%	32%	26%	57%	33%	36%	53%
Critical Violations noted – Immediate action necessary	41%	7%	8%	0%	21%	6%	8%	5%
Suspension	0%	0%	3%	0%	0%	0%	0%	0%

The inspection program is already functioning on a high level and has demonstrated it can improve the safety of food produced in the processing plants it oversees, as well as meet Federal requirements for operating. The goal of this recommendation for additional funding is to expand these inspection services so that inspection staff can meet the demand for these services and to ensure the program can continue to meet the regulatory requirements and ensure food produced in these plants is safe during an expansion to new plants. If funding is made available for additional meat inspection staff, the program expects to add at least one inspector in the southeastern portion of the state, two inspectors in the metro area, fill a current inspection vacancy for the northeastern part of the State and hire part-time or relief inspectors as necessary to fill inspection gaps. These changes would allow many meat establishments to receive inspection that are currently on the waiting list. By providing these plants with inspection services, they will have increased opportunities for growth as will livestock producers have increased opportunities for marketing their products to grocery stores, restaurants and at Farmer's Markets.

Statutory Change(s):

None.

Change Item: Corporate Farm Filing Requirement Modification

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Restricted Special Revenue Fund				
Expenditures	135	135	135	135
Revenues	135	135	135	135
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1	1	1	1

Recommendation:

The Governor recommends adding a $15 filing fee to existing corporate farm reporting requirements. The revenue generated would be used to pay for one dedicated staff plus some legal staff time to work with the review and processing of these reports.

Rationale/Background:

Minnesota Statute (Section 500.24) states that no corporation, limited liability company, pension or investment fund, trust or limited partnership shall own, acquire, or otherwise obtain any interest in, agricultural land, or engage in farming, unless the commissioner of agriculture issues an exemption from this law. The commissioner may issue an exemption if the exemption would not contradict the purpose of the law and entity would not have a significant impact on the agricultural industry or the economy. The purpose of this law is to protect the family farm and promote the stability and well-being of rural society in Minnesota.

Filings for corporate farm exemptions have increased dramatically in recent years. There are currently 9,000 to 10,000 entities in the program. Additional staff time is needed to ensure that reports are processed appropriately and the requirements of the law are met.

Minnesota Statute (16A.1285) states that service and regulatory charges should be set at a level that neither significantly over recovers nor under recovers costs of providing the services requested.

Proposal:

This proposal adds a $15 fee to the existing requirement for farming entities to report certain information to the commissioner of agriculture each year. This is an appropriate cost of doing business for these entities in order to provide the commissioner with sufficient resources to ensure that the intent of the law is being met.

IT Proposals:

Not applicable.

Results:

The result of this change will be that taxpayers will no longer be paying for the costs associated with these businesses getting meeting their legal requirements. At the same time, the public will remain confident that the law is being followed.

Statutory Change(s):

This proposal will require a change to M.S. 500.24.

Change Item: Canning Case Fee Assessment

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	70	70	70	70
Revenues	70	70	70	70
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0.7	0.7	0.7	0.7

Recommendation:

The Governor recommends increasing the maximum assessment in the Commercial Canneries Inspection Program from $6,000 to $12,000. The program is funded by an annual case assessment on all foods packed, canned, or preserved at each cannery. The proposal maintains the current rate of ½ cent per case assessment but increases the maximum assessment at each cannery from $6,000 to $12,000. This is a 100% increase. The fees have not been increased since 2001when they were increased from $3,000 to the current level of $6,000 at each cannery and prior to that had not been increased since 1991.

Rationale/Background:

The Commercial Canneries Inspection Program is funded by an annual case assessment on all foods packed, canned, or preserved at each cannery. The goal of the canning inspection program is to prevent foodborne botulism through inspection and sampling to ensure the production of safe and wholesome food products.

The assessment funds the division's inspection, sampling, and laboratory program at commercial canneries to ensure that canned and frozen products produced are safe for human consumption. The goal is to inspect a cannery during each product packed. Inspections are conducted by specially trained division staff. Inspectors focus on process controls such as time and temperature control cooking requirements, a Hazard Analysis Critical Control Point style approach that evaluates the processing systems and critical controls, and container and closure operations to ensure high risk operations are conducted properly and consumers receive safe and wholesome food products.

The proposed increase will support the Department goal of ensuring that canned and frozen products meet strict process standards which allows Minnesota products to compete in domestic and world markets. Certificates of Free Sale issued by the department to assist companies exporting food products are based on an inspection conducted within the past six months showing substantial compliance with food safety laws. Worldwide consumer confidence in Minnesota processed foods benefits the state's agricultural economy.

Inspection effort is capped at 0.7 FTE due to the fund balance which is not adequate to meet the inspection need. The goal is to inspect a vegetable cannery during each product packed and other canneries producing the food products year around on an annual basis. Not all vegetable canneries are currently inspected during each product packed. The division will not be able to maintain this inspection frequency in the future without a fee increase. Inspection resources are needed to conduct other retail and manufactured food inspections to reduce inspection delinquency rates in those facilities.

Currently a percentage of 10 inspectors (0.7 Full Time Equivalent (FTE)) have the training and experience to conduct these inspections with one of them also being a technical expert. Inspections are conducted in a team approach due to the size and complexity of vegetable canning operations and the regulations that apply. Pre-pack inspections are conducted prior to operations in the spring to evaluate facility canning equipment, processes and procedures. Additional inspections are conducted during the canning season to verify production practices. Inspections are also conducted at other canning and acidified food facilities on an annual basis. Acidified food manufacturing is a growing area in food processing in Minnesota. MDA staff receive a number of inquiries about regulatory requirements to start an acidified food processing operation.

Proposal:

This proposal is for a fee increase to support an existing inspection program element. The proposal maintains the current rate of ½ cent per case assessment but increases the maximum assessment at each cannery from $6,000 to $12,000. Funds generated by the existing fees do not cover the costs of the inspection and sampling program. Inspection costs in excess of the fund balance are paid from the division's general fund allotment.

The fee increase would support the hiring and training of an additional 0.7 FTE of effort to conduct inspections and develop another technical expert. The canning fund currently covers approximately 0.7 FTE for inspection and sampling activities. The fee increase will also support the MDA laboratory canning sampling program. If this proposal is not approved, inspection resources will continue at the 0.7 FTE level of effort. Not all needed inspections will be conducted. Canning operations are highly technical in nature due to the complexity of the canning process and the regulations in effect. These inspections require a specially trained and experienced inspector.

Results:

The division utilizes a risk based inspection frequency to set inspection goals. Canneries are classified as high risk and are inspected on a more frequent basis. The current performance measure is the goal to inspect vegetable canneries once during each product packed and other canneries producing low acid canned foods and acidified foods on an annual basis. Firms that routinely request a Certificate of Free sale to allow for export are inspected every six months.

Not all canneries are currently inspected during each product packed because of the need to conduct other high risk inspections. The division is short staffed and has not been able to meet established inspection frequencies. The outcome without an increase in funding will be a continued decline in inspection frequencies. An increase in funding will increase inspections to one per product packed for vegetable canners and annually for acidified food producers and low acid canned food producers.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Inspection frequency: Vegetable Canneries Low acid canned foods/acidified foods	1/product packed annual	1/product packed annual	2013-2014
Quality	Comprehensive food safety inspections conducted			2013-2014
Results	Inspection frequency is not being met	Not all facilities inspected	Not all facilities inspected	2013-2014

Statutory Change(s):

MN Statutes 31.31 and 31.39

Change Item: Feed Tonnage Inspection Fee

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	0	500	500	500
Revenues	0	1,000	1,000	1,000
Net Fiscal Impact = (Expenditures – Revenues)	0	(500)	(500)	(500)
FTEs	0	4	4	4

Recommendation:

The Governor recommends an increase in the tonnage inspection fee of $0.10 cents per ton to $0.26 per ton while increasing the minimum payment from $10 to $100 per year. The new inspection fee and minimum payment is expected to increase revenue to the Agricultural Fund by $1,000,000 annually, supporting an additional 4 full time staff positions.

Rationale/Background:

Fees collected for the purpose of safe feed manufacturing inspections are the primary revenue source to support the Minnesota Commercial Feed Program. The rate collected per ton of feed has not been changed since 1925. The minimum $10 rate is paid by nearly half of all feed licensees and not adequate to support collection of the fee or administration of the program. The current trend in commercial feed volume is flat in this mature industry. The declining feed dedicated fund balance is not sufficient to maintain current levels of inspection coverage.

A safe feed supply is assured when unannounced inspections are conducted on a frequency that maintains consistent compliance with the feed regulation from inspection to inspection. Manually collected inspection statistics show that nearly 70% of medicated feed manufacturing sites inspected have compliance violations. These sites require significant resources to educate and conduct follow-up inspections in the Program's effort to obtain compliance. It stands to reason that the longer a facility goes between inspections, the more likely problems are to occur. This significant number of violations could lead to an increased risk of feed borne animal health factors and the health of consumers of animal products, at facilities that have not been recently inspected. Due to this significant number of violations found in inspections the MDA believes the inspection frequency of feed manufacturing facilities needs to be increased by 25%. The increase in inspection frequency would require an increase in current staffing level to conduct additional site inspections, educate and follow-up with non-compliant facilities.

There is a critical need to upgrade the feed program to an electronic inspection and data gathering system. We currently are a paper-based program and we are not able to track inspection safety data and other compliance data in an efficient manner. The ability to track data is essential for implementing a risk based inspection work plan and feed program compliance with the Animal Feed Regulatory Program Standards. Ultimately compliance with these program standards will be necessary to be equivalent or equivalent in effect with our FDA feed regulatory partners. This equivalency will be necessary for the program to maintain its contract work with FDA ($455,000 in FY2015).

The Program has been deficit spending for the past several years. Proposals have also been submitted to have other fee paying portions of the Program become self-supporting. Because tonnage inspection fees are collected in arrears, fees for calendar year 2016 will not be received until January 2017.

Implementation date is January 1, 2016 with the first fees due by January 31, 2017.

The Food Safety and Modernization Act's (FSMA) feed preventative controls (PC) and Good Manufacturing Practice (GMP) rules are the most significant change in feed regulations in 80 years and will be final in August 2015. These changes for feed manufacturing preventative controls and Good Manufacturing Practices will require extensive education and outreach to the feed industry on the part of the Program. The feed program currently lacks adequate staffing to implement changes that are required by the Animal Feed Program Regulatory Program Standards (AFRPS), the regulation required Federal Food Safety and Modernization Act's (FSMA) feed

preventative controls (PC) and Good Manufacturing Practice (GMP) rules and maintain and adequate inspection frequency. An adequate inspection frequency assures the consumer of the safety of products from animals, provides a level playing field for industry and promotes confidence in the food supply.

Currently the goal is to inspect the Minnesota feed facility inventory every other year. A review of the data available indicates that nearly 70% of medicated feed manufacturers have feed safety compliance violations. These sites require significant resources to deliver site specific, individualized education and outreach, and conduct follow-up inspections in the Program's effort to bring these sites into compliance. Addressing these compliance issues depletes resources that would otherwise support a more frequent inspection regimen, helping to maintain compliance from inspection to inspection.

The nearly 70% violation rate indicates that this frequency is not adequate to address feed safety problems. Due to this significant number of violations found in inspections the MDA believes the inspection frequency of feed manufacturing facilities needs to be increased 25%. The increase in inspection frequency would require an increase in current staffing level to conduct additional site inspections, educate and follow-up with non-compliant facilities. There were 60 follow-up animal feed facility inspections in 2013 and 26 in 2014 (only 51% of sites receiving compliance letters also had a follow-up inspection).

The implementation of the FSMA feed preventative controls (PC) and Good Manufacturing Practice (GMP) rules will require extensive education and outreach to the feed industry on the part of the Program during the date of release and the effective dates of the rule.

Proposal:

This proposal is to raise the Minnesota feed tonnage inspection fee to $0.26 per ton and increase the minimum tonnage fee to $100 per year.

IT Proposal:

Not applicable.

Results:

Measure: Percentage of Medicated Feed facilities that had feed safety violations.
Desired result: Decrease in number of feed safety violations at medicated feed manufacturing facilities.
Current trend: In FY 2014, 68% of Medicated Feed facilities inspected had feed safety violations. Medicated Feed violations identified in inspections in 2013 were 76%. Although this table would indicate a significant decrease in year to year violations, the Program does not have statistics from previous years to see if this is a trend. Program management believes that more frequent inspections may actually show an increase in the violation rate before the trend turns lower over time.

Measure	2014	2013
Animal feed facility inspections	407	423
Animal Feed Compliance Letters Sent	51	55
Animal feed follow-up inspections	26	60
Percentage of Medicated Feed facilities that had safety violations.	68%	76%

Statutory Change(s):

M.S. 25.39 Subd.1

Change Item: Feed Tonnage Fee Payer

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	5	0	0	0
Revenues	-3	-8	-8	-8
Net Fiscal Impact = (Expenditures – Revenues)	8	8	8	8
FTEs	0	0	0	0

Recommendation:

The Governor recommends changing the tonnage inspection fee payor from the current first to distribute a feed in or into Minnesota to the person who distributes a feed or feed ingredient to a person not required to be licensed under Chapter 25.

Rationale/Background:

The purpose of this proposal is to simplify the process of paying inspection fees owed by feed manufacturers. Fees are calculated on the amount of tonnage of feed (i.e. tonnage fees) that is sold. Currently Minnesota is one of only 4 states (MN, WI, IA, and OH) that collect the tonnage inspection fees from the first person to distribute a feed in the state. It complicates fee calculation for those manufacturing feed delivered directly to the final consumer and for those selling feed into interstate commerce. Fertilizer tonnage payments collected by MDA similarly changed in 1997 to the first to distribute were changed back to the pre-1997 payment method in 2009. This proposal simplifies the fee owed calculation for feed mills. It simplifies fee payments for interstate commerce transactions, avoids double payments by some Minnesota facilities doing business in border-states as they now pay fees on the feed and feed ingredients that they buy in MN and then pay on the same feeds when sold into the adjoining state. This change would align the Minnesota fee payment structure with that of most other states making interstate commerce less cumbersome. This proposal would eliminate need for tonnage fee exemption permit process and fee. It is fee neutral to final purchaser/consumer.

Our current fee audit process shows that on the average 72% of audited tonnage inspection fee payers remit the incorrect amount, either under or over paying their tonnage inspection fees. Our observations indicate that determining which portion of feed sales have the fee owed is the primary reason for the fee payment error. For some it is just too difficult for them to track their portion of the fee owed and they over pay. For licensees involved in interstate commerce, our criteria for fee calculation differs from the majority of states where they are doing business. For others they assume that the fee has been paid by another and under pay. With this proposal, the fee would be owed by the final feed distributor selling to an unlicensed end user on each ton of feed sold. With this proposed change in fee payer, we expect that the per cent of incorrect fee calculation will drop precipitously after a few payment periods.

Proposal:

This proposal would change who pays the tonnage inspection fees from the first person to distribute a commercial feed to the person that sells to another that is not required to have a Minnesota Commercial Feed License. The desired result is a simplified tonnage inspection fee payment structure on several fronts. It will eliminate the demand for tonnage fee exemption permits for those distributing Minnesota sourced feeds into interstate and international commerce. This will eliminate the $100 tonnage fee exemption permit fee and simplify fee payment for interstate shippers. It will simplify the fee calculation for the feed mills in Minnesota that sell a feed comprised of ingredients from several sources. Currently each ingredient supplier pays a portion of that final sale. With this change, a ton sold will be a ton on which the fee is due.

We expect that the new process will result in fewer payment errors due to the simplified calculation. Less errors result in decreased administration and compliance staff resource needs on the part of the agency and similar resource savings on the part of industry. This proposal will result in an insignificant change in revenue with some education and outreach expenses incurred in the year of change.

This proposal simplifies the fee audit process for the state and industry. It avoids the possible double remittance (in MN and the state where the feed goes) by industry on feeds moving in interstate commerce.

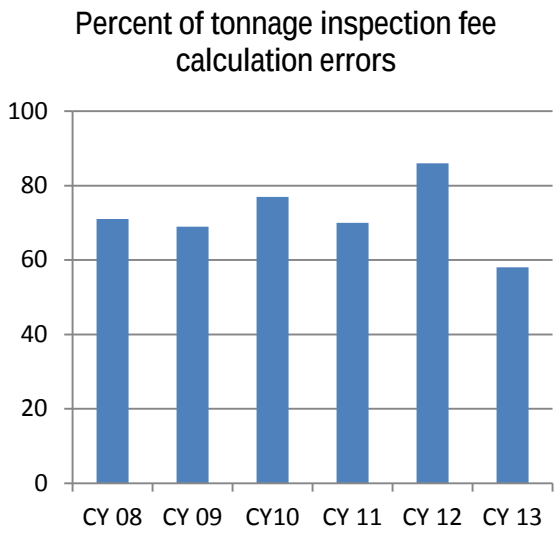
The effective Implementation date is January 1, 2016 for fees payable by January 31, 2017. Education and outreach with the industry will be conducted in early FY 2016 leading up to the implementation date.

Results:

The expected result is fewer payment errors and an easier fee calculation process for fee payers.

Tool for measurement: Percentage of audited facilities with fee calculation errors.

Desired result: Decrease in number of feed tonnage inspection fee payment errors.



Current trend: Analysis of seven years of tonnage inspection fee audits shows a sideways trend. On the average, 72% of the sites audited for tonnage inspection fee payment had calculation errors.

What is needed to turn the curve: The way tonnage inspection fees are determined needs to be simplified. The program feels that changing who is responsible for payment of the fee to the person that sells to another that is not required to have a Minnesota Commercial Feed License, will decrease the payment error frequency dramatically.

Statutory Change(s):

M.S. 25.39 Subd. 1

Change Item: Dairy Farm Inspection Fees

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	317	296	275	235
Revenues	317	296	275	235
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the fee associated with the inspection of Grade A Dairy farms in Minnesota as a part of an initiative to fill a significant funding shortfall for the Minnesota Dairy Inspection Program. The proposal would increase the Grade A Farm inspection fee to $150 from $50 as currently listed in Minnesota Statutes 32.394 Subdivision 8. Specifically for this fee, the increase is significant, raising the fee 200% over its current level. At the current rate, the fees collected from this fee account for approximately 6% of the Dairy Inspection Program Budget, yet farm inspection work accounts for almost 25% of the inspection program workload. In addition, raising this fee helps the program adjust to decreasing farm numbers, but increased amounts of travel time which results in an increase in the cost of performing the average farm inspection. This fee would raise total receipts from farm inspection fees to an estimated $475,000 total, which accounts for approximately 14% of the dairy inspection program's total budget. Farm inspections account for at least 24% of the actual work performed and this fee increase would support the dairy inspections at a rate of about 60% of the actual costs.

Rationale/Background:

This request is part of a larger effort to fill a fiscal gap; farm inspection fees have not been increased for several years and have not been adjusted to account for increased costs with performing this work. For example, the Grade A dairy farm inspection fee is currently $50 annually, which is intended to cover the cost of two inspections – so the program receives $25 per inspection. The fee for Grade B or manufacturing grade farms is $25 which covers one inspection annually. The cost of one dairy farm inspection is currently estimated to be about $125 per inspection or $250 annually. Currently, the fee is only recovering 20% of the actual cost of the inspection work.

