



University of Minnesota Faces Double Digit State Funding Cuts

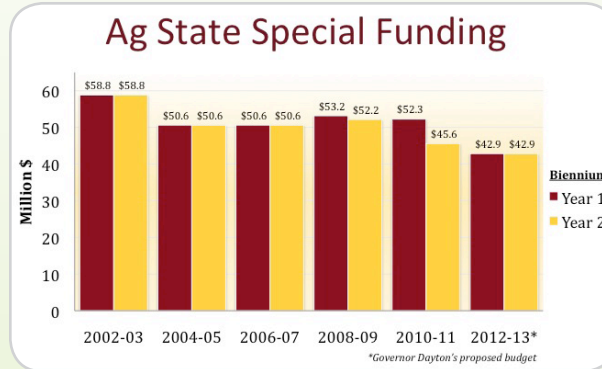
Agriculture research and extension programs threatened by proposed cuts.

With a \$5 billion state budget deficit, it's no surprise that the legislature plans to cut funding to higher education. In early March, the House and Senate indicated budget cut targets of 14 percent for higher education, while **Governor Dayton's** budget proposed only a 6 percent cut. On March 17, the House's omnibus higher education bill included a 17.8 percent overall reduction to **University of Minnesota (U of M)** funding over the 2012-2013 biennium. This follows cuts in the previous biennium that rolled state support back to 2001 levels. State support now comprises less than 20 percent of the U's overall budget.

U of M **President Robert Bruininks** told the Minnesota legislature such deep cuts would negatively impact the entire state. "With a 15 to 20 percent cut in state support, we are no longer talking about reducing or eliminating offices, centers, courses and sections; cutting operation costs and degree programs; or consolidating colleges. Instead, we would be forced to re-examine the impact and financial viability of entire operations, statewide services; entire schools, colleges and campuses; you name it."

AG COMMUNITY CONCERNED

Stakeholders in the ag community understand the need for budget cuts, but they hope they won't disproportionately be borne by agriculture. In 2011, the U of M's general fund appropriation was cut by 8 percent, but Ag Special state funding was cut by 12.7 percent through **Governor Pawlenty's** unallotment process. To help offset the disproportionate cuts to agriculture, the U of M redistributed money from its general fund to Ag Special programs so most programs only experienced an 8 percent cut. "President Bruininks has been supportive of ag research and extension, but it is unclear if the University could or would do this again given the significant cuts it



is facing," says **Bev Durgan**, dean of U of M Extension and director of **Minnesota Agricultural Experiment Station**.

Looking forward to 2012, Governor Dayton has recommended decreasing Ag State Special funding approximately \$9.5 million or 18 percent when compared to 2010 levels. To prevent agriculture from being hit harder than the rest of the U of M in future years, ag stakeholders feel any cuts made this year should be based on what was appropriated in the fiscal 2010 year starting July 1, 2009 and not the lower Agriculture State Special appropriation from last year. The session is still early, but in mid-March the Governor and the Minnesota

House appeared to be using two different strategies on Ag State Special funding:

- The Governor's budget made cuts to the Ag State Special based on the lower amount that was appropriated for the fiscal year starting July 1, 2010.
- The House and Senate Higher Ed Committees appeared to have made their cuts to the Ag State Special based on the higher amount appropriated for the fiscal year starting July 1, 2009. However, because the legislature made deeper cuts to the University than the Governor did, the proposed Ag State Special amounts ended up roughly in the same range: \$42.9 million (Governor), \$42.5 million (House), \$43.3 million (Senate). **These proposals put Ag State Special funding lower than it was in 1989.**

Ag Special funding primarily goes to the **College of Food, Agricultural and Natural Resources Sciences (CFANS)**, **Extension** and the **College of Veterinary Medicine**. Some funding is also provided to the College of Biological Science, the College of Education and Human Development and the Humphrey Institute.

ARTICLE CONTINUED ON PAGE 4

WHAT IS THE AG STATE SPECIAL?

The Ag State Special fund is appropriated by the legislature separate from the University of Minnesota's general operations budget and is used to support research and extension programs. It is funded through a line item in the Minnesota Higher Education bill. One third of the Ag State Special funds go to the University of Minnesota Extension and two-thirds go to the Minnesota Agricultural Experiment Station.

