

NCI Testimony to House Appropriations Education and Environmental Subcommittee

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Northern Crops Institute (NCI) is an international meeting and learning center that brings together customers, commodity traders, technical experts, agricultural producers, and food and industrial processors for education, discussion and technical services. Northern Crops Institute is a cooperative effort between North Dakota, Minnesota, Montana and South Dakota to support the promotion, market development and expanded sales of crops grown in this four-state region.

In North Dakota, agricultural exports account for over 30% of all exported goods and services. Maintaining and increasing the exports of agricultural commodities contributes to the health of North Dakota and regional economy. Agricultural exports of crops account for \$1.5 billion in ND, \$ 2.4 billion in MN, \$420 million in MT, and \$1.2 billion in SD (Dept of Ag data, respective states). The staff and governing board of the Northern Crops Institute extend their sincere thanks for your past support.

NCI continues to receive regional funding. However, without the support of North Dakota, we would not be able to continue the level of work documented here. With the increased funding that the Legislature provided in 2005 (p.4), Northern Crops Institute was able to cover cost-to-continue and hire a Crop Quality Specialist. The \$120,000 general funding was leveraged with funds from the ND Oilseed Council and ND Dry Pea and Lentil Council to hire a full-time Crop Quality Specialist (Pulse and Oilseed Specialist). Because of this new position, NCI has broadened the scope of our expertise by promoting quality attributes and processing characteristics of the broad array of regional crops, including dry pea, lentil, oilseeds, soybeans, and dry edible beans, in addition to our more traditional cereal crops. These market development activities include short-term investigative studies, educational programs, and work with related commodity check-off organizations. I ask you to support the current executive budget recommendation before you. I have also attached a one-time deferred maintenance need for your information.

Some of NCI's Major Accomplishments during the current biennium (p. 5-8 of full testimony):

Advancing Regional Markets:

1. Advance market development and global awareness of North Dakota and four-state regional crop quality and availability through education, technical services and consulting throughout the world.

Education:

2. People from 53 countries participated in NCI short courses and trade teams. Course details, participants and countries are listed on pages 5-8 of the full testimony. The complete list of countries ranges from A – Z and can be found on p. 8 of the testimony handout.

3. "Grain Procurement Management for Importers" and the "Advanced Grain Procurement Strategies" courses were both taught each year to a total of 87 international buyers of northern grown crops. Participants in these courses are decision-makers regarding purchases of grains/crops for their companies and countries. Knowledge of the U.S. grain purchasing system is absolutely necessary for international buyers. The U.S. system is far more complicated than some of our competitors who have single-desk systems. In addition to the traditional courses covering all commodities, NCI provided customized grain procurement courses in soybeans, wheat and corn for regional companies and international buyers.

4. When feasible, NCI teaches courses overseas. This is especially true when funds must be used in-country, not in the U.S., when travel costs are prohibitive, or when security issues make travel impossible. However, offering courses at the NCI remains the best means of connecting the potential customers to our state and region. For many international buyers of crops, developing a relationship with the producers and being on their farms is essential.

5. NCI continues to offer courses in partnership with a multitude of organizations (p. 5 of 2006 Fall Update) These groups assist in identifying international participants and provide other resources. Examples are USADPLA, USGC, USSEC, USWheat.

Technical Services:

6. NCI adds value to northern-grown crops through technical services in the form of processing, and providing consulting and processing solutions to processors and users of regional commodities. A long list of crops included in our '05 and '06 technical processing (p.6) include a long list of crops. A record number of value-added projects in the form of processing and baking investigations, and analytical testing projects for food and feed

companies, universities and others were conducted in 2005 and 2006. Most of this work is proprietary and confidential, but all focus on increased use of ND crops. You would recognize many of the state, regional, national and multi-national companies that use our technical processing capabilities.

7. NCI's Feed Production Center offers educational programs and produces complete feeds, concentrates, supplements and custom premixes, which are used in animal research. Average yearly feed production is 2,000-2,500 tons, mostly for NDSU Experiment Station and Research and Extension Centers with some experimental work for regional companies. NCI serves the biofuels industries through investigations of by- or co-product utilization.

Partnerships and Leadership:

8. NCI continues to provide leadership in North Dakota and the nation, and in return receives collaborative assistance from many, many companies, organizations and individuals. Without these partnerships, NCI could not do its work. This year's cooperators are listed on page 5 of the 2006 fall Update. In addition, NCI staff provides regular assistance to our partners. For example, NCI's Technical Director and Extension Wheat Quality Specialist traveled throughout Asia and North Africa with U.S. Wheat Associates to report on the 2006 crop quality to our Asian and North African buyers. NCI staff provides lectures and demonstrations for NDSU, SDSU and other regional universities on technical, scientific, and practical applications of the use of crops in food processing and feed applications.

9. NCI's work is guided by the Strategic Plan whose vision emphasizes efforts to better serve the board variety of 21st century regional crops.

10. The Northern Crops Council (NCC), NCI's governing board of directors, continues to provide regional four-state leadership for NCI's programs and Strategic Planning.

11. NCI's Industry Advisory Board from the four-state agricultural supply and processing industry and grain trade provide regional support, advice, lecturers, tours, and resources for NCI programs and initiatives.

Budget Discussion:

NCI budget details are on P.9. The current biennial funding is made up of \$910,761 in General Funds and \$991,922 in Special Funds. Our special funds come from the states of South Dakota and Minnesota (in Dept. of Agriculture budget), from commodity groups in ND, SD, MN, and MT, from gifts, grants and contracts, and from miscellaneous income such as fees for courses and cost-recovery of technical services.

The Executive Recommendation for the General Fund and Other Funds includes the cost to continue FY 2007 salary increase, compensation package of 4%/year and health insurance increases, and NCI's initiative, a total increase of \$207,631 in General Funds (p.10). NCI's initiative, Enhancing North Dakota Economy by Growing Markets for Diverse ND Crops includes \$100,000 for a Technical Processing Technician to assist the Crop Quality Specialists and \$38,346 for staff development to maintain leading edge technical services. This will enable NCI to expand our technical services, keep fees reasonable for our state and regional processors, and allow more time for our two crop quality specialist to work with regional processors in evaluating their value-added concepts. I have also included a one-time deferred maintenance need, per Legislative Council staff, for renovation of existing space to increase NCI technical capacity (p.11).

Summary

In summary, there is increased global competition for market share. There is increased opportunity and need for education on quality characteristics, procurement and utilization of high quality northern grown crops. NCI is the only regional organization charged with this mission. Our main competition in Canada receives \$3.5 million annual funding from the Government of Canada plus similar support from the Canadian Wheat Board.

I would like to end by thanking you for your past interest and support and by asking you to support the NCI budget request before you. With this funding, NCI will be able to continue expanding its services, both technical and educational, for the broad diversity of 21st century agricultural crop production.

I am happy to answer any questions and also have two people here to testify on behalf of NCI who will introduce themselves. Again, thank you for your continued support.