Proposal:

This proposal requests an increase in the fee for Grade A Dairy Farm Inspections to $150 annually and the fee for Grade B or Manufacturing Grade Farm Inspections to $75 annually. This increase will provide the dairy program with a recovery rate of 60% on farm inspections initially. This change is expected to raise an estimated additional $320,000 during its first year of implementation; however, due to the continued drop in farm numbers, the increase in revenue is expected to drop to about $235,000 by FY 2019. This fee increase would fund existing staff and fill a budget gap. No new staff members are expected to be hired as a result of this change; however, it will allow the agency to continue to maintain the level of performance necessary to ensure dairy products produced in Minnesota can be freely marketed.

IT Related Proposals:

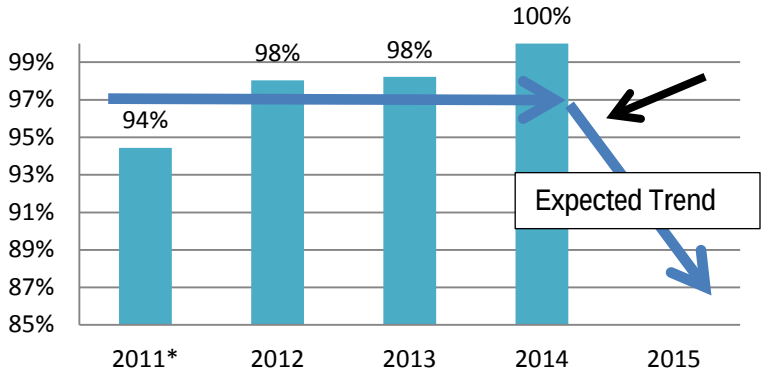
Not applicable.

Results:

Maintaining adequate funding for the Dairy Inspection program activities is important to the Agency and the Dairy industry. Because many inspection activities are mandated by law and required for Grade A Dairy Processors to sell their products in other States and internationally, compliance with the laws, including inspection frequencies and inspection activities, is very important. Current performance on audits is at acceptable levels as shown in Table 1. However, with a projected $1.3 million shortfall, the dairy program will be required to reduce its inspection staff substantially. This reduction is expected to result in the failure to meet inspection frequencies which causes failed audits. When dairy plants and/or the Agency fail Interstate Milk Shipment audits, they cannot sell milk into other States or internationally (see expected trend). For this reason, the program and industry strive to pass 100% of audits.

% of Farm, Plant & Enforcement Audits Achieving Passing Scores

Table 1. IMS Audit Results



Statutory Change(s):

Minnesota Statutes 32.394 Sudb 8; Minnesota Statutes 32.394 Subd. 8b

Change Item: Delegated Food Inspection Program

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	100	100	100	100
Revenues	100	100	100	100
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1.0	1.0	1.0	1.0

Recommendation:

The Governor recommends dedicated funding for Delegated Agency Oversight, Evaluation and Training through the creation and collection of a Statewide "Delegated Agency Audit and Compliance" Fee.

This would represent new funding specifically for this proposal. Currently MDA spends approximately 0.4 FTE or about $40,000 from its general operating budget to support this function. This current expenditure directly decreases money available for inspections of MDA regulated businesses.

Rationale/Background:

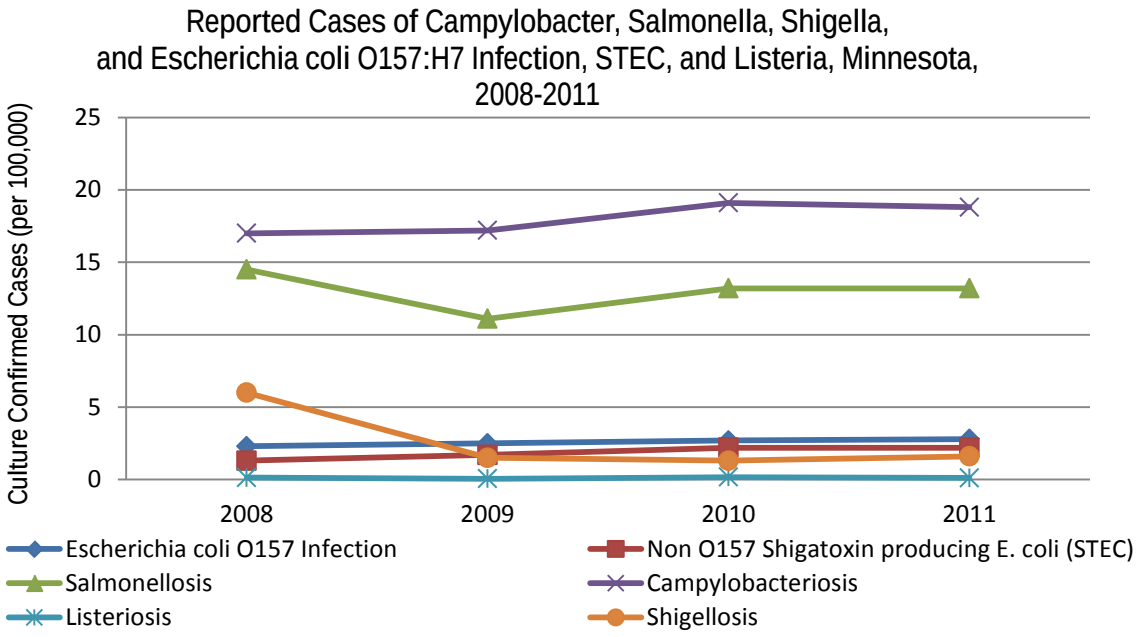
This proposal seeks funding for one FTE to conduct oversight, training, evaluation, and standardization services for local boards of health that have a delegation agreement with MDA to conduct retail food inspections. This funding would also support outreach and education training opportunities for the all retail food businesses in Minnesota, allowing for development of clearer guidance and technical documents to help the food industry comply with state and federal regulation. Funding for these specific purposes does not currently exist. In 1999, the legislature passed MN Stat 28A.075 and MN Stat 28A.0752 requiring the Commissioner to delegate inspection and licensing of grocery and convenience stores to local boards of health that were operating inspection programs within their jurisdiction on January 1, 1999. Funding to conduct oversight activities was not included. The MDA initially delegated inspection authority to 13 local boards of health. Currently seven local boards of health have a delegation agreement with MDA.

The Commissioner of Agriculture has statutory responsibility for food supply integrity. Ensuring the quality and consistency of food safety activities of delegated agencies is time consuming and expensive. The department does not have an appropriation to oversee delegation agreements. The department currently funds oversight and training activities from its existing budget. The MDA hasn't been able to conduct adequate delegated agency oversight because of the negative impact of diverting MDA resources away from conducting inspections, investigations and emergency response. When food safety emergencies occur such as food recalls and foodborne illness trace backs, the seven delegated local boards of health are responsible for taking appropriate response activities within their jurisdiction. MDA has to coordinate and collect data from delegated local health agencies in addition to managing the statewide response.

The Minnesota Department of Health has similar statutory responsibilities to oversee delegated boards of health in the areas of restaurant inspections. In order to carry out this responsibility, they collect a statewide hospitality fee that charges $35 for every licensed establishment (M.S. 157.16 Licenses Required; Fees. Subd. 3a Statewide Hospitality Fee. https://www.revisor.mn.gov/statutes/?id=157.16).

This proposal is based on additional funding being generated in the form of an "Education and Evaluation Fee"; similar to MDH's model ($35 dollars per license collected from all MDA regulated facilities as well as collected by local health agencies with a current delegation agreement and then paid by those local agencies to MDA).

Food inspection, at its core, is conducted to reduce the risk of injury and illness to the consumer. The primary measure of illness associated with food inspection is the rate of foodborne illness. The chart below shows the per capita rates of foodborne illness from 2008-2011 (most current data available) and shows that while the infection rate of some pathogens is steady or decreasing, others such as Campylobacteriosis and Listeriosis are increasing.



The rate of illness associated with most foodborne pathogens is steady or slightly increasing in Minnesota based on the most recent data available from MDH. In order to accurately assess the performance of local public health agencies conducting food inspections under the authority delegated from the state, MDA requires sufficient staffing and resources to regularly evaluate delegated programs and inspection staff. Food inspection practices should be equivalent between the State and local agencies in order to effectively protect public health and limit the risk of foodborne illness.

Proposal:

This proposal is a change to an existing program; and for the first time requests adequate funding to evaluate and support agencies operating under a delegation agreement. Coordination with the Minnesota Department of Health, as well as with the local delegated agencies, is needed to make this proposal successful.

The existing delegation agreement between MDA and the seven local delegated agencies requires that the State conduct a full program evaluation at least once every three years. To date, six of the seven agencies have only been evaluated once during their initial evaluation in 2001. Since that time, MDA has not had sufficient resources to provide oversight or evaluation of these programs and therefore the quality of the food inspection work conducted in these jurisdictions is unknown to MDA.

If MDA is unable to effectively evaluate or support local delegated agencies in conducted in food inspections, the quality of this work is unknown and may lead to substandard results. In 2013 MDA terminated its delegation agreement with the City of Saint Paul following an evaluation that determined the city's program was sufficiently deficient that it posed an immediate risk to public health.

By providing funding to aid in the evaluation and oversight of delegated programs, another situation as was discovered in Saint Paul may be avoided and in turn provide assurance to the State that programs operating under its authority are providing adequate public health protection through their food inspection activities.

This proposal would create a position that would work with delegated agencies as a main point-of-contact at MDA and help uphold the State's obligations under the Agreement. Furthermore this position would coordinate the formal evaluations of delegated programs. Because MDH has a similar delegation agreement with all of the jurisdictions under MDA's delegation, a close working partnership between MDA and MDH is needed. Additionally, by providing funding for a position to liaison with local agencies, communications between the State and local health agencies should improve as well.

Results:

MDA is required per its delegation agreement with local agencies to, "…perform a comprehensive formal evaluation of the delegated program not less than once every three years to determine compliance with this agreement…". As detailed in the table below, MDA has been unable to fulfill this requirement, with only one agency having received an evaluation since 2001. MDA's evaluation of Saint Paul's food inspection program in 2013 resulted in termination of that agreement due to significant lack of performance by the city.

Delegated Agency Name	Evaluation Years	Evaluations Conducted	Required Evaluations to-date (once every three years)
Bloomington	2001	1	4
Brooklyn Park	2001	1	4
Hennepin County	2001	1	4
Minneapolis	2001 & 2009	2	4
Minnetonka	2001	1	4
Ramsey County	2001	1	4
Saint Cloud	2001	1	4

If some source of funding is not provided to support the evaluation of the delegated programs, the current trend of little to no formal evaluations will continue. MDA's food inspection program is significantly understaffed with respect to completing its own required inspection work and staffing to provide oversight and evaluation of delegated programs is simply non-existent save the 0.4FTE of a Food Supervisor's time that has been committed.

Statutory Change(s):

M.S. 28A

Change Item: Retail Food Handler Plan Review Fee

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	100	100	100	100
Revenues	100	100	100	100
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1.0	1.0	1.0	1.0

Recommendation:

The Governor recommends increasing Retail Plan Review fees in order to meet the current expenses of the program.

Rationale/Background:

The purpose of this proposal is to increase Retail Plan Review fees in order to meet expenses of the program. Because of inadequate resources, new and expanding Minnesota retail food businesses are experiencing an unnecessary delay in receiving approval for the required review of that facility's design and equipment so that it meets food safety standards as outlined in Minnesota Administrative Rule 4626.1720 8-201.11. The regulatory authority shall approve the completed plans and specifications if they meet the requirements of the Code, and the regulatory authority shall report its findings to the license applicant or licensee within 30 days of the date the completed plans are received. Retail food firms cannot operate without an approved construction plan.

Currently, the Department cannot consistently meet the 30-day turnaround time due to a lack of resources. Since a business cannot operate without an approved plan in place, this delay can negatively impact the licensee.

Current plan review fees (as specified in State Statue 28A.082) generated $56,000 in revenue in FY 2010, $52,000 in revenue in FY 2011, and $58,000 in revenue in FY 2012.

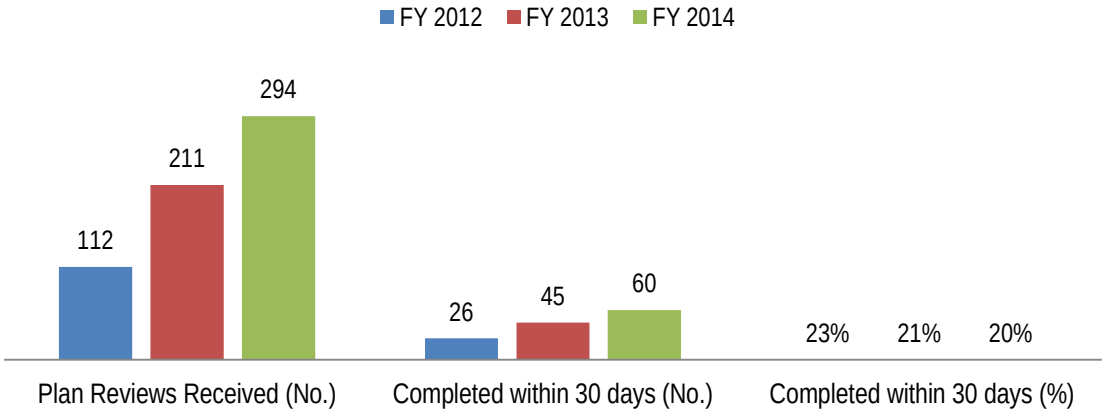
Currently the Department allocates 2.5 FTE to review these plans (1.3 Compliance Officers and 0.5 administrative support) at an annual cost of $200,000. Therefore, the Department spends approximately 3 .4 times the amount it receives in revenue that is dedicated for this Plan Review activity.

In order to provide better service to industry and to comply with the rule requirements, the department would propose increasing plan review fees as described in the table below. This also includes an expedited surcharge of 15% for businesses that require a faster turnaround time:

Square footage	Current review fee	Proposed review fee	Expedited review surcharge (plan reviewed in 7 days)
0 - 4,999	$ 200.00	$ 600.00	$ 90.00
5,000 - 24,999	$ 275.00	$ 825.00	$ 123.75
25,000 plus	$ 425.00	$ 1,275.00	$ 191.25

Plan review requests have nearly tripled since FY2014. The number of plan reviews reviewed within the 30 day period has increased accordingly. However, the percentage of plans reviewed within 30 days has remained relatively constant or a slight decrease.

Figure 1. No. of Plan Reviews Received, No. and % of Plan Reviews Completed Within 30 Days by Fiscal Year



Proposal:

The intended result is for MDA to meet its requirement to conduct a plan review with 30 days of the receipt of a plan review application. These funds will be used to hire an additional 1.6 plan review FTE's in order to start to meet the 30 day review deadline. By adding an additional 1.6 FTEs, plan reviews completed within 30 days will increase from 20% to 40%.

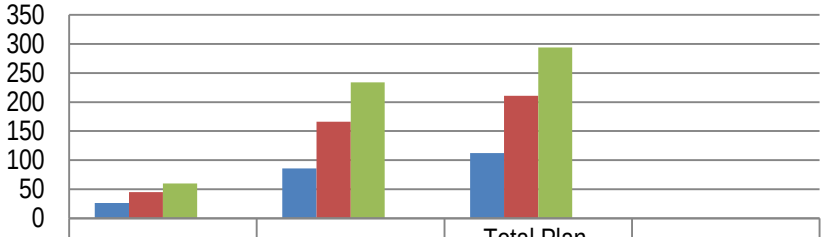
An increase in review fees would allow the Department to start to fully fund its plan review program which would benefit new and remodeling food businesses because plan review times would be improved. Additionally, this funding will free up funds from the Food Program's General fund allotment that is currently being used to supplement Plan reviews.

Ensuring that plans are reviewed in a timely manner are of benefit to industry since these review fees are minimal compared to the cost of not being able to operate while waiting for plans to reviewed and approved. The Plan Review process can essentially restrict a retail food business from access to markets if plans are delayed in their review due to limited resources at MDA.

An increase in plan review fees would help to fully fund the MDA Retail Food Plan Review Program. There is currently a $50,000 General Fund Allocation to help partially fund this activity and about $55,000 in revenue from plan review fees are collected and deposited into a dedicated account. This proposal would increase those fees (along with offering an expedited review process) and contribute an additional $110,000 to the dedicated account. The additional funding would be used to hire additional plan reviewers to conduct plan reviews.

Results:

Currently the days between the date of receipt at MDA and date of approval are used to calculate how many days it took to complete the plan review. The performance measure is percentage of plans that are completed within 30 days. Adding an additional 1.6 FTEs will increase the percent of plan reviews reviewed within 30 days from 20% to 40%.



	Completed in <= 30 days	Completed > 30 Days	Total Plan Reviews received	% meeting criteria
FY 2012	26	86	112	23%
FY 2013	45	166	211	21%
FY 2014	60	234	294	20%
Proposed				40%

Statutory Change(s):

This proposal will require a change to M.S. 28A.

Change Item: Manufactured and Wholesale Food Licenses

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	(1,091)	(1,091)	(1,091)	(1,091)
Revenues	(1,091)	(1,091)	(1,091)	(1,091)
Agricultural Fund				
Expenditures	$2,591	$2,591	$2,591	$2,591
Revenues	$2,591	$2,591	$2,591	$2,591
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	11	11	11	11

Recommendatin:

The Governor recommends restructuring manufactured and wholesale food handler licenses and creating a dedicated fee account for all food handler licenses. The new licensing categories would generate $1.5M more in revenue over current funding. These license fees have not increased since 2003. This proposal would create a dedicated fee account for wholesale food handlers, food brokers, wholesale food processor, manufacturers, and all other license categories described in Minnesota Statutes 28A.05 and 28A.08. Currently, these fees are collected and deposited into the State General Fund and the legislature appropriates funding back to MDA for retail and manufactured food inspection activities.

This increase in revenue would represent an overall increase of 42% of the state contributed portion of the operation budget of the food inspection program. However, with a shift to a dedicated fee account which also pays agency indirect costs, the actual increase in available funding for direct program operations would be somewhat less.

Rationale/Background:

In a related legislative proposal, the Minnesota Departments of Agriculture (MDA) and Health (MDH) are proposing the creation of a single retail food business license fee chapter in Minnesota Statute and subsequently modifying Minnesota Statutes 28A and 157 to reference this new statute. If this proposal is adopted, then the rest of MDA's food handler licenses will need to be modified to reflect this change, otherwise, there will be an inconsistency between retail and wholesale food handler license categories. Therefore, this proposal seeks to align Wholesale Food Handler and Wholesale Processor and Manufacturer License Fees into a similar fee structure to ensure consistency across food licensing categories currently in State Statute 28A. This is the first step in a multi-year alignment effort to make both departments more consistent in licensing and inspecting retail food establishments. Adjustments to the license fees will reflect cost of service, adjustments to staffing levels, and restructuring of programs needed to perform legislatively mandated requirements. If these licensing proposals are adopted, there will be fewer food business license types. This decrease in license type options will decrease confusion among the regulated and increase regulatory consistency. This will also establish a unified statute for the departments to utilize as we continue down the path of alignment for consistency and efficiency purposes.