Ag State Special funding provides the base salaries of University of Minnesota research and extension faculty — on campus and throughout the state — who respond to the needs of Minnesota agriculture. The Ag State Special also funds the Rapid Agricultural Response Fund, Small Grain Initiative and operating funds for animal and plant research facilities.

The Ag State Special is an important component of funding for agricultural research and extension, but not the only source. The University of Minnesota, the federal government, competitive grants, gifts and other sources including county governments for Extension provide additional funding.

IN THIS ISSUE:

- **University of Minnesota Faces Double Digit State Funding Cuts**
- **University President Gives Recap of his Nearly Decade-long Service**
- **Member in Focus: C.H. Robinson Worldwide, Inc.**

Member In Focus

Company: C.H. Robinson Worldwide, Inc.

Website: www.chrobinson.com

Location: Corporate Headquarters in Eden Prairie, MN

C.H. Robinson got its start in the produce industry over 100 years ago, providing fresh fruits and vegetables to the settlers of the Dakotas and Minnesota. Today, C.H. Robinson is a Fortune 500 company and one of the largest produce sourcing and third party logistics companies in the world with annual gross revenues of approximately \$9.3 billion in 2010. C.H. Robinson sources the highest quality products while integrating value-added logistics, distribution, and information reporting services. C.H. Robinson manages many highly recognized North American consumer brands including Glory Food's, Mott's®, Welch's®, and Tropicana® and offers a full line of conventional and organic produce through a large network of regional and local growers. The company overall serves 36,000 sourcing and transportation customers through a network of more than 230 offices and over 7,600 employees in North America, Europe, Asia, South America, Australia and the Middle East.



C.H. ROBINSON
WORLDWIDE, INC.

Q & A with Jim Lemke, senior vice president, produce:

How is C.H. Robinson funded?

The company has been publicly traded on the Nasdaq since 1997.

What is new with C.H. Robinson?

We recently joined efforts with the United Fresh Foundation and First Lady Michelle Obama's *Let's Move Salad*



Bars to Schools campaign to significantly increase salad bars in schools across the country until every child has the choice of healthy fruits and vegetables every day at school. The goal of the campaign is to bring 6,000 salad bars to schools across America in the next three years. We are pleased to be part of the *Let's Move Salad Bars to Schools* campaign because it not only enriches

the lives of children while they're in school, but it's building their future for a lifetime of healthy eating. We are the first Minnesota-based produce supplier to support the campaign, and I would encourage others to join us.

What are key trends affecting your industry?

The economy has had a devastating effect on smaller growers, which are growers that sell less than \$250,000 each year. Currently, small growers account for 98% of the farms in the U.S. However, that percentage has been declining at a faster rate over the last three years and our organization decided we needed to do something to help reverse that trend. As a result we put together a number of services dedicated to help growers become more profitable and sustainable in their business. From better managing their supply chain to operational and financial support, we provide cost saving measures and work hand in hand with growers to help them be as progressive as possible. Although there is still a lot of work to do going forward, we are encouraged by the efficiencies we have seen for the growers we have worked with and are looking forward to helping more growers as we expand our services.



The Minnesota Agri-Growth Council is an advocate for the state's food and agriculture industry. Founded in 1968, the Council is a nonprofit, nonpartisan organization that represents the shared interests of its 200-plus members, which include food and agriculture businesses, organizations and producers, as well as the service industries that support them.

MINNESOTA AGRI-GROWTH COUNCIL
408 St. Peter Street, Suite 20
St. Paul, MN 55102
p: 651.905.8900 • f: 651.905.8902
info@agrigrwth.org • www.agrigrwth.org

Staff

Daryn McBeth, president
Tony Mondry, program manager
Krystal Caron, communications director

University President Gives Recap of his Nearly Decade-long Service

President Bob Bruininks reflects on his 9-year tenure serving as President at the University of Minnesota.

The University of Minnesota (U of M) will have a change in leadership this summer when current President, **Bob Bruininks**, retires and joins the faculty at U of M Humphrey Institute of Public Affairs. Starting July 1, 2011 **Eric Kaler** will take on the role of President. In this article we interviewed President Bruininks and asked him to reflect on his accomplishments while in office and his hopes for the future of food and agriculture education and research at the University of Minnesota. In an issue this summer we'll hear from President Kaler as he begins his new position.

Q&A WITH UNIVERSITY OF MINNESOTA PRESIDENT BRUININKS:

Q: Looking back along your tenure as President, what are the most memorable agriculture-related issues involving the University?