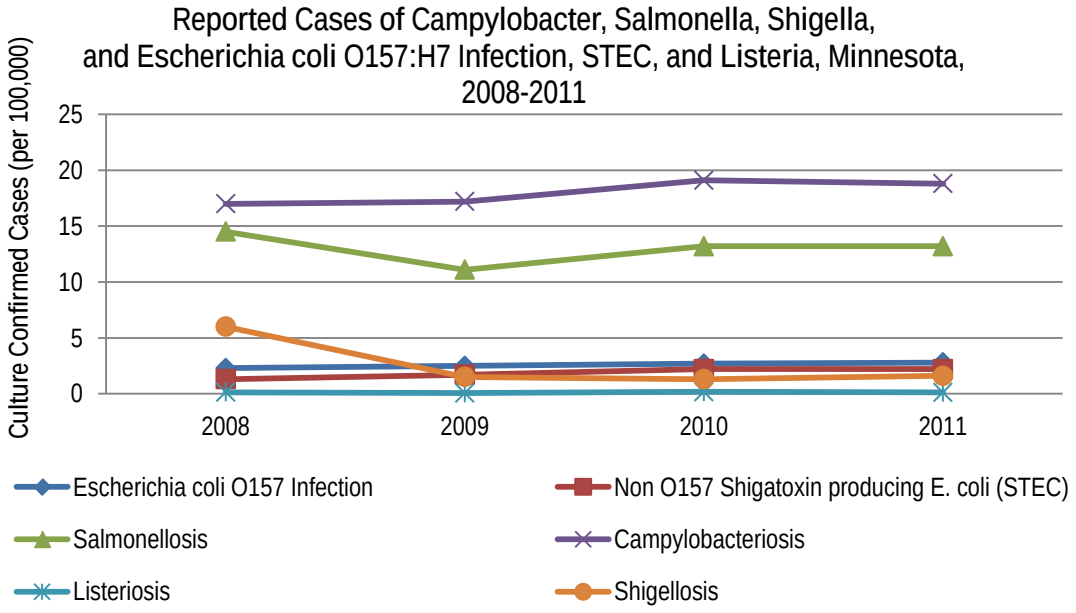
This proposal would also create a Dedicated Fee Account for Retail Food Handlers, Wholesale Food Handlers, Food Brokers, Wholesale food processor or manufacturers, and all other license categories described in Minnesota Statutes 28A.05 and 28A.08. Currently, these fees are collected and deposited into the State General Fund and the legislature appropriates funding back to MDA for retail and manufactured food inspection activities. In recent years, the revenue collected for these licenses have exceeded the amount that the agency has been appropriated or has spent on Food Inspection activities at MDA.

Currently MDA is approximately 10-12 FTEs short in inspection and supervisory staff needed to conduct manufactured food inspection activities in Minnesota to ensure that facilities are inspected at a minimally acceptable inspection frequency.

Dedicated funds, with appropriate fee structures, would allow the food inspection program to appropriately staff for licensing and inspection needs. Because the number of food facilities in the state increases as the population increases, a dedicated funding model will keep pace with a growing inventory of regulated facilities (assuming fees are properly maintained and increased as needed).

Furthermore, the dedicated funding model allows greater stability and flexibility for the Food Inspection Program because a modest fund balance can be maintained to pay for one-time capital expenditures such as upgrades to inspection software systems, etc.

Food inspection, at its core, is conducted to reduce the risk of injury and illness to the consumer. The primary measure of illness associated with food inspection is the rate of foodborne illness. The chart below shows the per capita rates of foodborne illness from 2008-2011 (most current data available) and shows that while the infection rate of some pathogens is steady or decreasing, others such as Campylobacteriosis and Listeriosis are increasing.



The rate of illness associated with most foodborne pathogens is steady or slightly increasing in Minnesota based on the most recent data available from MDH.

Proposal:

This proposal will realign wholesale and manufactured food handler licenses and creates a dedicated fee account for all license fees collected. The creation of a dedicated fee account will provide a stable source of funding for the food inspection program now and into the future. As the population of the state increases, so too does the number of food facilities and a dedicated fee funding model is built to grow with the anticipated increase in inspection demands.

Adjustments to the license fees will reflect cost of service, adjustments to staffing levels, and restructuring of programs needed to perform legislatively mandated requirements. If these licensing proposals are adopted, there will be fewer food business license types. This decrease in license type options will decrease confusion among the regulated and increase regulatory consistency. This will also establish a unified statute for the departments to utilize as we continue down the path of alignment for consistency and efficiency purposes. The dedicated funding model allows greater stability and flexibility for the Food Inspection Program because a modest fund balance can be maintained to pay for one-time capital expenditures such as upgrades to inspection software systems, etc.

This proposal, in addition to simplifying licensing categories and fees, will also allow MDA to hire an adequate number of food inspectors to ensure that all regulated businesses are inspected in a timely manner. Ensuring that food facilities are operating safely will help contribute to a decreased risk of foodborne illness and should contribute to lowering overall rates of foodborne illness in Minnesota.

This fee structure realignment will allow MDA to hire enough staff for the Food Inspection Program to ensure timely food inspections of Wholesale Food Handlers, Processors and Manufacturers. This funding will also help ensure that MDA fully complies with the Food and Drug Administration's (FDA) mandatory Manufactured Food Regulatory Program Standards (MFRPS); a set of standards that State Food Regulatory Programs that inspect manufactured foods must comply. Creating a more stable funding source for food inspection activities would alleviate fiscal pressures to the agency and would also provide additional funding for administrative functions from the indirect rates charged to dedicated funds (an appropriate fee structure would need to account for operational program needs in conjunction with the need to account for indirect costs).

MDA will also partner with the regulated food businesses to ensure that they are inspected regularly and receiving timely feedback and access if they have questions or licensing needs, etc. In addition, the Minnesota Department of Health, industry groups such as Agri-Growth and the Minnesota Food Safety Task Force, as well as the Food and Drug Administration and the Food Safety and Inspection Service of USDA will also be consulted.

If this recommendation is implemented, new license fees will come into effect in FY 2016 and will be collected. Based on anticipated revenues, hiring of new staff will occur in FY16.

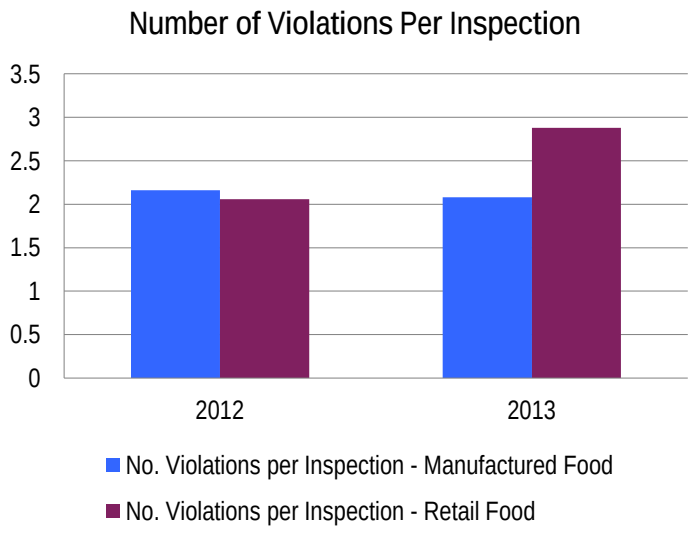
Results:

Currently, there are three program measures used in the food program. There is limited data regarding inspection outcomes since until September 2014, all inspections in the food program were conducted using paper-based systems. Beginning in September 2014, a new electronic inspection was implemented allowing for more robust analysis of future data and performance measures.

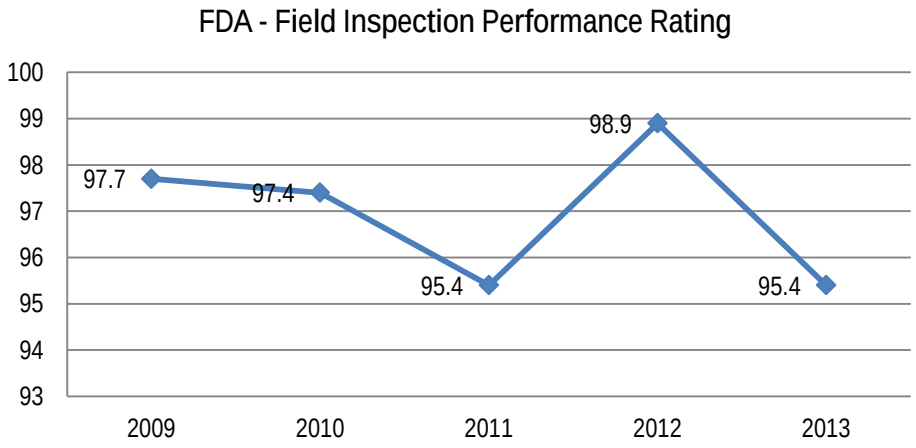
The first performance measure is the Inspection Delinquency Rate; the rate at which facilities are inspected on a minimal inspection frequency (12 months between inspections for "High Risk" facilities, 18 months for "Medium Risk" and 24 months for "Low Risk"). The table below shows that delinquency rates for Retail Food Facilities are fairly high with approximately one in three High Risk facilities having not been inspected within the last year.

Type and Risk Classification	Number of Facilities	Facilities not recently inspected	Delinquent Inspection Rate
Manufactured and Wholesale	1871	724	39%
High Risk	450	204	45%
Medium Risk	438	131	30%
Low Risk	823	240	29%
Unknown (Recently Licensed)	160	149	93%

The second measure is the number of violations cited per inspection. Simplistically, one may assume that the overall compliance rate of regulated retail food facilities is improving if the number of violations per inspections is decreasing over time. The chart below demonstrates that the number of violations per inspection for Retail Food Facilities increased between 2012 and 2013. This suggests that the increasing delinquency rates translates to more unaddressed violations accumulating over time in retail food facilities and tangentially posing an increased risk of foodborne illness to the public.



The third measure is the Field Inspection Performance Rating. This rating is an aggregate of over 20 individual field audits of MDA inspection staff conducted by FDA Consumer Safety Officers. An overall score of 80 percent is needed to be in conformance, and MDA has maintained an overall rating of 95 or greater for the past five years. This performance measures suggests that, while significantly understaffed, MDA food inspection staff are able to excel in the field and conduct inspections to a high standard of performance.



Statutory Change(s):

M.S. 28A and M.S. 157

Change Item: Retail Food Safety Unified Regulation

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	($1,784)	($1,784)	($1,784)	($1,784)
Revenues	($1,784)	($1,784)	($1,784)	($1,784)
Agricultural Fund				
Expenditures	$2,972	$2,972	$2,972	$2,972
Revenues	$2,972	$2,972	$2,972	$2,972
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	10	10	10	10

Recommendation:

The Governor recommends creating Unified Food Safety Licensing Categories between MDA and MDH for Retail Food Handlers. A realignment of licensing between MDA and MDH would represent a 57% increase in revenue collected for MDA from Retail Food Handler License Fees. These license fees have not increased since 2003. This increase in revenue would represent an overall increase of 29% of the state contributed portion of the operation budget of the food inspection program.

Rationale/Background:

The purpose of this proposal is to decrease confusion and level the playing field for Minnesota food businesses in regards to licensing. The Minnesota Departments of Agriculture (MDA) and Health (MDH) have the joint responsibility to license and inspect retail food establishments in Minnesota. MDA has responsibility for grocery and convenience stores and MDH has responsibility for restaurants and food service. This authority is granted to MDA and MDH in Minnesota Statutes 28A and 157 respectively. In the past, food businesses were distinct enough that a retail food business could be considered one or the other (i.e. food service or grocery store). However, the retail food business model has changed so that this distinction has eroded leading to confusion and inequality during the licensing process. Additionally, the two statutes have been modified independently and have resulted in many different, and often times overlapping, license types as well as inconsistent fees. This has led to needless confusion for operators and the agency in enforcing the requirements including imbalanced license fees depending on which agency issues the license, different license names, and different effective dates for which licenses are issued.

Beginning in 2013, the Minnesota Departments of Agriculture and Health (Departments) met to design a more efficient way to regulate retail food establishments. One of the ideas that was generated from these meetings was the need to align our license terminology and fee structure plan to create fair, equitable license categories and fees that will be used by both Departments' food safety programs.

MDA and MDH are proposing the creation of a single license fee chapter for retail food businesses. If this chapter is approved, Minnesota Statutes 28A and 157 will be modified to reference this new statute. Adjustments to the license fees will reflect cost of service, adjustments to staffing levels, and restructuring of programs needed to perform legislatively mandated requirements. There will be fewer license types to reduce confusion and increase consistency. This will also establish a unified statute for the departments to utilize as we continue down the path of alignment for consistency and efficiency purposes.

This proposal will use dedicated fee revenue to hire a temporary project manager to oversee the creation of the joint licensing statute, identify changes that are required to be made for Minnesota Statutes 28A and 157, evaluate and assist in planning and preparing for future phases of this alignment process.

This proposal, in conjunction with MDH's unified food licensing proposal, forms the foundation for the Departments' alignment work to ensure that the food inspection system in Minnesota is as efficient and effective as possible. Through this proposal MDA will add two business analysts and one project manager to focus solely on aligning the policies, procedures, statutes, and rules regarding retail food safety in Minnesota during FY 2016 and FY 2017. MDA staff will work closely with MDH staff throughout the process. Key stakeholders will also be consulted during this process including locally delegated retail food inspection agencies, the Local Public Health Association, Minnesota Hospitality Association, Minnesota Grocers Association and other industry associations.

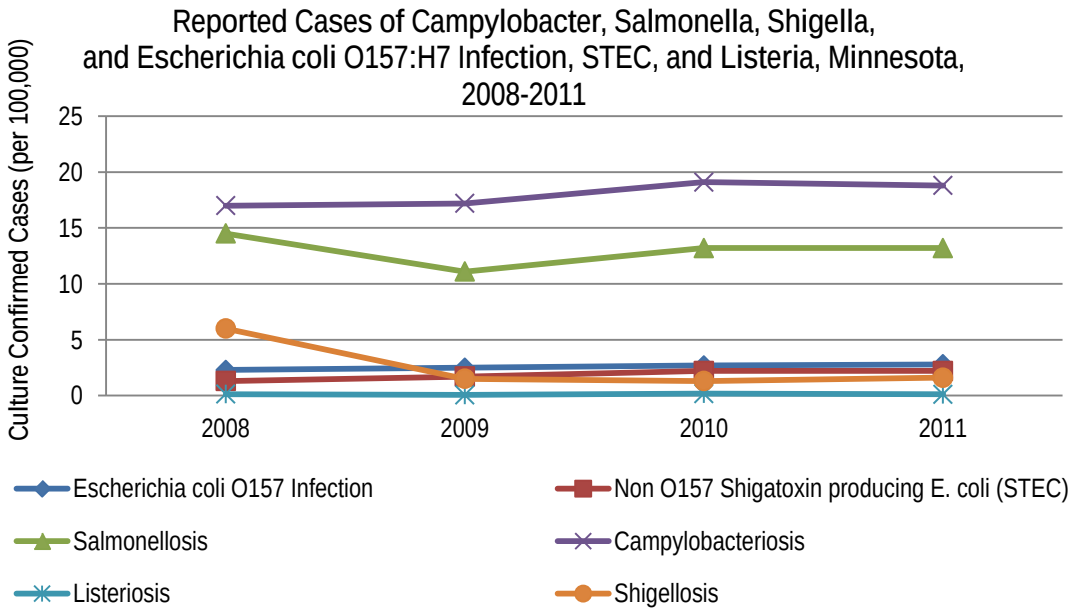
Work in FY 2016 will begin by involving key stakeholders to assist the Departments in quantifying the extent of the differences that exist between the Departments. Differences in statute will be analyzed and new language drafted to bring the Departments into closer alignment. This new statutory language will be introduced in the 2016 and 2017 sessions.

Also during FY 2016 Department staff will perform a gap analysis on the policies and procedures in the areas of training, general inspection practices and procedures, tools and procedures used for enforcement, development of educational materials and outreach efforts, and other key areas of difference identified by the detailed analysis.

Finally in FY 2017, Department staff will work to align the policies and procedures identified in the gap analysis and stakeholder meetings. The Departments will then implement the new policies and procedures at the end of FY 2017 and beginning of FY 2018. After this alignment work is completed the salary from the three FTEs added for this work will be repurposed to fill inspection FTEs to reduce the percentage of overdue inspections.

This alignment work will result in more clear and consistent requirements for business owners and Department staff, more consistent application of retail food safety regulations, and more effective communication between the Departments to ensure an efficient and effective response to retail food inspection and emergency response in the state. These improvements will help turn the curve on the rate of foodborne illness in Minnesota.

Food inspection, at its core, is conducted to reduce the risk of injury and illness to the consumer. The primary measure of illness associated with food inspection is the rate of foodborne illness. The chart below shows the per capita rates of foodborne illness from 2008-2011 (most current data available) and shows that while the infection rate of some pathogens is steady or decreasing, others such as Campylobacteriosis and Listeriosis are increasing.



The rate of illness associated with most foodborne pathogens is steady or slightly increasing in Minnesota based on the most recent data available from MDH.

Proposal:

- Change the existing program to create a single set of retail food licenses between two agencies: MDH and MDA.
- Add a project manager to be funded from the general fund to aid in the creation of more alignment between the MDA and MDH retail food inspection programs.
- Hire up to nine much needed inspection staff to address a high inspection delinquency rate for MDA's retail food facilities.
- Create a strong partnership on retail food safety between MDA and MDH.
- Greatly simplify the number of licensing categories and types that retail food businesses must deal with and streamline the regulatory and licensing experience for regulated businesses.
- Bring a level playing-field between MDA and MDH regulated facilities since license fees would be identical.

- Ensure that all regulated businesses are inspected in a timely manner to decrease the risk of foodborne illness and contribute to lowering overall rates of foodborne illness in Minnesota.
- Improve partnerships between MDA and regulated food businesses to ensure that they are inspected regularly and receiving timely feedback and access if they have questions or licensing needs, etc.

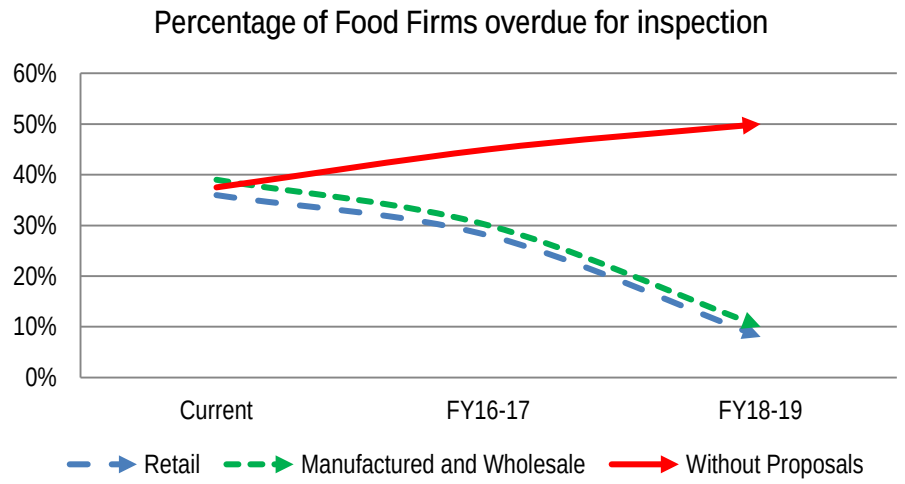
Results:

Currently, there are two program measures used in the food program. There is limited data regarding inspection outcomes since until September 2014, all inspections in the food program were conducted using paper-based systems. Beginning in September 2014, a new electronic inspection system was implemented, allowing for more robust analysis of future data and performance measures.

The first performance measure is the Inspection Delinquency Rate; the rate at which facilities are inspected on a minimal inspection frequency (12 months between inspections for "High Risk" facilities, 18 months for "Medium Risk" and 24 months for "Low Risk"). The table below shows that delinquency rates for Retail Food Facilities are fairly high with approximately one in three High Risk facilities having not been inspected within the last year.

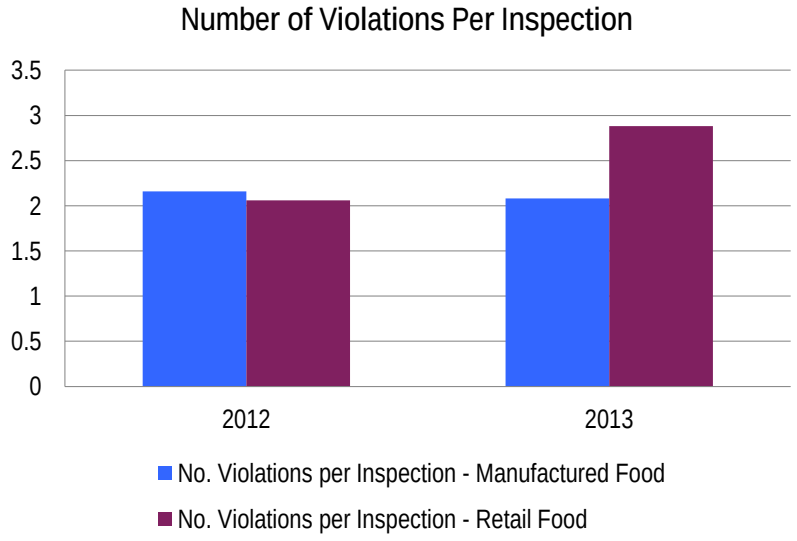
Type and Risk Classification	Number of Facilities	Facilities not recently inspected	Delinquent Inspection Rate
Retail	5908	2109	36%
High Risk	1540	565	37%
Medium Risk	1471	405	28%
Low Risk	2286	578	25%
Unknown (Recently Licensed)	611	561	92%
Retail Mobile	1549	828	53%
High Risk	35	20	57%
Medium Risk	283	149	53%
Low Risk	838	286	34%
Unknown (Recently Licensed)	393	373	95%

Additional revenue from this proposal will allow for the hiring of more FTEs. As these new staff are hired and trained over FY16-17, the percentage of firms overdue for inspection will decrease. This decrease will become more pronounced in FY18-19 as new inspection staff become more proficient in their work. The Red Line projects the percentage of businesses that will be overdue for inspection if these proposals are not funded.



The second measure is the number of violations cited per inspection. Simplistically, one may assume that the overall compliance rate of regulated retail food facilities is improving if the number of violations per inspections is decreasing over time. The chart below demonstrates that the number of violations per inspection for Retail Food Facilities increased between 2012 and 2013. This suggests

that the increasing delinquency rates translates to more unaddressed violations accumulating over time in retail food facilities and tangentially posing an increased risk of foodborne illness to the public.



The Alignment work between both Departments will create new performance measures to assess how many differences were identified and changed. The Departments will also survey key stakeholders including the regulated industry throughout the process to assess the impact this alignment work has had on them during the process and possibly inform future alignment work efforts. The proposed performance measure will look at the percentage of program alignment between the Departments using FDA's Retail Food Regulatory Program Standards as a baseline of assessment.

Program Standard	MDA Full Conformance (Self-Assessment)	MDH Full Conformance (Self-Assessment)	Percentage of Standard Alignment
1: Regulatory Foundation	Yes	Yes	TBD
2: Trained Regulatory Staff	No	Yes	TBD
3: Inspection Program Based on HACCP Principles	No	No	TBD
4: Uniform Inspection Program	No	No	TBD
5: Foodborne Illness and Food Defense Preparedness and Response	Yes	Yes	TBD
6: Compliance and Enforcement	No	Yes	TBD
7: Industry and Community Relations	Yes	Yes	TBD
8: Program Support and Resources	No	Yes	TBD
9: Program Assessment	No	No	TBD

As stated above, delinquency rates for the inspection of retail food facilities have been steady or slowing increasing over time. Likewise, the numbers of violations citied per inspection for retail food facilities are increasing as well. These findings form the basis of this request that will help simply the licensing structure between MDA and MDH and concurrently appropriately fund the retail food inspection activities at MDA to ensure that the delinquency rate decreases and help ensure a decrease in the overall violation rate for retail food facilities.

Statutory Change(s):

This proposal will require statutory changes to Chapters 28A and 157.

Change Item: Bulk and Anhydrous Ammonia Fertilizer

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	0	250	250	250
Revenues	0	250	250	250
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	2.0	2.0	2.0

Recommendation:

The Governor recommends a 9-cent per ton increase in the fertilizer inspection fee to increase oversight for bulk liquid and dry fertilizer storage inspection, bulk fertilizer quality assurance and anhydrous ammonia (AA) safety outreach in order to enhance Minnesotans' quality of life by protecting the health of our environment and to strengthen our agricultural economy. This is a 7.8 percent increase to the fertilizer budget and a 0.1 percent increase to the PFMD division budget as a whole.

Rationale/Background:

A significant component of the MDA's regulatory responsibilities is to protect the environment and human health from fertilizer releases such as liquid fertilizer and anhydrous ammonia (AA). Unfortunately, dedicated fertilizer funding is not adequate to support all assigned responsibilities. This initiative proposes to increase fertilizer regulatory services and inspections at bulk fertilizer storage facilities and to maintain AA inspection frequencies achieved through recent efforts while increasing safety outreach for this dangerous fertilizer material.

Bulk Fertilizer Inspection and Sampling Bulk fertilizer is permitted; however, the sites are not routinely inspected for proper maintenance and integrity. Existing liquid and dry fertilizer/dry storage facilities are aging and in need of inspections services while the capacity of bulk fertilizer storage in Minnesota is increasing. Bulk fertilizer is often implicated in spills and cleanups resulting in costly remediation and environmental contamination. Based on trends in Minnesota from 2008-2014, projected growth of large, bulk storage facilities (50,000 gallons or greater) may increase as much as 18 percent by 2020 creating a potential need to store 11,819,000 gallons of bulk fertilizer.

Bulk fertilizer product is not routinely sampled for product integrity, so there is no assurance that farmers are receiving the purchased nutrients. A small sampling effort in 2013 found approximately three quarters of the samples taken from bulk fertilizer were not fully meeting standards for nutrient index. This initiative will increase sampling and outreach on bulk fertilizer labelling to ensure farmer receive the nutrients purchased.

Anhydrous Ammonia (AA) Inspection Frequency Prior to 2011, regulatory inspection of nearly 300 AA facilities in Minnesota averaged one inspection per every 6.8 years. Two high hazard incidents in 2010 resulted in MDA hiring more investigators to perform inspections every three years. Reduced time lapse between inspections resulted in fewer high hazard violations at AA facilities and also increased awareness of compliance regulations among AA dealers. Sustained funding is needed to continue three-year inspection intervals and to maintain the increase in the number of inspections and the reduction in high hazard violations during that time.

Despite these temporary improvements, a significant outreach effort is needed to address safety issues related to this dangerous product. In an average year, 34 percent of the emergencies reported to the MDA related to AA. Anhydrous ammonia release can be deadly and often result in permanent injury to applicators and farmers. This initiative would provide for a sustained outreach effort to address AA safety practices especially focused on applicators and farmers who generally do not receive regulatory or inspection attention.

Current PFMD funding for fertilizer-related initiatives is disproportionate to activities and programs related to pesticides. To promote proper use of AA, and support public safety and the health of our environment, PFMD aims to continue the success achieved from 2011-2014 by reducing the length of time between inspections (from 6.8 to 3-year intervals). To continue the reduction in high hazard AA incidents in Minnesota, PFMD proposes to continue 3-year inspection frequency resulting in fewer high hazard AA violations.

To promote safe and efficient agricultural chemical storage needs in Minnesota, additional bulk fertilizer facility inspection will also be needed to keep pace with a projected 18 percent increase by 2020. Finally, because random sampling has shown that product integrity of bulk fertilizer is not meeting required standards, PFMD aims to increase customer satisfaction through increased product sampling. This will help to ensure the integrity of fertilizer products sold in Minnesota so that farmers are receiving the proper nutrients they purchase.

Proposal:

This initiative will provide funding for current regulatory responsibilities for bulk fertilizer inspection that do not have adequate funding, maintain inspection frequencies for AA and increase safety outreach efforts. This initiative is intended to provide the necessary funding and program resources to more adequately administer the law as found in M.S. 18C, D, E.

Anhydrous Ammonia (AA) Inspection Frequency: 1.0 FTE - $140,000 Maintain inspection interval of three years or less and increase AA safety outreach;

Bulk Fertilizer Inspection and Sampling: 1.0 FTE - $140,000. Increase bulk fertilizer inspections to 60 per year and conduct bulk fertilizer sampling at selected location and times.

The MDA will continue its standard policy of working with regulated clientele, farm organizations, stakeholders and partnering agencies.

The MDA intends to improve compliance with regulations, increase awareness by the regulated clientele of required and safe handling of fertilizer, improve consumer protection, and improve spill and leak prevention ensuring that more communities are protected from AA releases. Proposed funding will support programs to improve citizen safety and protect the environment by providing funding and staff to address the problems and inadequacies described herein.

Implementation of the various aspects of this proposal will occur as funds become available. An implementation date for the fee increase will be January 1, 2016. Revenue from the fees will not be available until July1, 2016. Some of the program components will be able to be implemented as fees become available however some program components will necessitate hiring and training.

Results:

Type of Measure	*AA Facility Inspection*	*FY 2011*	*FY 2012*	*FY 2013*
Quantity	Decreased time interval between inspections (from 6.8 years to every 3 years). From FY 2011-2013 temporary inspectors were hired constituting a 1.7 FTE to 2.5 FTE increase.	40 inspections	59 inspections	100 inspections
Quality	Temporarily increasing FTE resulted in a 120 percent increase in AA facility inspections in less than 4 years.			
Results	Rate of enforceable high hazard violations dropped 30 percent (compared to more than 60 percent of incidents being reported to the MDA-PFMD Inspection & Enforcement unit in FY 2011 and FY 2012).			
Type of Measure	*Bulk Fertilizer Storage*	*CY 2008*	*Projected CY 2014*	*Projected CY 2020*
Desired Results	Increase inspection services to prevent costly spills and leaks from aging facilities. Measures will be generated.			

Statutory Change(s):

M.S. 18C.425.

Change Item: Seed Permit Fee

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	178	223	223	223
Revenues	340	340	340	340
Net Fiscal Impact = (Expenditures – Revenues)	(162)	(117)	(117)	(117)
FTEs	0.5	1	1	1

Recommendation:

The Governor recommends changing the fee structure to support the regulation of seed and support additional sampling of seed lots. This fee increase will increase overall revenue by approximately 22%.

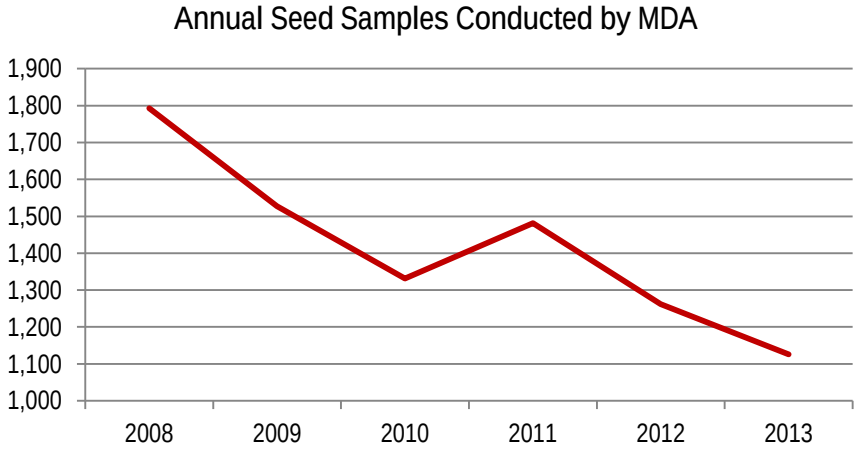
Rationale/Background:

With a decrease in staff and additional travel time involved for remaining staff to service the entire state, seed sampling has decreased, which does not allow adequate regulation of the seed industry.

Proposal:

This is a change to an existing program. The fee structure will be changed, moving from a seed inspection fee based on weight, to one based on the number of seeds sold. The weight of seeds can vary greatly, meaning that a different inspection fee can be paid for the same number of seeds. Re-structuring will change the reporting basis for 3 major agricultural seeds to a unit basis instead of the current hundredweight system which matches the standard units sold to farmers, and would establish a reporting method, for native or conservation/reclamation seed sold in contractor quantities, on a basis that makes more sense to that segment of the seed industry while it increases the portion of overall revenue from this segment, which is also more expensive to regulate. With this change one additional staff will be added to increase samples and reduce travel costs of remaining staff. A close working relationship is maintained and assistance is provided by county agricultural inspectors that assist in sample collection.

Results:



Statutory Change(s):

This proposal will require a change to M.S. 21.

Change Item: Plant Export Certification

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	3	3	3	3
Revenues	3	3	3	3
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changing the fee due for export certificates that require extensive staff time to prepare. These charges would be limited to a $300.00 cap per certificate.

Rationale/Background:

The Export Certification Program is fee supported but the certificate fee is set in statute. Increasingly, foreign import regulations have leveraged program staff to spend considerable time on certificate research and application preparation. This time is currently not recoverable based on statutory language. This proposal simply allows the program to charge fees sufficient to recover this additional cost in staff time, which can be considerable. The import regulations of foreign countries and even other states are becoming more complex, requiring more staff time to review regulations, required documentation, certification procedures and associated documentation. This staff time is currently exceeds the certificate fee of $75 currently established in statute.

Proposal:

The new fee structure would recover costs currently not recovered in processing export documents. The Export Certification Program will continue to be fully fee supported.

Results:

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Number of export certificates issued annually	3,000	3,702	2012, 2013
Quality	Number of certified shipments rejected	0	0	2012, 2013
Results	Program revenue received per fiscal year	$270,186	$297,186	2013, 2014

Statutory Change(s):

M.S. 18G.10

Change Item: Plant Nursery Law

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	0	0	0	0
Revenues	3	3	3	3
Net Fiscal Impact = (Expenditures – Revenues)	(3)	(3)	(3)	(3)
FTEs	0	0	0	0

Recommendation:
The Governor recommends establishing a fixed penalty for firms found operating without a valid nursery certificate.

Rationale/Background:
The single most common business-related violation found by inspection staff is operating without a valid nursery certificate. The department proposed a fixed and automatic penalty be levied against these firms to facilitate enforcement and make it consistent across the nursery industry. The proposal establishes a penalty for operating without a valid certificate equal to the certificate fee due.

The majority of nursery program revenue comes from retail dealers which also includes landscape firms that include nursery stock in their jobs. The economic decline since 2008 greatly impacted new home/rental property construction which in turn negatively impacted nursery dealers. The decline in nursery dealer certificates impacted nursery program fee revenue.

Proposal:
This proposal would establish a fixed penalty for the most common violation encountered by inspection staff. This proposal would streamline enforcement, reduce conflict in the field between inspector and firm staff by establishing a penalty in statute to which the inspector can refer, and recover additions revenue for this fee-supported program without increasing fees. The Minnesota Nursery and Landscape Regulatory Advisory Committee (which has a member of MNLA serving) supports the proposal.

Results:
The program became a fee supported program in 2003 with a fee adjustment in 2005 to fully fund the program. The program achieved this goal until 2012 when the economic downturn that started in 2008 finally reduced the number of certificate holders and subsequent revenue to create a net operating deficit. Certificate year 2014 has seen revenue continue to decline but not quite as much as the previous year ($650,132 as of July 24). Monetary penalties increased as enforcement procedures have become more standardized at the same time retail chains have failed to comply with recent statutory changes.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Number of certificates issued annually	2,403	2,327	2012, 2013
Quality	Monetary Penalties	$16,000	$47,000	2011, 2013
Results	Program revenue received per fiscal year	$685,503	$650,132	2012, 2014

Statutory Change(s):
M.S. 18H

Change Item: Rural Finance Authority Loan Program Enhancements

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changing the way the Shared Savings Loan program operates, expanding the use of several loan programs and restructuring small administrative accounts in the interest of efficiency. Allowed uses are changed but the request is budget-neutral.

Rationale/Background:

The number of applications received for the Shared Savings Loan Program is low. The department has only been receiving one or two applications per year. Loan uses need to be expanded to meet needs that currently cannot be addressed. There is also interest in expanding the uses of the Livestock Expansion Loan program. Finally, past experience shows we should prepare for the next disaster by expanding the uses of that loan program.

Proposal:

Specifically, this proposal:

- Combines the Shared Savings ("Sustainable Ag") Loan program into the Rural Finance Authority's revolving loan program to make it participatory instead of direct (meaning it provides co-funding loans with both state money and bank money) and combining the program's funding with other revolving loan programs so the Board has flexibility to respond to current needs.
- Renames the program the Farm Opportunity Loan Program.
- Expands eligible uses of the Farm Opportunity Loan Program to include projects that add value to Minnesota produced crops and livestock through on-farm processing and aggregation.
- Modifies the Livestock Expansion Loan Program to allow modest refinance of existing debt if it is part of the qualifying livestock project.
- Adds farm land restoration as an allowable use of the Disaster Loan Program, and
- Consolidates several small loan administrative accounts into one for administrative efficiency.

Results:

The changes above should result in increased use of the loan programs and increased flexibility for the RFA Board to allocate money to each program.

Statutory Change(s):

Various provisions of Minnesota Statutes Chapter 41B

Change Item Title: Structural Pest Control

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	13	13	13	13
Revenues	13	13	13	13
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying the definitions "Structural Pest" and "Structural Pest Control" in 18B Section 1 and adjusting license framework language in 18B Section 32. The proposed change to the definition of Structural Pest will name structural pests as invertebrates and commensal rodents. The proposed change to the definition of Structural Pest Control will eliminate the broad descriptors of devices and procedures, and also eliminate regulation of business activity.

Rationale/Background:

The Pesticide & Fertilizer Management Division (PFMD) contributes to the MDA's mission to enhance Minnesotans' quality of life by ensuring the integrity of our food supply and the health of our environment by providing programs and services to inspect, monitor and regulate safe pesticide and fertilizer use in Minnesota. Currently, people that do not use pesticides are required to certify as pesticide applicators and receive on-going training that is not applicable to their work. The current structural pest control license regulates persons using pesticide and persons using non-pesticides methods to control structural pests exactly the same. The proposed change to the definition of Structural Pest Control will eliminate the broad descriptors of devices and procedures, and also eliminate regulation of business activity.

Proposal:

This initiative will help the agency focus outreach and compliance effort on persons applying pesticides where we have defined authority. This will benefit the citizens who will have access to the legal services of persons that control bats and other nuisance vertebrates without using pesticides.

The provision will align license certification, eliminate unnecessary regulation, and lead to clearer category training. The impact on the agency will enable us to focus our certification and training efforts and our regulatory compliance efforts on pesticide use by the industry. This will free up substantial time and effort that now goes toward non-pesticide issues. The MDA will continue its standard policy of working with regulated clientele, farm organizations, stakeholders and partnering agencies.

The fiscal impact is not expected to be significant although it will result in changes in the number of structural licenses and commercial licenses issued by the agency. Implementation of the various aspects of this proposal will be will be January 1, 2016.

IT Proposal(s):

Not Applicable.

Results:

There will be minimal impact on license numbers. The change will benefit the citizens who will have access to the legal services of persons that control bats and other nuisance vertebrates without using pesticides. This initiative will make regulation clearer, fairer and result in improved compliance.