A: Probably the single most memorable accomplishment related to our agricultural and land-grant roots was the decision to move **U of M Extension** to a regional model — from an office or more in every county to 16 regional Extension offices that are, whenever possible, clustered with other University resources. Today our Extension website is the nation's most visited, administrative costs for Extension are less than 10 percent of its annual budget, and I frequently hear from leaders of other institutions who look to University of Minnesota Extension as a national model.

Extension not only supports Minnesota's agricultural economy and food industry with research and expertise across a wide range of academic disciplines, but it also serves families in both rural and metro Minnesota with programs that promote strong families and healthier eating and living. Our plan to regionalize Extension has enabled us to maintain, and even enhance, Extension programming in a time of declining resources.

Q: What are your most memorable issues or accomplishments overall?

A: We've had a number of accomplishments in recent years of which I am very proud, including significant improvements in the academic profile, success, and timely graduation of our students; the opening of the Science Teaching and Students Services building and TCF Bank Stadium; legislative funding for the Biomedical Discovery District; and unprecedented levels of federal research funding and private support, especially for scholarships. I firmly believe that the foundation for all these achievements is the transformative strategic positioning effort we undertook in 2004. Naturally, this effort led to a renewal of our commitment to our historic research and land-grant mission and high aspirations for the entire U of M system; the reorganization of colleges, including the **College of Food, Agricultural and Natural Resource Sciences** (CFANS); a deepening of our fundamental commitment to supporting agriculture in the state; and a stronger emphasis on interdisciplinary research, which has significantly improved our ability to attract new research dollars, conduct breakthrough research, and share new knowledge and solutions that improve Minnesota's agricultural economy.

Q: Going forward, would you recommend that the three deans of CFANS, the College of Veterinary Medicine, and Experiment Station/Extension Service continue to report to three different University vice presidents?

A: First, it is important to note that our recent restructuring of the Academic Health Center means that the dean of the **College of Veterinary Medicine**

now reports directly to the provost, just like the dean of CFANS. Second, given the range and complexity of issues related to the University's statewide mission and the growing need to do our very best to leverage University resources in order to advance the public good, we also have dedicated system leadership that has improved coordination across colleges, campuses, and research and outreach centers.

Notwithstanding past, present, or even future reporting structures, these three deans clearly work effectively together for the benefit of agriculture and the University — and while there may be advantages to having these units under a single senior leader, such an arrangement can also lead to a single, bigger silo within an organization. I think it will be increasingly important for our deans and faculty to be able to coordinate their efforts and work across the traditional boundaries of academic disciplines, departments, colleges, and even institutions.

Q: What food and/or agriculture industry initiatives or projects are pending that you would like to see come to fruition under President Kaler?

A: I'm particularly excited about the ongoing, highly collaborative work we're doing in the areas of agriculture, food safety, and human health, because I believe we're accumulating a critical mass of world-class research and public-private partnerships that will really put the University and our state at the forefront of 21st century food production. A number of these initiatives stem directly from the interdisciplinary priorities we established in 2003, particularly those priorities that touched upon the intersection of agriculture, food and nutrition, energy, and the environment.

For example, in 2003 we announced Healthy Foods, Healthy Lives as one of our initial interdisciplinary priorities, and in July 2004 — due to our strengths in medicine, public health, veterinary medicine, biological sciences, and agriculture and food production — the University received a Department of Homeland Security grant to establish the National Center for Food Protection and Defense. Healthy Foods, Healthy Lives also helped to spark the Healthy Eating Research program, with support from the Robert Wood Johnson Foundation. Then, in 2010, the University received a \$7 million National Institutes of Health grant with the HealthPartners Research Foundation to work with local stores to promote fresh and other healthful foods, and to work with 530 families to create family education classes in schools.

Similarly, in 2009, U faculty in veterinary medicine; public health; nursing; medicine; education and human development; and food, agricultural and natural resource sciences; were chosen by USAID to join the \$185 million RESPOND project—a five-year, multi-disciplinary effort to examine and improve global responses to zoonotic disease outbreaks.

We have so many opportunities to build on our strengths as a University and a state. The relatively “young” Institute on the Environment at the University is already well known in Minnesota and across the country, and we have world-class research programs related to water quality and management, and renewable energy and biofuels. Moving forward, we will need to find common ground to tackle the tough issues of agriculture, energy, and the environment, based on common objectives and the common good. I believe our successes in the area of food production and safety provide a model for how to approach these issues, and I look forward to seeing the University bring people together to solve these complex problems.