Statutory Change(s):

M.S. 18B.01, M.S. 18B.32

Change Item: Restricted Use Pesticide License Requirements

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Agricultural Fund				
Expenditures	1	1	1	1
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1	1	1	1
FTEs	0	0	0	0

Recommendation:
The Governor recommends adding language which says an applicator must also be licensed to purchase restricted use pesticides and apply them.

Rationale/Background:
The Pesticide Law states a dealer may not sell a Restricted Use Pesticide (RUP) to an unlicensed/uncertified person. The law also states that private applicator must be certified to purchase or apply an RUP. This change adds specific language that will ensure applicators are licensed or certified to purchase and use an RUP.

Proposal:
This proposal will reduce the number the instances when an RUP is made available to an unqualified person and insure that there is no confusion among pesticide retailers that a person must be either licensed or certified to purchase and RUP.

The intended results are greater assurances that RUP distribution will be limited to licensed and/or certified persons, and that RUP is made available to fewer unqualified persons. The change does not affect the agencies interpretation of the current statue. The change simply clarifies the intent of the law as interpreted by the agency.

The MDA will continue its standard policy of working with regulated clientele, farm organizations, stakeholders and partnering agencies.

The fiscal impact is not expected to be significant although it will result in refocused outreach and inspection activities.

Results:
There will be no impact on reporting quantity. This is a significant change that will help promote public safety by reducing the possibility of hazardous materials such as an RUP pesticide is made available to an unqualified person. This change will also aid retailers to comply with regulations that require that dealers sell RUP only to licensed or certified persons. This initiative will make regulation clearer, fairer and result in improved compliance

Statutory Change(s):
M.S. 18B

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Change Item: Clean Water Funds Recommendation

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	$8,460	$8,460	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	$8,460	$8,460	0	0
FTEs	25.7	25.7	0	0

Recommendation:
The Governor recommends $8.46 million in FY 2016 and $8.46 million in FY 2017 from the Clean Water Fund to continue the Department of Agriculture's work to improve water quality.

Rationale/Background:
Clean Water Funds have supported increased efforts by the Minnesota Department of Agriculture (MDA) and local partners to fund activities that protect and restore ground and surface waters in Minnesota. Outcomes are addressed primarily through monitoring water quality trends and through quantifying estimates of pollutant load reductions to surface and groundwater.

Proposal:
This recommendation includes the following components:

1. Monitoring for Pesticides in Surface Water and Groundwater Program ($700,000): Monitoring for pesticides and pesticide degradates in surface water and groundwater provides data to assess pesticide use practices. Monitoring activities determine the presence and concentration of pesticides and nutrients in Minnesota's ground and surface waters. In FY2010-11 the MDA obtained Clean Water Funds to purchase a state-of-the-art laboratory analytical instrument which provides for an increased list of analytical parameters, lower detection levels and an increase in the number of samples analyzed. The funding has allowed the MDA to increase the number of detectable pesticides from 43 in 2009 to 129 in 2014, increase the sensitivity of detection of certain pesticides and increase the overall number of samples that can be analyzed on an annual basis. As a result, Minnesota's pesticide water monitoring program is one of the most comprehensive programs in the country. MDA received $700,000 for this activity in the FY 2014-15 biennium.

2. Nitrate in Groundwater ($5.3 million): By developing and promoting nitrogen fertilizer BMPs and promoting vegetative cover in vulnerable areas, the Minnesota Department of Agriculture (MDA) and local partners work to minimize environmental risk from agricultural nitrogen use and support a variety of related activities that identify potential sources of nitrate contamination and evaluate and implement practices to reduce nitrate in groundwater. The MDA's efforts include: pass through funding to local governments to develop and implement locally-led prevention and/or mitigation projects; accelerated private well testing in groundwater sensitive agricultural townships; working with local government units and farmers to improve water quality in areas where groundwater is adversely impacted; and, working with the University of Minnesota to refine and demonstrate Nitrogen Fertilizer BMPs to protect groundwater. Working in partnerships with local government units, the MDA plans to test 70,000 private wells, within approximately 250 townships statewide, over the next six years. MDA received $5 million for this activity in the FY 2014-15 biennium.

3. Academic Research and Evaluation ($2.1 million): The MDA supports collaborative research projects working directly with state and local government units to disseminate information and to ensure that scientific data gets in the hands of decision-makers and the end-user. The Academic Research/Evaluation $2.1 million proposal for FY 2016-17 will sustain funding for water quality research projects. Specifically, research will focus on: 1) identifying underlying processes that affect water quality; 2) evaluating the effectiveness of agricultural practices that have been implemented in order to improve water quality (cost/ benefit); 3) researching and developing new and emerging technologies to address water impacts from agricultural practices particularly in critical geographical areas across Minnesota. The scope of funded projects aims to address agricultural impacts on water

resources from a variety of standpoints including but not limited to: evaluation of cover crop establishment methods, development of tools to help target conservation practices at the local level, nutrient removal in agricultural drain ditches; on-farm evaluation of treatment methods for excess nutrients in agricultural subsurface tile drainage, watershed restoration; and winter rye best management practices. See http://www.mda.state.mn.us/en/protecting/cleanwaterfund/research/mdaresearchprojects.aspx for the complete list of funded projects. MDA received $2.1 million for this activity in the FY 2014-15 biennium.

4. Agricultural Best Management Practices (AgBMP) Loan Program ($150,000). *The Agricultural Best Management Practice (Ag BMP) Loan Program* is a water quality program that provides low-cost, low-interest loans to farmers, rural landowners and agriculture supply businesses. Unique in its structure, and not duplicated in other funding sources, the purpose is to encourage agricultural BMPs that prevent or reduce runoff from feedlots, farm fields and other pollution problems identified by the county in local water plans. Funds are used for proven practices and environmental benefits that include but are not limited to: practices that: reduce nutrient loading from livestock operations; reduce soil erosion from fields; treat failing septic systems; mitigate contamination of drinking water wells; and stabilize gullies, waterways, shoreline and riverbanks. Loans are used to prevent non-point source water pollution and solve existing water quality problems. MDA received $400,000 for this activity in the FY 2014-15 biennium.

5. Vegetative Cover and Soil Health ($350,000). There is general agreement that increasing the adoption of vegetative cover (forage crops, cover crops, etc.) has the capacity to provide significant surface and ground water quality benefits. However, viable markets for these crops are not broadly available or they are not economically viable. The goal of this proposal is to increase planting of vegetative cover using a market driven approach so they can be grown by farmers' profitability. This market driven approach will identify and develop markets for environmentally protective crops in targeted high risk areas, and will support other vegetative cover initiatives and clean water implementation activities. The MDA marketing and development staff will evaluate potential markets and barriers for farmers to access these markets. The proposal will benefit by leveraging existing funds administered by the MDA for the development of agricultural markets. This activity has not previously been funded by the Clean Water Fund.

6. Technical Assistance ($3 million): Considerable knowledge gaps exist about agricultural impacts on water resources, and what specific conservation practices need to be implemented (type and location) to actually improve water quality. Clean Water funding has been used to evaluate the effectiveness of agricultural Best Management Practices (BMPs), share information from research and demonstration sites and enhance outreach and education to the Ag community and agricultural stakeholders. The MDA provides technical assistance to ensure that current and accurate scientific data is made available to local efforts to address impairments in agricultural watersheds. MDA provides in-field assistance, access to new targeting tools, resources and technical advice. MDA coordinates a number of research and demonstration projects and works directly with local government units to disseminate information and to ensure that scientific information gets in the hands of the end-user. Program activities include; the Root River Field to Stream Partnership, Clay County Drainage Site, Discovery Farms Minnesota, & Conservation Targeting Initiative (LIDAR). MDA received $3 million for this activity in the FY 2014-15 biennium.

7. Research Inventory Database ($100,000): The Minnesota Water Research Digital Library (MNWRL) at www.mn.gov/water-research-library is a centralized, searchable repository of publications providing one-stop access to water research from 15+ years of scholarly articles and scientific-technical reports by government agencies and others. Previous biennial funding was used to (1) Design and develop the MNWRL web application and database; (2) Collect and enter articles and reports previously scattered across many websites, journals, and files; (3) Begin extensive outreach to inform water managers, researchers, conservation professionals, and engaged citizens about the Library; and (4) Recruit partners to add material to the Library and help govern it's long-term growth and management. Goals for the next phase of proposed funding are to continue outreach efforts to steadily increase the number of regular MNWRL users and contributors, enhance search capabilities, and add new material to the Library's base of 1,200+ articles by forging strong partnerships with other agencies and organizations. MDA received $250,000 for this activity in the FY 2014-15 biennium.

8. Irrigation Water Quality Protection ($220,000): Under poor water and nitrogen management, nitrate losses from irrigation of nitrogen-demanding row crops (such as corn, potatoes and edible beans) is a major potential source of nitrate contamination in groundwater, especially in areas with sandy soils. Proper irrigation water management is needed to protect water resources. This funding provides a regional irrigation water quality specialist position through a contract with the University of Minnesota Extension. This water quality specialist develops guidance and provides education on irrigation and nitrogen Best Management Practices (BMPs) for Minnesota irrigators, including providing direct support regarding issues of irrigation scheduling and soil water monitoring. MDA received $220,000 for this activity in the FY 2014-15 biennium.

9. Minnesota Agricultural Water Quality Certification Program ($5 million): MAWQCP is designed to accelerate implementation and improvement of practices that benefit water quality. This program uses existing conservation programs and partners to provide technical support to farmers. The certification process establishes a holistic assessment of the water quality impacts of individual farm operations. It's designed to increase the adoption of on-farm conservation practices to protect water quality through a voluntary approach. Local conservation professionals are available to participants to assist in conservation planning, financial assistance and practice implementation. The program began during the last biennium and is currently being piloted, and is scheduled to expand statewide in FY2017. MDA anticipates a 100% federal match to state Clean Water Funds. The majority of funds are for local government and implementation. MDA received $3 million for this activity in the FY 2014-15 biennium.

IT Related Proposals:
Not applicable.

Results:

Proposal	*Name of Measure*	*Previous 2009*	*Current 2013*
Monitoring for Pesticides in Surface Water and Groundwater Program	• Number of target analytes and number of analytes detected	43 / 29	129 / 57
		FY 2014-15	
Nitrate in Groundwater	• Number of local partners involved in nitrate monitoring and reduction activities • Number of BMPs revised, developed, and promoted • Nitrate will be reduced in groundwater by 20% by 2034 (Clean Water Roadmap goal)	• 25 local partners • Data will be collected in support of these measures	
Academic Research and evaluation	• # of funded studies completed on time • # of studies resulting in published journal articles (and total # of journal articles) • # of studies producing results that prompted further scholarly inquiry and research (or future funding requests) • # of study results that developed into applied practices or methodology to evaluate or improve BMPs affecting water quality in Minnesota.	A Data Development Plan will be created to track applicable data and indicators.	
		FY 2010-14	
Agricultural Best Management Practices (AgBMP) Loan Program	• Total number of loans issued with Clean Water funding o Number of loans addressing septic systems o Number of loans related to conservation tillage o Number of loans related to agricultural waste management	456 344 28 84	
Vegetative Cover and Soil Health	Increased acres of vegetative cover planted to address water quality issues such as sediment, nitrate and phosphorous.	New Program - No data has been collected. A Data Development Plan will be created to track applicable data and indicators.	

Proposal	*Name of Measure*	*Previous 2009*	*Current 2013*
		FY 2014-15	
Technical Assistance	• Number of edge-of-field water quality monitoring stations installed and operational • Better understanding of nutrient concentrations and loads discharged from subsurface and surface drainage at the field scale. Baseline data will serve as for the next phase of projects focusing on implementation of BMPs and other conservation practices	On-farm work is conducted at 17 sites using 37 automated monitoring stations Information will be collected via personal conversations, interviews, focus groups or surveys.	
		FY 2014-15	*FY 2016-17*
Research Inventory Database	• # records added • # users (unique IP address)	• 1,700+ articles added (includes FY 2015 goal of adding 500 articles) • Usage statistics to be reported monthly beginning Fall 2014.	• 3,000 articles added • (Goal) Users report increased search efficiency
		FY 2014-15	
Irrigation Water Quality Protection	• Number of local government units (LGUs) participating in irrigator outreach and education activities • Number of irrigation BMPs revised, developed, and promoted and adopted	8 local partners working on outreach and education Information will be collected via personal conversations, interviews, focus groups or surveys.	
		Current	*FY 2016*
Minnesota Agricultural Water Quality Certification Program	• Number of certified farmers and landowners • MAWQCP positively affect farmers' ability and willingness to adopt and maintain conservation practices	12 Data development plan will include analysis Knowledge Attitudes and Practices (KAPS) Surveys that have	70

Proposal	*Name of Measure*	*Previous 2009*	*Current 2013*
		been distributed to over 1,000 farmers and landowners in two pilot areas. Similar number of surveys will be distributed to two other pilot areas in 2015.	

Statutory Change(s):
Not applicable.

Change Item: Establish Critical Core Response Capability and Capacity for Plant Disease Testing

Fiscal Impact ($000s)	FY 2016	FY 2017	FY 2018	FY 2019
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	2	2	2	2

Request:

The Governor recommends an increase in the general fund appropriation to the Laboratory Services Division of $600,000 in the next biennium. The increased appropriation will expand capabilities in the Plant Analysis Unit to allow for rapid detection, diagnosis, and identification of high priority plant pathogens in order to safeguard Minnesota agriculture. This request represents a 7.2% increase in the Laboratory's general fund appropriation and a 3.4% increase in the Department of Agriculture's total budget.

Rationale/Background:

The speed of distribution of potential harmful pests, pathogens and invasive species has never been greater due to changes in markets and climate. The Department of Agriculture, Plant Protection Division (PPD) is responsible for excluding and eradicating new and emerging plant diseases and pests affecting Minnesota's agricultural crops and native plant species. Introduced pests and diseases can have major implications for farmers in terms of production, profitability, and ability to export. In order to carry out this mission there is a need for rapid detection, diagnosis, and identification of high priority plant pathogens. This request is needed to supply the necessary resources to build capacity and capability in the Laboratory Services Division to safeguard Minnesota agriculture from plant pathogens.

The Laboratory Services Division (LSD) is a full service agricultural lab that has robust capability for Minnesota Department of Agriculture's regulatory programs within other divisions (Dairy and Food Inspection Division, Pesticide and Fertilizer Management Division). The Laboratory provides testing on seed purity and germination for the Plant Protection Division's Seed program. The PPD is experiencing an increasing need for plant pest and disease testing. The Laboratory has been able to provide limited pest and disease testing with funds from the Farm Bill and the Seed Account, neither of which is sustainable. There is an urgent need to expand core lab capacity and capability for testing in order to address new and emerging plant pests and diseases as well as to meet the regulatory needs of PPD. Funding to do so will support an increase in the numbers of different diseases and pests for which we can test (capability) and initiate a trend of increasing capacity, which must continue in order to protect our plant resources and industries from damage caused by these ever-changing threats.

Proposal:

As first responders to plant disease outbreaks, this request aims to greatly improve our readiness through improvements in available diagnostics and identification and implementation of specific disease assays. This proposal supports an expansion of our current Plant Protection lab program while at the same time maximizing existing lab space and expertise. Staffing needs for pest and disease detection are 2 FTE's.

The Laboratory Services Division will be collaborating with the Plant Protection Division of the Minnesota Department of Agriculture to increase lab capability and capacity. The units within PPD will identify the diseases or pests they need the laboratory to detect based on their future survey and export plans. The funding received through this initiative will allow the laboratory to prepare for these testing needs by positioning us to respond to analysis needs for samples collected for survey, export inspection, trace forwards and emergency actions using proven protocols, thereby increasing the laboratory's capability for response. The measure that will indicate that our curve is turning will be the increasing number of organisms for which we are able to test for in response to the Plant Protection Division needs.

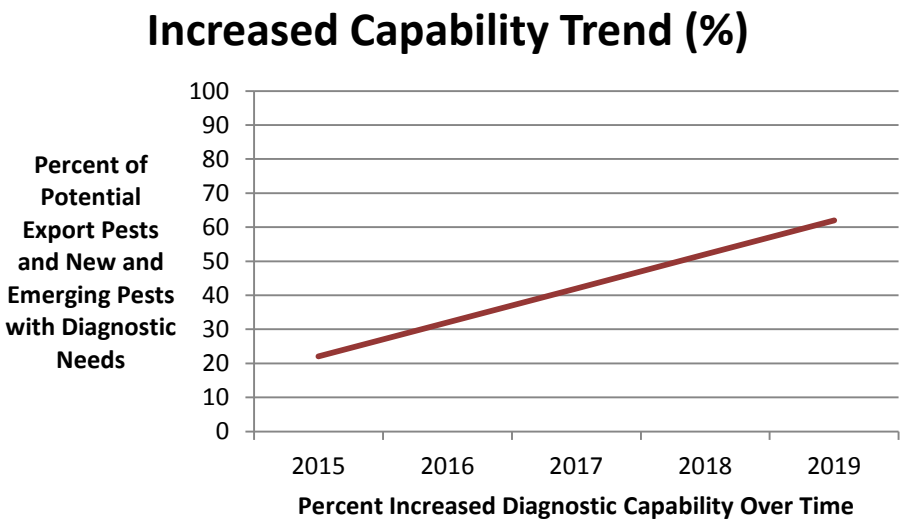
This project can begin immediately. Initial steps include discussion with PPD programs to prioritize their testing needs. The laboratory will follow up by identifying the appropriate analyses and beginning efforts to establish the capability to perform those analyses. Those efforts include acquiring one or more of the following: protocols, equipment, controls, training and supplies.

Results:

Working with the Plant Protection Division, the Laboratory has identified 65 pests or pathogens that are emerging in Minnesota or that impact exports or limit markets. This proposal will provide resources to develop specific disease assays for these identified pests. These 65 pests were identified by reviewing the following:

- Pests that have prohibited a commodity from export to a foreign country. For these pests the receiving country requires a laboratory analysis to determine that products are free from these prohibited pests.
- Pests that were found on the prioritized pest list established by the United States Department of Agriculture, Animal and Plant Health Inspection Service (USDA-APHIS) and are most likely to pose a threat to Minnesota farmers and resources based on pathways, hosts and climate.

Of the 65 pests identified, the Laboratory Services Division has capability for fourteen (14) or 22%. This proposal provides resources to increase capability through development and implementation of new methods at a rate of 10% a year until full capability is reached.



Like plant pests that restrict export or limit markets, genetically modified organisms (GMO's) are becoming a greater barrier to trade. Requests for analytical tests to validate presence or absence of GMO's continue to increase. This request would also allow us to respond to testing requests for GMO's as they arise.

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 we are able to diagnose over time. By using nationally and internationally accepted protocols known to produce reliable results, we will measure the quality of our work by comparing our results to those standards. This major program change will allow us to support PPD's needs to identify export 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.

Our laboratory testing capabilities will be communicated to the Plant Protection Division via annual summaries that identify what tests are available and also identify upcoming testing needs for PPD under development. In turn, the Plant Protection Division will communicate test capabilities and results to stakeholders in all of the industries and communities identified above.

Statutory Change(s):

No statutory changes are required.