BOARD OF DIRECTORS:

Executive Officers

Chair: Kristin Weeks Duncanson, Duncanson Growers

Vice Chair: Michael Zumwinkle, Cargill

Secretary: Jim Winter, Ecolab

Treasurer: Steven Krikava, Land O'Lakes, Inc.

Immediate Past Chair: Joe Swedberg, Hormel Foods Corporation

Directors

Allen J. Anderson

Jim Bareksten, CHS, Inc.

Jack Bernens, Syngenta Seeds, Inc.

Mark Davis, Davigo Foods International, Inc.

Paul DeBriyn, AgStar Financial Services

Randal J. Doyal, Al-Corn Clean Fuel

Commissioner David Frederickson, Minnesota Dept. of Agriculture

Meg Freking, New Fashion Pork

Tim Gerlach, Minnesota Corn Growers Assoc.

Roger Gilland, Gilland Feedlots

Michael Helgeson, Gold'n Plump Poultry

Jerry Larson, Larson Farms

Dr. Allen Levine, University of Minnesota

Pat Lunemann, Twin Eagle Dairy & Minnesota Milk Producers Association

Adolph Ojard, Duluth Seaway Port Authority

Bill Reilly, Schwan Food Company

Tom Rosen, Rosen's Diversified

Nick Sinner, Red River Sugarbeet Growers Association

Dr. Michael Swanson, Wells Fargo Bank

CALENDAR OF EVENTS

May – 4: Policy Luncheon

June – 8: Legislative Wrap Up
13: Annual Golf Tournament

November – 16: Annual Meeting

JOIN AGRI-GROWTH

Stay informed and be represented on public policy issues that impact the food and agriculture industry in Minnesota. Become a member at: www.agrigrwth.org/join

UNIVERSITY OF MINNESOTA FACES DOUBLE DIGIT STATE FUNDING CUTS, CONTINUED FROM PAGE 1:

Agriculture will feel the consequences of double-digit budget cuts to both the University of Minnesota general fund and the Ag State Special since these two sources combined account for 40 percent of Extension funding and 34 percent of CFANS funding.

“Agricultural science will help us find the answers to some of our greatest problems: food safety, scarcity and cost; water quality and availability; the need for healthy soil and plants to grow food and sustainable energy. Agricultural research can quickly be turned into prosperity.”

– Dean Allen Levine

In March, the deans of CFANS, Extension and the College of Veterinary Medicine testified before the Minnesota legislature on the impact of double digit cuts.

“All of us that receive funding through the Ag Special were disappointed that the Governor and the House are proposing cuts of 18 percent or more compared to 2010 appropriations,” says Durgan. “We may have to close some regional extension offices, layoff employees and do research with less faculty. It’s possible that a whole research program could be eliminated.

“Our diverse agricultural system is positive for our economy, but it also is a challenge to sup-

port research for all sectors when budgets are decreasing,” she says.

BASE FUNDING CRITICALLY IMPORTANT

While only 14 percent of CFANS’s funding comes from the Ag State Special, the funding is extraordinarily important, according to CFANS’s dean, **Al Levine**. “The Ag State Special provides base salaries for our faculty who dedicate half their time to research and grant writing, raising \$75 million in grant monies in 2010. When we have to cut



faculty it reduces our ability to raise other funding and conduct research. It’s much more than base funding, it is capacity funding.”

Durgan agrees, “Every state dollar invested in the Ag State Special is leveraged five times with outside money from grants, contracts and program fees.”

Colleges receiving funding from the Ag State Special are much more dependent on state funding for faculty than

other colleges at the University. “While the College of Medicine can fund faculty salaries from National Institute of Health (NIH) grants, the USDA does not allow its grant money to fund faculty salaries except for summer months,” explains Levine. “We also enroll fewer total students than other colleges so we earn less in student income and need to rely more on state funding. If we lost that state funding we would not have the capacity to do the agricultural research that’s needed in the state.”

It’s estimated that there is a national social benefit return on investment of \$32 per dollar spent on federal agricultural research, according to **Dr. Phillip Pardey, U of M Department of Applied Economics**.

Funding for FY 2010-2011