Program: Protection Services
Activity: Pesticide and Fertilizer Management Division

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

AT A GLANCE

- Averaged 3 days to issue bulk fertilizer storage permits
- In partnership with 86 counties, collected 361,054 pounds of waste pesticides in 2013
- In 23 year history, over 34 million in reimbursements of environmental cleanup
- Collected and contracted $800,000 in fertilizer fees for fertilizer research directed by a council of agriculture organizations
- Monitored groundwater (166 sites) and surface water (524 samples) for pesticides with rigorous scientific standards
- Continuous pesticide monitoring of groundwater since 1985 and surface water since 1991

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 regulation (AA)
- Commercial manure application licensing
- Pesticide and fertilizer use surveys
- Pesticide misuse investigations
- Best Management Practices (BMP) development
- Discovery Farms technical support
- Reimbursement for cleanups
- 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
- Anhydrous Ammonia Inspections of Bulk Storage Facilities. Anhydrous ammonia (NH_3) is an affordable and effective but also potentially dangerous nitrate fertilizer. Temporary funding in 2012 increased the number of inspections and decreased the time between inspections of Minnesota's 285 facilities from 6.8 years to 3.0 years.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Pesticide inspections of various facilities, dealers and sites	226	264	FY13 to FY14
Quantity	Pounds of waste pesticides collected	304,089	361,054	CY11 to CY13
Quantity	Anhydrous ammonia inspections of bulk storage facilities	119	187	FY's 11,12 to FY's 13,14

Authority for this activity is found in Minnesota Statutes, Chapters 18B, 18C, 18D, 18E, 103H and 115E

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	570	1,004	499	629	564	564	564	564
2000 - Restricted Misc Special Rev	39	39	37	44	9	0	9	0
2018 - Agriculture Fund	10,094	11,239	12,103	14,418	14,333	14,541	14,347	14,805
2302 - Clean Water Fund	2,030	2,871	3,716	13,116	0	0	8,385	8,385
2403 - Gift	0	0	24	76	0	0	0	0
2801 - Remediation Fund	1,759	1,922	1,402	1,978	1,948	1,948	1,948	1,948
3000 - Federal	638	452	350	551	808	608	808	608
Total	**15,130**	**17,527**	**18,130**	**30,811**	**17,662**	**17,662**	**26,061**	**26,311**
Biennial Change				16,284		(13,618)		3,430
Biennial % Change				50		(28)		7
Governor's Change from Base								17,048
Governor's % Change from Base								48

Expenditures by Category

Compensation	7,319	8,034	8,913	12,137	9,189	9,325	11,574	11,910
Operating Expenses	7,561	9,116	9,082	18,452	8,447	8,310	14,461	14,374
Other Financial Transactions	207	300	136	155	27	27	27	27
Capital Outlay-Real Property	43	78		67		0		0
Total	**15,130**	**17,527**	**18,130**	**30,811**	**17,662**	**17,662**	**26,061**	**26,311**
Total Agency Expenditures	15,130	17,527	18,130	30,811	17,662	17,662	26,061	26,311
Internal Billing Expenditures	1,567	1,764	1,990	2,552	2,175	2,168	2,545	2,573
Expenditures Less Internal Billing	**13,564**	**15,764**	**16,140**	**28,260**	**15,488**	**15,494**	**23,517**	**23,738**
Full-Time Equivalents	**90.2**	**97.4**	**103.3**	**125.4**	**96.7**	**96.4**	**121.9**	**123.5**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	177	456		65				
Direct Appropriation	844	564	564	564	564	564	564	564
Net Transfers		(1)						
Cancellations		15						
Expenditures	**570**	**1,004**	**499**	**629**	**564**	**564**	**564**	**564**
Balance Forward Out	452		65					
Biennial Change in Expenditures				(446)		1		1
Biennial % Change in Expenditures				(28)		0		0
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	4.4	7.3	4.4	3.5	3.5	3.5	3.5	3.5

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In			13	2	4		4	
Receipts	39	52	25	46	5	0	5	0
Expenditures	**39**	**39**	**37**	**44**	**9**	0	**9**	0
Balance Forward Out		13	2	4				
Biennial Change in Expenditures				3		(72)		(72)
Biennial % Change in Expenditures				3		(89)		(89)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	0.4	0.3	0.4	0.4	0.4	0	0.4	0

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	11,237	12,031	10,997	10,207	7,868	6,831	7,868	6,831
Receipts	12,612	13,368	13,795	14,531	15,486	16,281	15,499	16,544
Net Transfers	(1,949)	(3,215)	(2,482)	(2,452)	(2,190)	(2,190)	(2,190)	(2,190)
Expenditures	**10,094**	**11,239**	**12,103**	**14,418**	**14,333**	**14,541**	**14,347**	**14,805**
Balance Forward Out	11,805	10,945	10,207	7,868	6,831	6,381	6,831	6,381
Biennial Change in Expenditures				5,188		2,353		2,631
Biennial % Change in Expenditures				24		9		10
Gov's Exp Change from Base								278

2018 - Agriculture Fund

Gov's Exp % Change from Base								1
FTEs	66.3	68.5	75.8	89.0	88.3	88.3	88.3	90.3

2302 - Clean Water Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	1,436	2,686	3,015	5,856				
Direct Appropriation	3,200	3,200	7,110	7,260	0	0	8,385	8,385
Net Transfers			(552)					
Expenditures	**2,030**	**2,871**	**3,716**	**13,116**	0	0	**8,385**	**8,385**
Balance Forward Out	2,606	3,014	5,856					
Biennial Change in Expenditures				11,931		(16,832)		(62)
Biennial % Change in Expenditures				243		(100)		0
Gov's Exp Change from Base								16,770
FTEs	12.7	15.0	18.0	27.2			25.2	25.2

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In				26				
Receipts	0	0	50	50	0		0	
Expenditures	0	0	**24**	**76**	0	0	0	0
Balance Forward Out			26					
Biennial Change in Expenditures				100		(100)		(100)
Biennial % Change in Expenditures						(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs			0.3	0.8				

2801 - Remediation Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		73		30				
Direct Appropriation	388	388	388	388	388	388	388	388
Open Appropriation	1,444	1,502	1,044	1,560	1,560	1,560	1,560	1,560
Cancellations		41						
Expenditures	**1,759**	**1,922**	**1,402**	**1,978**	**1,948**	**1,948**	**1,948**	**1,948**
Balance Forward Out	73		30					

2801 - Remediation Fund

Biennial Change in Expenditures				(301)		516		516
Biennial % Change in Expenditures				(8)		15		15
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	2.4	3.4	2.7	2.5	2.5	2.5	2.5	2.5

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		100	112	8				
Receipts	638	465	247	543	808	608	808	608
Expenditures	**638**	**452**	**350**	**551**	**808**	**608**	**808**	**608**
Balance Forward Out		112	8					
Biennial Change in Expenditures				(189)		515		515
Biennial % Change in Expenditures				(17)		57		57
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	4.0	2.9	1.8	2.2	2.2	2.2	2.2	2.2

Program: Protection Services
Activity: Plant Protection Division

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

AT A GLANCE

- 1.2 billion pounds of ag products certified for export to 63 countries
- 632 million hundredweight seed sold under MN permit
- $16.1 billion tons grain purchased under grain licenses and bonds
- 1.1 billion pounds of potatoes inspected and certified
- 50,000 biocontrol wasps released to control emerald ash borer (EAB)
- 15,000 Gypsy moth traps set and 50,000 acres treated for Gypsy Moths
- Surveyed for 40+ invasive species threats
- Enforced quarantines to exclude or contain EAB and an exotic walnut disease

PURPOSE & CONTEXT

The Plant Protection Division inspects and certifies agricultural commodities for export, grade and freedom from specific pests. We are also responsible for detecting, excluding, containing and managing invasive or exotic plant 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 to ensure quality and noxious weed programs to protect land.

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, 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.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Export certificates issued (all within 1-3 business days)	3,699	3,702	2012, 2013
Quality	Species evaluated as noxious weeds	4	13	2012, 2013
Results	Wholesale dealer and grain licenses issued within 2 days of application receipt	100%	100%	2012, 2013

M.S. Section 3.737 and 3.7371 provides the authority to compensate farmers and landowners for loss caused by wolf or elk.
M.S. Section 17.445 provides the authority to provide apiary inspection services for interstate commerce
M.S. Chapter 18G provides the authority to exclude and manage invasive and exotic plant pests and to certify commodities for export
M.S. Chapter 18H provides the authority to inspect and certify nursery dealers and growers
M.S. Section 18.75 provides the authority to administer a state noxious weed program
M.S. Chapter 21 provides the authority to inspect and certify seed potatoes.
M.S. Section 21.80 provides the authority to inspect and certify seeds for distribution and enforce seed label requirements.
M.S. Chapter 27 provides the authority to provide a wholesale produce dealer bonding program.
M.S. Chapter 223 provides the authority to provide a bond program for grain.
M.S. Chapter 231 provides the authority to provide a bond program for warehouses

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	1,662	2,053	1,650	1,987	1,818	1,818	1,918	1,918
2000 - Restricted Misc Special Rev	23	0	0	0	0	0	0	0
2018 - Agriculture Fund	3,369	3,631	3,807	4,048	3,989	4,054	4,170	4,280
2050 - Environment & Natural Resource	211	184	249	855	107	105	107	105
3000 - Federal	2,020	1,220	1,452	1,402	1,432	1,440	1,432	1,440
Total	**7,285**	**7,088**	**7,158**	**8,292**	**7,346**	**7,417**	**7,627**	**7,743**
Biennial Change				1,077		(687)		(80)
Biennial % Change				7		(4)		(1)
Governor's Change from Base								607
Governor's % Change from Base								4

Expenditures by Category

Compensation	4,567	4,721	4,632	5,185	4,903	4,987	4,953	5,087
Operating Expenses	2,685	2,293	2,464	2,997	2,338	2,325	2,569	2,551
Other Financial Transactions	10	71	12	5	0	0	0	0
Grants, Aids and Subsidies	1	0	50	105	105	105	105	105
Capital Outlay-Real Property	22	3						
Total	**7,285**	**7,088**	**7,158**	**8,292**	**7,346**	**7,417**	**7,627**	**7,743**
Total Agency Expenditures	7,285	7,088	7,158	8,292	7,346	7,417	7,627	7,743
Internal Billing Expenditures	770	664	646	705	634	635	649	665
Expenditures Less Internal Billing	**6,515**	**6,424**	**6,512**	**7,587**	**6,712**	**6,782**	**6,978**	**7,078**
Full-Time Equivalents	**70.2**	**74.0**	**68.7**	**68.7**	**67.9**	**67.9**	**68.4**	**68.9**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		224		223				
Direct Appropriation	1,888	1,848	1,873	1,763	1,818	1,818	1,918	1,918
Net Transfers	0	(19)	0	0				
Cancellations		0						
Expenditures	**1,662**	**2,053**	**1,650**	**1,987**	**1,818**	**1,818**	**1,918**	**1,918**
Balance Forward Out	226		223					
Biennial Change in Expenditures				(79)		0		200
Biennial % Change in Expenditures				(2)		0		5
Gov's Exp Change from Base								200
Gov's Exp % Change from Base								6
FTEs	14.6	19.5	15.5	15.5	15.5	15.5	15.5	15.5

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Receipts	23	0	0	0	0	0	0	0
Expenditures	**23**	0	0	0	0	0	0	0
Biennial Change in Expenditures				(23)		0		0
Biennial % Change in Expenditures				(100)		0		0
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	0.0							

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	1,825	2,162	1,912	1,926	1,630	1,396	1,630	1,396
Receipts	3,997	3,906	4,143	4,074	4,079	4,181	4,425	4,527
Net Transfers	(346)	(550)	(322)	(322)	(322)	(322)	(322)	(322)
Expenditures	**3,369**	**3,631**	**3,807**	**4,048**	**3,989**	**4,054**	**4,170**	**4,280**
Balance Forward Out	2,106	1,887	1,926	1,630	1,396	1,200	1,396	1,200
Biennial Change in Expenditures				855		188		595
Biennial % Change in Expenditures				12		2		8
Gov's Exp Change from Base								407
Gov's Exp % Change from Base								5
FTEs	33.5	34.9	35.9	35.9	35.9	35.9	36.4	36.9

2018 - Agriculture Fund

2050 - Environment & Natural Resource

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		39	105	446	212	105	212	105
Direct Appropriation	250	250	590	621	0	0	0	0
Expenditures	**211**	**184**	**249**	**855**	**107**	**105**	**107**	**105**
Balance Forward Out	39	105	446	212	105		105	
Biennial Change in Expenditures				709		(892)		(892)
Biennial % Change in Expenditures				179		(81)		(81)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	1.2	1.7	2.7	2.7	1.9	1.9	1.9	1.9

3000 - Federal

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		172	500	132				
Receipts	2,020	1,384	1,084	1,270	1,432	1,440	1,432	1,440
Expenditures	**2,020**	**1,220**	**1,452**	**1,402**	**1,432**	**1,440**	**1,432**	**1,440**
Balance Forward Out		336	132					
Biennial Change in Expenditures				(385)		18		18
Biennial % Change in Expenditures				(12)		1		1
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	20.9	18.0	14.7	14.7	14.7	14.7	14.7	14.7

6000 - Miscellaneous Agency

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	0	0	0	0				
Receipts	0	0	0	0	0	0	0	0
Balance Forward Out		0	0					

Program: Protection Services
Activity: Laboratory Services Division

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

AT A GLANCE

- Performed 14,901 tests for 15,369 analytes on 6,739 samples for MDA's Dairy and Food Inspection Division
- Performed 8,813 tests for 123,719 analytes on 5,644 samples for MDA's Pesticide and Fertilizer Inspection Division
- Performed 13,667 tests for 35,062 analytes on 2,036 samples for MDA's Plant Protection Division
- Performed 5,377 tests for 12,282 analytes on 3,165 samples for Minnesota Department of Natural Resources

PURPOSE & CONTEXT

The Laboratory Services Division's goal is to furnish scientifically and legally defensible testing that supports the Minnesota Department of Agriculture's (MDA) 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 Food Inspection Division
- MDA Pesticide and Fertilizer Management Division
- MDA Plant Protection Division
- Minnesota Department of Natural Resources

Specific Services

Emergency testing in response to:
- 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 diseases

Other services include:
- Method development
- Technical consultation
- Data interpretation
- Quality assessment

RESULTS

We grade 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.

Type of Measure	*Performance Measures based on customer survey*	*Previous Score 2012*	*Current Score 2013*
Results	Satisfaction with technical assistance provided by laboratory	100%	94%
Results	Data quality	100%	95%
Results	Overall laboratory performance	100%	94%

As methods/programs are formally brought under our scope of accreditation, additional department staff are surveyed. To that end, more issues were identified between 2012 and 2012, resulting in a drop in customer survey scores.

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 FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	3,959	4,060	4,189	4,313	4,271	4,272	4,721	4,722
2000 - Restricted Misc Special Rev	170	171	116	66	80	80	80	80
2018 - Agriculture Fund	2,594	2,529	2,743	3,744	2,706	2,570	2,706	2,570
3000 - Federal	2,089	1,854	1,770	1,616	1,644	1,633	1,644	1,633
Total	**8,812**	**8,613**	**8,818**	**9,740**	**8,702**	**8,555**	**9,152**	**9,005**
Biennial Change				1,133		(1,300)		(400)
Biennial % Change				7		(7)		(2)
Governor's Change from Base								900
Governor's % Change from Base								5

Expenditures by Category

Compensation	3,663	3,945	4,245	4,609	4,172	4,152	4,597	4,577
Operating Expenses	4,305	4,481	4,293	4,546	4,471	4,344	4,496	4,369
Other Financial Transactions	31	23	30	1	12	12	12	12
Capital Outlay-Real Property	813	165	250	583	47	47	47	47
Total	**8,812**	**8,613**	**8,818**	**9,740**	**8,702**	**8,555**	**9,152**	**9,005**
Total Agency Expenditures	8,812	8,613	8,818	9,740	8,702	8,555	9,152	9,005
Internal Billing Expenditures	663	665	564	628	623	566	623	566
Expenditures Less Internal Billing	**8,149**	**7,948**	**8,253**	**9,112**	**8,079**	**7,989**	**8,529**	**8,439**
Full-Time Equivalents	**47.8**	**51.5**	**52.9**	**50.3**	**49.4**	**49.4**	**52.4**	**52.4**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		61		42	0		0	
Direct Appropriation	3,986	3,986	4,231	4,231	4,271	4,271	4,721	4,721
Receipts		0	0	0	0	0	0	0
Net Transfers		14		40	0	0	0	0
Cancellations		1						
Expenditures	**3,959**	**4,060**	**4,189**	**4,313**	**4,271**	**4,272**	**4,721**	**4,722**
Balance Forward Out	27		42	0				
Biennial Change in Expenditures				484		41		941
Biennial % Change in Expenditures				6		0		11
Gov's Exp Change from Base								900
Gov's Exp % Change from Base								11
FTEs	12.4	14.5	15.7	15.7	15.7	15.7	18.7	18.7

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In			74					
Receipts	170	245	42	(42)	80	80	80	80
Net Transfers				108				
Expenditures	**170**	**171**	**116**	**66**	**80**	**80**	**80**	**80**
Balance Forward Out		74						
Biennial Change in Expenditures				(158)		(22)		(22)
Biennial % Change in Expenditures				(46)		(12)		(12)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	2.1	1.5	1.0	1.0	1.0	1.0	1.0	1.0

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	755	739	855	1,246	441	447	441	447
Receipts	464	499	529	457	460	460	460	460
Net Transfers	2,111	2,146	2,604	2,484	2,252	2,282	2,252	2,282
Expenditures	**2,594**	**2,529**	**2,743**	**3,744**	**2,706**	**2,570**	**2,706**	**2,570**
Balance Forward Out	735	855	1,246	441	447	619	447	619
Biennial Change in Expenditures				1,364		(1,210)		(1,210)

2018 - Agriculture Fund

Biennial % Change in Expenditures				27		(19)		(19)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	17.6	21.7	21.9	21.9	21.1	21.1	21.1	21.1

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	0	12	225	4				
Receipts	2,089	2,014	1,548	1,611	1,644	1,633	1,644	1,633
Expenditures	**2,089**	**1,854**	**1,770**	**1,616**	**1,644**	**1,633**	**1,644**	**1,633**
Balance Forward Out		171	4					
Biennial Change in Expenditures				(557)		(109)		(109)
Biennial % Change in Expenditures				(14)		(3)		(3)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	15.6	13.9	14.3	11.7	11.7	11.7	11.7	11.7

Program: Protection Services
Activity: Dairy and Food Inspection Division

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

AT A GLANCE

- Spent approximately $0.56 per person in Minnesota on food inspection activities statewide
- Conducted 2,146 feed sample analyses
- Investigated over 60 significant food contamination events that resulted in a product recall or a foodborne illness outbreak
- Detected 17 of 375 (4.5%) of routine retail deli samples collected by DFID inspectors contaminated with foodborne pathogen Listeria *monocytogenes*
- Examined over 250 Plan Reviews for new businesses or remodeling at existing facilities
- Conducted 7,795 inspections of 4.7 million pounds of processed meat and poultry products at 50 processors
- Conducted 7,800 dairy farm inspections
- Issued 759 certificates of free sale allowing dairy manufacturers to ship their products internationally

PURPOSE & CONTEXT

The Dairy and Food Inspection Division supports the Minnesota Department of Agriculture's mission to ensure the integrity of the food supply through regulation of dairy products, food products, meat, animal feed, shell eggs, and poultry. Our activities help to ensure the strength of the agricultural economy by providing businesses with timely access to required licensing and food safety documentation for product exports. Our work is vital to maintaining consumer confidence in the safety of Minnesota's food supply. In some cases our inspection work is required for manufacturers and farmers to conduct in-state, interstate, and international sales of their products.

The success of our work depends upon us providing an effective, efficient and fair regulatory and enforcement program for businesses that produce dairy, food, meat and feed products.

This work benefits the health of consumers and the economic health of businesses in the food and agriculture industry

SERVICES PROVIDED

Inspections Our inspectors examine and validate the food safety processes and procedures of the entire food production system, including specific inspections for dairy, food, meat, feed, and poultry businesses to ensure they are able to produce safe food. Inspections vary by type of facility (dairy, food, meat or feed) depending on state and federal law, grant and contract requirements. Therefore, inspection services are organized by the Dairy, Food[1], Meat and Feed program areas.

Outreach A strong emphasis on outreach and education provides new and existing food business with information needed for them to meet the state's regulatory requirements and to prevent food safety problems from occurring. Assessing the ability of food business operators to produce safe food and providing them educational outreach are key components of all inspection programs within this division.

Investigations, Compliance and Enforcement
When prevention efforts fail or are not followed, our investigators and inspectors:

- Investigate foodborne illness outbreaks and food contamination events that include product recalls and product trace backs in order to remove implicated food from the marketplace as well as determine root cause so that similar incidents can be prevented.
- Collect food and environment samples at dairy, food, meat and feed facilities searching for bacteria that can cause foodborne illnesses.
- Recommend enforcement action (warning letters, penalties) when a firm is unable or unwilling to comply with food safety regulations.

[1] *To decrease confusion, food in the general sense will be in lower case and when referring to the Food program, Food inspector or Food facility, Food will be capitalized.*

RESULTS

Tool for measurement/Dairy Program (Measure of Result): Percentage of dairy farm, plant and enforcement food safety audits conducted by Interstate Milk Shipment (IMS) Program auditors that achieve passing scores (*Figure 1*). States have to participate in IMS if they want to ship milk across state lines.

Desired result: 100 percent of audits achieve passing scores. If an audit fails, the farms and/or plants in that audit cannot sell across state lines until sufficient corrections are made.

Tool for measurement/Food Program (Measure of Quality): How often a food facility is inspected is based on the food safety risk of the product that a food business is producing - 12, 18, and 24-month frequencies for high, medium and low risk facilities, respectively (*Table 1)*.

Figure 1. Percent IMS Farm, Plant & Enforcement Surveys Passing Audit

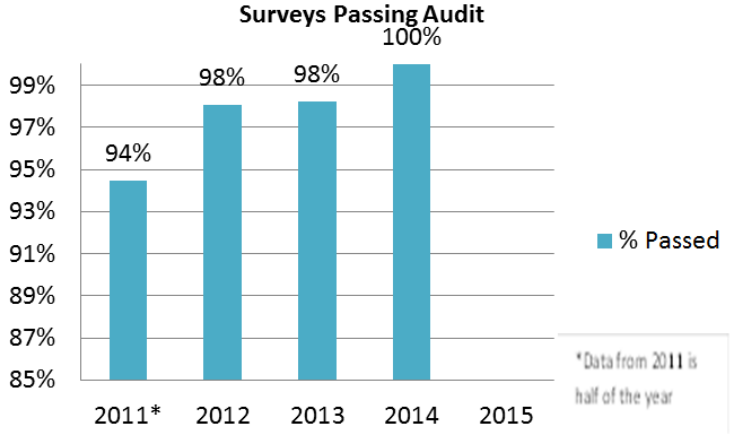


Table 1: Percentage of facilities that are inspected at the required food safety risk frequency			
Food Safety Risk Category			% Facilities inspected at required frequency
High Risk	2025	1236	61%
Medium Risk	3380	2439	72%
Low Risk	3947	2843	72%
Unknown (recently licensed)	1164	81	7%
Total	10516	6599	63%

Desired Result: 100 percent of the facilities are inspected at the required frequency.

Tool for Measurement/Meat Program (Measure of Quality): The ability to meet demand from Minnesota meat and poultry businesses for federally required inspections. Daily inspections are required by federal law in order for these businesses to legally sell meat byproducts (*Figure 2*).

Desired result: 100 percent of requests from processors to provide federally required inspection services are met.

Figure 2. Percent of Inspection Demand Met by the Meat Program

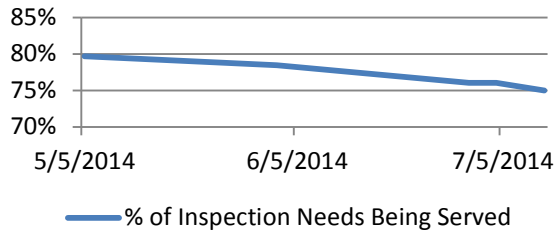
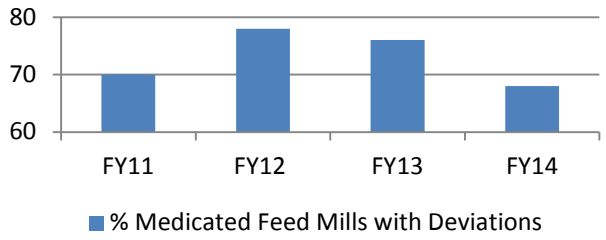


Figure 3. Percent Medicated Feed Mills with violations



Tool for measurement/Feed Program (Measure of Result): 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 and when significant violations occur, the inspection frequency of those facilities is increased to an annual inspection.

Desired result: Decrease in number of feed safety violations found during inspection of these facilities to less than 20 percent.

Authority for this activity is found in mainly Minnesota Statutes, Chapters 25, 28A, 29, 31, 32, and 34.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	5,241	5,572	5,227	5,817	5,677	5,677	3,452	3,452
2000 - Restricted Misc Special Rev	815	832	1,010	1,175	1,256	1,281	1,256	1,281
2018 - Agriculture Fund	4,139	4,408	4,728	4,768	4,315	4,104	10,470	10,733
3000 - Federal	1,622	1,723	2,271	2,431	2,071	2,094	2,321	2,344
6000 - Miscellaneous Agency	75	66	57	64	57	58	57	58
Total	**11,892**	**12,602**	**13,294**	**14,256**	**13,376**	**13,214**	**17,556**	**17,868**
Biennial Change				3,056		(960)		7,874
Biennial % Change				12		(3)		29
Governor's Change from Base								8,834
Governor's % Change from Base								33

Expenditures by Category

Compensation	8,682	9,260	9,891	10,633	10,051	9,934	13,269	13,562
Operating Expenses	3,048	3,232	3,401	3,617	3,322	3,278	4,284	4,304
Other Financial Transactions	145	93	1	4	0	0	0	0
Grants, Aids and Subsidies	0	0						
Capital Outlay-Real Property	16	18	1	2	2	2	2	2
Total	**11,892**	**12,602**	**13,294**	**14,256**	**13,376**	**13,214**	**17,556**	**17,868**
Total Agency Expenditures	11,892	12,602	13,294	14,256	13,376	13,214	17,556	17,868
Internal Billing Expenditures	889	985	1,006	1,114	1,130	1,071	1,130	1,131
Expenditures Less Internal Billing	**11,003**	**11,618**	**12,288**	**13,142**	**12,246**	**12,143**	**16,426**	**16,737**
Full-Time Equivalents	**117.9**	**123.8**	**124.9**	**120.3**	**112.4**	**110.9**	**145.1**	**147.6**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		210		140				
Direct Appropriation	5,387	5,387	5,367	5,717	5,677	5,677	3,452	3,452
Receipts	0		0					
Net Transfers		(24)	0	(40)	0	0	0	0
Expenditures	**5,241**	**5,572**	**5,227**	**5,817**	**5,677**	**5,677**	**3,452**	**3,452**
Balance Forward Out	146		140					
Biennial Change in Expenditures				231		310		(4,140)
Biennial % Change in Expenditures				2		3		(37)
Gov's Exp Change from Base								(4,450)
Gov's Exp % Change from Base								(39)
FTEs	54.9	54.3	53.2	50.1	48.1	47.8	54.6	54.3

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	415	280	557	254	866	830	866	830
Receipts	679	1,110	707	1,729	1,219	1,239	1,219	1,239
Net Transfers				58				
Expenditures	**815**	**832**	**1,010**	**1,175**	**1,256**	**1,281**	**1,256**	**1,281**
Balance Forward Out	279	557	254	866	830	789	830	789
Biennial Change in Expenditures				538		351		351
Biennial % Change in Expenditures				33		16		16
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	8.1	8.7	9.0	9.4	10.1	10.1	10.1	10.1

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	5,806	5,180	3,918	2,658	1,685	1,127	1,685	1,127
Receipts	4,139	4,400	4,068	4,304	4,296	4,278	10,443	11,399
Net Transfers	(640)	(1,238)	(600)	(510)	(540)	(570)	(540)	(570)
Expenditures	**4,139**	**4,408**	**4,728**	**4,768**	**4,315**	**4,104**	**10,470**	**10,733**
Balance Forward Out	5,165	3,934	2,658	1,685	1,127	730	1,127	730
Biennial Change in Expenditures				950		(1,078)		11,706
Biennial % Change in Expenditures				11		(11)		123

2018 - Agriculture Fund

Gov's Exp Change from Base								12,784
Gov's Exp % Change from Base								152
FTEs	39.6	44.6	44.0	43.0	38.0	37.2	61.7	64.9

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	386	157	323	324	5	5	5	5
Receipts	1,385	1,787	2,272	2,278	2,071	2,094	2,321	2,344
Net Transfers				(166)				
Expenditures	**1,622**	**1,723**	**2,271**	**2,431**	**2,071**	**2,094**	**2,321**	**2,344**
Balance Forward Out	149	220	324	5	5	5	5	5
Biennial Change in Expenditures				1,357		(538)		(38)
Biennial % Change in Expenditures				41		(11)		(1)
Gov's Exp Change from Base								500
Gov's Exp % Change from Base								12
FTEs	15.0	16.0	18.4	17.6	15.9	15.5	18.4	18.0

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	22	22	21	29	30	38	30	38
Receipts	0	0		0	0	0	0	0
Net Transfers	75	65	65	65	65	65	65	65
Expenditures	**75**	**66**	**57**	**64**	**57**	**58**	**57**	**58**
Balance Forward Out	22	21	29	30	38	45	38	45
Biennial Change in Expenditures				(20)		(6)		(6)
Biennial % Change in Expenditures				(14)		(5)		(5)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	0.3	0.2	0.3	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/en/about/divisions/amd.aspx

AT A GLANCE

- 1,225 farms and famers' markets licensed to use the Minnesota Grown logo
- Taiwan Agricultural Trade Delegation signed letter of intent to purchase $3.5 billion of US corn, soybeans and dried distillers' grains - $350 million from Minnesota
- Biodiesel standard for B10 was implemented
- 1,680 people attended demonstrations and workshops on innovative drainage practices
- 34 Minnesota companies displayed product in Minnesota Pavilions at domestic and international trade shows
- 30 farmers assisted with livestock permitting
- 287 farmers assisted by dairy profit teams
- 866 pre-service and in-service teachers received ag literacy training
- 30 immigrant farmers trained in farm business management and production practices
- 522 farmers and processors attend the 2014 Minnesota 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 governments
- 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, Infants and Children 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
- Information and assistance to livestock producers and local governments on development and permitting, including preparation of conservation grazing plans for use of public lands
- 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
- Quarantine and insect control facilities available for agricultural pest research
- Economic analysis and domestic and international agricultural market research
- Conservation, environmental protection and resource-management work to help farmers adopt new practices and technology
- Agricultural land use assistance including land access for the immigrant farmer community and information on agricultural zoning and business development
- Oversight of creation and operation of agricultural commodity councils
- Agricultural Growth, Research, and Innovation Program (AGRI) administration

RESULTS

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Unique visitors to the Minnesota Grown Directory website	240,000	265,000	2011 - 2013
Quality	Percent of elementary and middle schools using the Minnesota Ag in the Classroom's Ag Mag	40%	44%	2012/13 – 2013/14
Quantity	Number of certified organic operations (farms & handlers)	939	1,068	2011 - 2013
Results	Return on investment for trade missions, shows, and reverse trade missions	$199:$1	$423:$1	2011-2013/14

M. S. 17.03 Subds. 1, 6, 7, and 7a 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 provides authority for the promotion and support of production and marketing of products of Minnesota agriculture.
M.S. 17.102 authorizes the establishment and promotion of the Minnesota Grown label.
M.S. 17.58 defines the duties of the agency related to oversight of the promotion councils.
M.S. 17.80, 17.81, 17.82, 17.84 articulate the state's ag land preservation and conservation policy and defines duties of the agency
M.S. 17.844 authorizes promotion of livestock production.
M. S. 17A provides legal authority over livestock marketing and dealer licensing.
M. S. 31.94 authorizes the promotion of organic agriculture.
M. S. 40A established the agricultural land preservation program.

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	2,340	3,245	2,674	3,078	3,687	3,687	3,687	3,687
2000 - Restricted Misc Special Rev	95	-10	162	221	222	222	212	212
2018 - Agriculture Fund	750	551	851	787	854	851	854	851
2403 - Gift	33	14	60	27	15	15	15	15
3000 - Federal	1,583	1,564	1,022	1,597	2,381	2,406	2,381	2,406
Total	**4,800**	**5,364**	**4,769**	**5,709**	**7,158**	**7,180**	**7,148**	**7,170**
Biennial Change				314		3,861		3,841
Biennial % Change				3		37		37
Governor's Change from Base								(20)
Governor's % Change from Base								0

Expenditures by Category

Compensation	2,313	2,568	2,542	2,873	2,900	2,944	2,890	2,934
Operating Expenses	1,291	1,529	1,327	1,477	1,515	1,468	1,515	1,468
Other Financial Transactions	23	36	7	6	0	0	0	0
Grants, Aids and Subsidies	1,143	1,207	892	1,354	2,744	2,769	2,744	2,769
Capital Outlay-Real Property	30	24	1					
Total	**4,800**	**5,364**	**4,769**	**5,709**	**7,158**	**7,180**	**7,148**	**7,170**
Total Agency Expenditures	4,800	5,364	4,769	5,709	7,158	7,180	7,148	7,170
Internal Billing Expenditures	97	82	67	150	140	142	140	142
Expenditures Less Internal Billing	**4,703**	**5,282**	**4,702**	**5,559**	**7,018**	**7,038**	**7,008**	**7,028**
Full-Time Equivalents	**31.6**	**32.6**	**31.0**	**30.8**	**29.6**	**29.6**	**29.6**	**29.6**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		563		202				
Direct Appropriation	3,062	3,062	3,062	3,062	3,873	3,873	3,873	3,873
Receipts		0						
Net Transfers	(186)	(213)	(186)	(186)	(186)	(186)	(186)	(186)
Cancellations		167						
Expenditures	**2,340**	**3,245**	**2,674**	**3,078**	**3,687**	**3,687**	**3,687**	**3,687**
Balance Forward Out	536		202					
Biennial Change in Expenditures				168		1,622		1,622
Biennial % Change in Expenditures				3		28		28
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	23.7	24.6	23.2	23.2	22.7	22.7	22.7	22.7

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	1,031	1,029	1,125	1,190	1,173	1,163	1,173	1,163
Receipts	91	86	226	203	211	211	201	201
Net Transfers	0							
Expenditures	**95**	**(10)**	**162**	**221**	**222**	**222**	**212**	**212**
Balance Forward Out	1,026	1,125	1,190	1,173	1,163	1,153	1,163	1,153
Biennial Change in Expenditures				297		61		41
Biennial % Change in Expenditures				350		16		11
Gov's Exp Change from Base								(20)
Gov's Exp % Change from Base								(5)
FTEs	0.2	0.1	0.3	0.3	0.3	0.3	0.3	0.3

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	152	225	477	448	529	523	529	523
Receipts	636	660	636	682	654	674	654	674
Net Transfers	186	135	186	186	186	186	186	186
Expenditures	**750**	**551**	**851**	**787**	**854**	**851**	**854**	**851**
Balance Forward Out	223	469	448	529	523	532	523	532
Biennial Change in Expenditures				337		66		66

2018 - Agriculture Fund

Biennial % Change in Expenditures				26		4		4
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	6.2	5.8	6.4	6.4	5.7	5.7	5.7	5.7

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	27	30	37	13				
Receipts	36	21	36	15	15	15	15	15
Expenditures	**33**	**14**	**60**	**27**	**15**	**15**	**15**	**15**
Balance Forward Out	30	37	13					
Biennial Change in Expenditures				40		(57)		(57)
Biennial % Change in Expenditures				86		(65)		(65)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs		0.1	0.2	0	0	0	0	0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	6	127	111	3				
Receipts	1,589	1,449	914	1,594	2,381	2,406	2,381	2,406
Expenditures	**1,583**	**1,564**	**1,022**	**1,597**	**2,381**	**2,406**	**2,381**	**2,406**
Balance Forward Out	12	11	3					
Biennial Change in Expenditures				(528)		2,169		2,169
Biennial % Change in Expenditures				(17)		83		83
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	1.5	1.8	0.9	0.9	0.9	0.9	0.9	0.9

Program: Value-added Products
Activity: Agricultural Growth, Research, and Innovation

www.mda.state.mn.us/grants/agri.aspx

AT A GLANCE

- Annual $10.235 million state investment matched by $63.3 million in private investment
- 131 livestock operations assisted; 90 were beginning farmers; all made environmental improvements
- 40 ag businesses expanded or entered new markets
- 20 meat processing businesses upgraded or expanded
- 27 schools increased purchases of MN grown produce, meat, dairy and grains
- $1.3 million invested in commodity and cover crop research
- 50 Minnesota food businesses received cost share for retail sampling and wholesale tradeshow attendance

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;
- Strengthen the agricultural economy.

We serve:

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

SERVICES PROVIDED

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;
- Develop value-added enterprises to diversify farm income sources;
- Initiate, upgrade, and modernize value-added businesses including meat processing;
- Help businesses enter 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;
- Help farmers develop processing and transporting abilities needed to enter farm-to-school and other direct markets;
- Purchase food processing and storage equipment for schools to increase purchase of locally produced food;
- Develop renewable energy and plant-based technologies;
- 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
- NextGen Energy Research Grants
- Sustainable Agriculture Demonstration Grants
- Blender Pump Cost Share Assistance
- Good Agricultural Practices Cost Share Assistance
- Beginning Farmer Farm Business Management Scholarships
- Food Business Trade Show Cost Share Assistance
- County Fair Arts Access and Cultural Heritage Grants

RESULTS

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Result	Private investment participation in Livestock Investment Grant Program	$39 M private/$1 M state	$58 M private/$2 M state	2008-2013/14
Result	Agricultural jobs created – Livestock Investment Grants(construction/farm)	NA	1100 / 227	2014
Quantity	Number of school districts with Farm-to-School Programs	145	205	2011-2013
Result	Private investment participation in Value-Added Grant Program	$4.3 M private/$1 M state	$5.3 M private/$1M state	2013 -2014
Result	Agricultural jobs created – Value-Added Grants	54	108	2013/2014

M.S. 41A.12 provides the legal authority for the AGRI program.
M.S. 17.116 establishes the sustainable agriculture demonstration grants.
M.S. 17.118 establishes the livestock investment grant program.
M.S. 41A.10 authorizes development of cellulosic biofuels.
M.S. 41A.105 authorizes research and development of renewable technology to replace fossil fuels.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	2,308	2,627	9,058	12,147	10,235	10,235	10,235	10,235
Total	**2,308**	**2,627**	**9,058**	**12,147**	**10,235**	**10,235**	**10,235**	**10,235**
Biennial Change				16,270		(736)		(736)
Biennial % Change				330		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	6	36	228	326	289	294	289	294
Operating Expenses	2	138	418	586	526	521	526	521
Other Financial Transactions			0					
Grants, Aids and Subsidies	2,300	2,453	8,413	11,235	9,420	9,420	9,420	9,420
Total	**2,308**	**2,627**	**9,058**	**12,147**	**10,235**	**10,235**	**10,235**	**10,235**
Full-Time Equivalents	**0.1**	**0.4**	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**	**3.1**

(Dollars in Thousands)

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		1,038	535	1,712				
Direct Appropriation	2,600	2,289	10,235	10,435	10,235	10,235	10,235	10,235
Net Transfers	641							
Cancellations		165						
Expenditures	**2,308**	**2,627**	**9,058**	**12,147**	**10,235**	**10,235**	**10,235**	**10,235**
Balance Forward Out	934	535	1,712					
Biennial Change in Expenditures				16,270		(736)		(736)
Biennial % Change in Expenditures				330		(3)		(3)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	0.1	0.4	3.1	3.1	3.1	3.1	3.1	3.1

AT A GLANCE

- Hundreds of organizations partnered with and assisted
- Dozens of specialized programs
- 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 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 programs at Central Lakes and Ridgewater Colleges 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 is used for two things: 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.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Percent county fair aid formula is funded	95%	100%	2012-2015

Minnesota Statutes, Chapters 38, 41D and others.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	2,313	3,316	2,217	4,784	1,580	1,580	1,580	1,580
2018 - Agriculture Fund	1,189	802	748	1,573	800	800	800	800
2301 - Arts & Cultural Heritage Fund	1,333	1,427		0	0	0	0	0
2403 - Gift		0	7	11	11	0	11	0
3000 - Federal	474	403	355	459	0	0	0	0
Total	**5,310**	**5,948**	**3,327**	**6,828**	**2,391**	**2,380**	**2,391**	**2,380**
Biennial Change				(1,103)		(5,384)		(5,384)
Biennial % Change				(10)		(53)		(53)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	118	120	39	43	0	0	0	0
Operating Expenses	309	415	291	280	191	180	191	180
Grants, Aids and Subsidies	4,883	5,413	2,998	6,505	2,200	2,200	2,200	2,200
Total	**5,310**	**5,948**	**3,327**	**6,828**	**2,391**	**2,380**	**2,391**	**2,380**
Full-Time Equivalents	**2.2**	**1.8**	**0.5**	**0.5**	**0.0**	**0.0**	**0.0**	**0.0**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	3,052	299	25	199	0	0	0	0
Direct Appropriation	2,485	3,185	2,485	4,685	1,674	1,674	1,674	1,674
Net Transfers	(94)	(94)	(94)	(94)	(94)	(94)	(94)	(94)
Cancellations		49		5				
Expenditures	**2,313**	**3,316**	**2,217**	**4,784**	**1,580**	**1,580**	**1,580**	**1,580**
Balance Forward Out	3,130	25	199	0	0	0	0	0
Biennial Change in Expenditures				1,372		(3,841)		(3,841)
Biennial % Change in Expenditures				24		(55)		(55)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	1.2	0.8	0.5	0.5	0	0	0	0

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	414	43	721	773	0		0	
Net Transfers	800	800	800	800	800	800	800	800
Expenditures	**1,189**	**802**	**748**	**1,573**	**800**	**800**	**800**	**800**
Balance Forward Out	25	41	773	0				
Biennial Change in Expenditures				330		(721)		(721)
Biennial % Change in Expenditures				17		(31)		(31)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2301 - Arts & Cultural Heritage Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		87						
Direct Appropriation	1,400	1,400						
Receipts			0					
Cancellations		60						
Expenditures	**1,333**	**1,427**		0	0	0	0	0
Balance Forward Out	67							
Biennial Change in Expenditures				(2,761)		0		0
Biennial % Change in Expenditures				(100)		0		0
Gov's Exp Change from Base								0

(Dollars in Thousands)

2301 - Arts & Cultural Heritage Fund

Gov's Exp % Change from Base								0
FTEs	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	29	29	29	22	11		11	
Receipts	0	0	0	0	0	0	0	0
Expenditures		0	**7**	**11**	**11**	0	**11**	0
Balance Forward Out	29	29	22	11				
Biennial Change in Expenditures				18		(7)		(7)
Biennial % Change in Expenditures						(39)		(39)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		9	115	9				
Receipts	482	493	250	450	0	0	0	0
Expenditures	**474**	**403**	**355**	**459**	0	0	0	0
Balance Forward Out	7	100	9					
Biennial Change in Expenditures				(62)		(815)		(815)
Biennial % Change in Expenditures				(7)		(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

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 ag 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 the Rural Finance Authority, a separate board made up of state officials and public members,
- 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 following table shows "Ad Equivalency Value," which is the dollar amount of paid advertising needed to reach an equivalent number of viewers or readers as the number reached by the news stories generated by MDA's online news releases.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Results	Online news release monthly market value	$12,625	$99,600	2012-2014

Minnesota Statutes Chapter 17 (https://www.revisor.mn.gov/statutes/?id=17) outlines the responsibilities of the Commissioner of Agriculture.

Expenditures By Fund

	Actual FY12	Actual FY13	Actual FY14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
1000 - General	3,786	3,933	3,705	3,833	3,767	3,767	3,973	4,183
2000 - Restricted Misc Special Rev	3,371	3,511	2,572	995	1,056	1,111	1,191	1,246
2001 - Other Misc Special Rev	3,046	3,570	3,957	4,352	5,093	5,048	5,093	5,048
2018 - Agriculture Fund	1	1	0	0	0	0	0	0
2302 - Clean Water Fund	5	43	26	34	0	0	75	75
2403 - Gift	0		1	0	0	0	0	0
3000 - Federal	198	61	66	27	27	27	27	27
6000 - Miscellaneous Agency	0		0	2	2	2	2	2
8200 - Clean Water Revolving	3,682	4,748	5,041	5,326	5,621	5,930	5,621	5,930
8250 - Rural Finance Administration				60		75	10	85
Total	**14,089**	**15,865**	**15,368**	**14,629**	**15,565**	**15,959**	**15,991**	**16,595**
Biennial Change				43		1,527		2,589
Biennial % Change				0		5		9
Governor's Change from Base								1,062
Governor's % Change from Base								3

Expenditures by Category

Compensation	4,975	5,125	4,001	4,320	4,474	4,413	4,890	5,039
Operating Expenses	2,126	2,431	4,043	4,062	4,555	4,572	4,555	4,572
Other Financial Transactions	6,985	8,307	7,323	6,248	6,535	6,974	6,545	6,984
Grants, Aids and Subsidies	0	0						
Capital Outlay-Real Property	3	2						
Total	**14,089**	**15,865**	**15,368**	**14,629**	**15,565**	**15,959**	**15,991**	**16,595**
Total Agency Expenditures	14,089	15,865	15,368	14,629	15,565	15,959	15,991	16,595
Internal Billing Expenditures	19	15	21	23	18	18	18	18
Expenditures Less Internal Billing	**14,070**	**15,850**	**15,347**	**14,606**	**15,547**	**15,941**	**15,973**	**16,577**
Full-Time Equivalents	**60.6**	**59.7**	**47.8**	**47.7**	**50.4**	**50.4**	**52.0**	**52.0**

1000 - General

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		178		67				
Direct Appropriation	3,958	3,958	3,808	3,808	3,808	3,808	4,014	4,224
Net Transfers	(30)	(95)	(36)	(41)	(41)	(41)	(41)	(41)
Cancellations		108						
Expenditures	**3,786**	**3,933**	**3,705**	**3,833**	**3,767**	**3,767**	**3,973**	**4,183**
Balance Forward Out	142		67					
Biennial Change in Expenditures				(181)		(5)		617
Biennial % Change in Expenditures				(2)		0		8
Gov's Exp Change from Base								622
Gov's Exp % Change from Base								8
FTEs	24.0	21.9	12.6	12.6	12.6	12.6	12.6	12.6

2000 - Restricted Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	4,484	6,538	10,104	10,516	11,694	12,620	11,694	12,620
Direct Appropriation	0	0	0	0	0	0	0	0
Receipts	1,410	2,129	2,813	2,003	1,982	2,109	2,117	2,244
Net Transfers	4,000	4,952	170	170				
Expenditures	**3,371**	**3,511**	**2,572**	**995**	**1,056**	**1,111**	**1,191**	**1,246**
Balance Forward Out	6,523	10,109	10,516	11,694	12,620	13,618	12,620	13,618
Biennial Change in Expenditures				(3,314)		(1,401)		(1,131)
Biennial % Change in Expenditures				(48)		(39)		(32)
Gov's Exp Change from Base								270
Gov's Exp % Change from Base								12
FTEs	0.8	0.8	1.0	1.0	1.0	1.0	2.0	2.0

2001 - Other Misc Special Rev

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	3,971	5,002	5,744	6,077	6,200	5,672	6,200	5,672
Receipts	4,112	4,303	4,290	4,476	4,564	4,561	4,564	4,561
Internal Billing Receipts	4,098	4,293	4,267	4,475	4,563	4,560	4,563	4,560
Expenditures	**3,046**	**3,570**	**3,957**	**4,352**	**5,093**	**5,048**	**5,093**	**5,048**
Balance Forward Out	5,037	5,735	6,077	6,200	5,672	5,184	5,672	5,184
Biennial Change in Expenditures				1,693		1,832		1,832

2001 - Other Misc Special Rev

Biennial % Change in Expenditures				26		22		22
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	35.6	36.5	33.7	33.7	36.8	36.8	36.8	36.8

2018 - Agriculture Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	2	1	0					
Receipts	0	0	0	0	0	0	0	0
Expenditures	**1**	**1**	**0**	0	0	0	0	0
Balance Forward Out	1	0						
Biennial Change in Expenditures				(2)		0		0
Biennial % Change in Expenditures				(100)		(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

2302 - Clean Water Fund

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In		495		4				
Direct Appropriation	4,500	4,500	200	200	0	0	75	75
Net Transfers	(4,000)	(4,952)	(170)	(170)				
Cancellations		0						
Expenditures	**5**	**43**	**26**	**34**	0	0	**75**	**75**
Balance Forward Out	495		4					
Biennial Change in Expenditures				12		(60)		90
Biennial % Change in Expenditures				26		(100)		150
Gov's Exp Change from Base								150
FTEs	0.1	0.5	0.3	0.3	0	0	0.6	0.6

2403 - Gift

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	1	1	1					
Receipts	0	0	0	0	0	0	0	0
Expenditures	**0**		**1**	0	0	0	0	0
Balance Forward Out	1	1						

2403 - Gift

Biennial Change in Expenditures	1		(1)	(1)
Biennial % Change in Expenditures	577		(100)	(100)
Gov's Exp Change from Base				0
Gov's Exp % Change from Base				0

3000 - Federal

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	29	19	4	0				
Receipts	186	46	62	27	27	27	27	27
Expenditures	**198**	**61**	**66**	**27**	**27**	**27**	**27**	**27**
Balance Forward Out	17	4	0					
Biennial Change in Expenditures				(165)		(39)		(39)
Biennial % Change in Expenditures				(64)		(42)		(42)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
FTEs	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0

6000 - Miscellaneous Agency

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	986	64	31	19	4	2	4	2
Receipts	(922)	(33)	(12)	0	0	0	0	0
Expenditures	**0**		**0**	**2**	**2**	**2**	**2**	**2**
Balance Forward Out	64	31	19	4	2		2	
Biennial Change in Expenditures				2		2		2
Biennial % Change in Expenditures				8,200		141		141
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0

8200 - Clean Water Revolving

	Actual FY12	Actual FY 13	Actual FY 14	Estimate FY15	Forecast Base FY16	Forecast Base FY17	Governor's Recommendation FY16	Governor's Recommendation FY17
Balance Forward In	8,693	11,750	20,891	24,560	23,922	22,614	23,922	22,614
Receipts	5,830	13,888	8,515	4,688	4,313	4,441	4,313	4,441
Net Transfers	909		195					
Expenditures	**3,682**	**4,748**	**5,041**	**5,326**	**5,621**	**5,930**	**5,621**	**5,930**
Balance Forward Out	11,750	20,890	24,560	23,922	22,614	21,125	22,614	21,125

8200 - Clean Water Revolving

Biennial Change in Expenditures	1,937	1,184	1,184
Biennial % Change in Expenditures	23	11	11
Gov's Exp Change from Base			0
Gov's Exp % Change from Base			0

8250 - Rural Finance Administration

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	10,525	2,308	2,315	2,310	2,262	2,274	2,262	2,274
Receipts	16	11	48	32	32	32	42	42
Net Transfers	(8,234)	(4)	(53)	(20)	(20)	(20)	(20)	(20)
Expenditures				**60**		**75**	**10**	**85**
Balance Forward Out	2,308	2,315	2,310	2,262	2,274	2,211	2,274	2,211
Biennial Change in Expenditures				60		15		35
Biennial % Change in Expenditures						25		58
Gov's Exp Change from Base								20
Gov's Exp % Change from Base								27

FY16-17 Federal Funds Summary

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Environmental Protection Agency CFDA# 66.605	Office of the Administrator Insecticide, Fungicide, and Rodenticide Act Grant (PFMD-B041F60)	No	213	179	168	168	Match	2.15
Environmental Protection Agency CFDA# 66.716	Office of Chemical Safety & Pollution Prevention Surveys, Studies, Investigations-Educational Outreach and Special Projects (PFMD-B041F61)	No	4	59	80	80	None	0
Dept. of Agriculture CFDA# 10.902 CFDA# 10.932	Natural Resources Conservation Service Soil and Water Conservation (PFMD-B041F46)	No	122	300	560	360	Match	7
	Pesticide & Fertilizer Activity Total:		**339**	**538**	**808**	**608**		
Dept. of Agriculture CFDA# 10.025	Animal Plant Health Inspection Services Plant & Animal Disease, Pest Control & Animal Care (PPD-B042F62)	No	843	917	918	926	Match	9.4
Dept. of Agriculture CFDA# 10.664	Forest Service COOP Forest Assistance STS Gypsy Moth Slow the Spread Trap & Treat (PPD-B042F56)	Yes	131	295	374	374	Match	0.43
Dept. of Agriculture CFDA# 10.680	Forest Service Forest Health Management – Emerald Ash Borer (PPD-B042F57)	No	393	100	100	100	Match	4.14
Dept. of the Interior CFDA# 15.650	Fish & Wildlife Service MN Wolf Depredation and Livestock Compensation (PPD-B042F47)	Yes	40	90	40	40	Match	0
	Plant Protection Activity Total:		**1,407**	**1,402**	**1,432**	**1,440**		
Dept. of Agriculture CFDA# 10.162	Poultry Inspection, Egg Inspection (DFID-B044F02,F03)	No	120	127	0	0		
Dept. of Agriculture CFDA# 10.475	Food Safety & Inspection Service Equal to Meat and Poultry Inspection (DFID-B044F83)	No	1,232	1,341	1,421	1,420	Match	10.01
Dept. of Agriculture CFDA# 11.413	Fish Inspection (DFID B044F32)	No	21	25	0	0		
Dept. of Health & Human Services CFDA# 93.103	Food and Drug Administration Research (DFID - B044F08)	No	888	938	900	924	None	6.27
	Dairy & Food Inspection Activity Total:		**2,261**	**2,431**	**2,321**	**2,344**		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Dept. of Health & Human Services 93.103	Food and Drug Administration Research (LAB - B043F08)	No	266	174	150	150	None	1.74
Dept. of Agriculture CFDA# 10.479	Food Safety & Inspection Service Food Emergency Response Network (LAB-B043F55)	No	236	247	275	275	None	2.09
Dept. of Health and Human Services CFDA# 93.448	Food & Drug Administration Food Safety and Security Monitoring (LAB-B043F58)	No	547	622	586	575	None	3.88
Environmental Protection Agency CFDA# 66.605	Office of the Administrator Insecticide, Fungicide, and Rodenticide Act Grant (LAB-B043F60)	No	318	427	493	493	Match	2.49
Dept. of Agriculture CFDA# 10.475	Food Safety & Inspection Service Equal to Meat and Poultry Inspection (LAB-B043F83)	No	168	145	140	140	Match	1.49
	Laboratory Services Activity Total:		**1,535**	**1,615**	**1,644**	**1,633**		
	Total Protections Services - Program 01		**5,542**	**5,986**	**6,205**	**6,025**		
Dept. of Agriculture CFDA# 10.163	Agricultural Marketing Service Organic Certification Cost Share Program (AMDD - B046F21)	No	0	542	600	625	None	0
Dept. of Agriculture CFDA# 10.170	Agricultural Marketing Service Specialty Crop Block Grant Program (AMDD-B046F91)	No	876	928	1,200	1,200	None	0.77
Dept. of Agriculture CFDA# 10.307	National Institute of Food and Agriculture via the University of Minnesota Organic Ag Research & Extension (AMDD-B046F64)	No	52	58	58	58	None	0.07
Dept. of Agriculture CFDA# 10.572	Food & Nutrition Service WIC Farmers Market Nutrition program (AMDD - B046F17)	No	307	320	320	320	None	0
Dept. of Agriculture CFDA# 10.575	Farm to School (AMDD-B046F88)	No	19	39	39	39		
Dept. of Agriculture CFDA# 10.576	Food & Nutrition Service Senior Farmers Market Nutrition Program (AMDD-B046F95)	No	49	140	134	134	None	0
Dept. of Agriculture CFDA# 10.912	NRCS Equip Grants (AMDD-B046F18)	No	52	30	30	30		
	Ag Marketing & Development Activity Total:		**1,355**	**2,057**	**2,381**	**2,406**		
	Total Promotion and Marketing - Program 02		**1,355**	**2,057**	**2,381**	**2,406**		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	2014 Actuals	2015 Budget	2016 Base	2017 Base	State Match or MOE Required?	FTEs
Dept. of Homeland Security CFDA# 97.067	Homeland Security Risk Assessment (ADMIN-B049F52)	No	7	27	27	27	None	.02
	Agency Services Activity Total:		**7**	**27**	**27**	**27**		
	Total Admin - Program 06		**7**	**27**	**27**	**27**		
	Total Agency Agriculture B04		**6,904**	**8,070**	**8,613**	**8,458**		

Narrative

The Minnesota Department of Agriculture (MDA) receives funding from many federal sources including the Departments of Agriculture, Health and Human Services, Homeland Security, and the 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.

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.

Dairy and Food Inspection Division

Federal awards received by the MDA's Dairy and Food Inspection 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, innovative trace-back and product recall processes and procedures. The purposes of these increased funds are project-specific and are intended to support and not supplant existing state resources. Federal funding for the meat and poultry inspection program provided from the USDA Food Safety and Inspection Service (FSIS) is expected to remain stable for FY 2016 - 2017. The 100% required match is from the General Fund. FSIS does not allow fees to be charged for this activity.

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. 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 laboratory receives funding from U.S. Department of Agriculture Marketing Services for the microbiological data program to collect and analyze fresh produce items for the presence of foodborne pathogens and the pesticide data program to collect comprehensive data on pesticide residues in food and water as close to the consumer as possible. Federal funding from the U.S. Department of Agriculture has decreased significantly from a high of over one million dollars to just $275,000. Funding from the Food and Drug Administration is stable and perhaps slightly higher.

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.

Agency Summary

Current federal appropriation levels and continuing resolutions 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 2016 and 2017. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.