



David Frederickson, Minnesota Agriculture Commissioner

Agriculture will continue to be an important contributor to Minnesota's competitiveness

A Civic Caucus Focus on Competitiveness Interview

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Present

John Adams, Dave Broden (vice chair), Pat Davies, David Frederickson, Sallie Kemper, Dan Loritz (chair), Paul Ostrow, Dana Schroeder. By phone: Amir Gharbi.

Summary

Agriculture is a huge part of the state's economic base, according to Minnesota Commissioner of Agriculture David Frederickson. Minnesota brings in \$20.6 billion in direct income through sales of agricultural products from its 79,800 farms. Adding in processing and production, agriculture generates about \$50 billion. Using an economic multiplier of 1.7, agriculture has a \$90 billion economic effect in the state, both direct and indirect. Minnesota exports \$8.2 billion in agricultural products, ranking fourth in the country.

Frederickson says helping farmers add value to the state's agricultural products has become a priority at the Minnesota Department of Agriculture, as has supporting new immigrant farmers through a micro-loan program and working with farmers to protect the state's rivers and lakes.

He worries about the rising costs of farmland and agricultural inputs and how they will impact the cost of production and act as barriers to entry for younger and more diverse would-be farmers. He foresees farms getting bigger, leading to fewer people in rural areas. But he is very positive about the potential for organic farming and said the survival of small, rural towns probably depends on new immigrants getting involved in organic farming. He stresses the importance of agricultural research at Minnesota colleges and universities.

Biography

David Frederickson is Commissioner of the Minnesota Department of Agriculture. Gov. Mark Dayton appointed him to the position in January 2011. Frederickson's family roots in Minnesota farming go back to 1873, and he and his wife, Kay, operated a farm in Murdock, Minn., for 24 years. He served on the Kerkhoven-Murdock-Sunberg School Board for many years.

Frederickson served in the Minnesota State Senate (DFL-Murdock) from 1987 through 1992. He chaired the Agriculture and Rural Development Subcommittee on Agriculture Resources during the 1991 and 1992 legislative sessions.

From 1991 to 2002, Frederickson was president of the Minnesota Farmers Union. He served as president of the National Farmers Union from 2002 to 2006. From 2007 to 2010, he worked as agricultural outreach director for U.S. Senator Amy Klobuchar.

Frederickson earned a B.S. in education from St. Cloud State University and also did graduate work in special education there. After graduating, he taught in Mora and St. Cloud, as well as in a small town in the state of Wyoming.

Issues to address

Prior to the discussion, Frederickson was asked to be prepared to discuss the following issues: the impact of agriculture on Minnesota's economy and employment; whether Minnesota's agricultural sector is competitive nationally and is well-positioned to continue supplying food; whether modern agriculture and water can peacefully coexist; why, with decreasing rural population, the state is bonding for township roads; the impact of agriculture on the health of small, rural Minnesota towns; the growth of organic and urban agriculture; and the role of new immigrants in agriculture.

Discussion

The mission of the Minnesota Department of Agriculture (MDA) 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 Department has 450 employees and has regulatory responsibilities in the areas of pesticides, fertilizers, invasive species and food safety.

Minnesota sells \$20.6 billion of agricultural products annually, \$13.2 billion of crops and \$7.4 billion of livestock. Corn is the top crop, with \$7.0 billion in sales, followed by soybeans at \$3.7 billion, and sugar beets at \$838 million. Hogs (\$2.9 billion), dairy (\$1.8 billion), and cattle and calves (\$1.4 billion) are the top livestock products.

Minnesota exports \$8.2 billion in agricultural products, ranking fourth in the country. Soybeans (\$2.2 billion), corn (\$941 million) and pork (\$814 million) are the top three export products. Frederickson said agricultural product exports are the responsibility of MDA. The department leads trade trips to places like China, Taiwan, Mexico and Vietnam. "They want to do business," he said, adding that China is our number-one trade partner. More than 86,000 jobs in Minnesota are directly or indirectly related to agricultural exports.

Minnesota's 27 million acres of farmland make up 53 percent of the state's total land area.

There are 79,800 farms in Minnesota, averaging 336 acres each; 543 are organic farms, accounting for 154,000 acres. About 27 percent of state farms have annual sales over \$100,000; 33 percent have annual sales of \$50,000 to \$100,000; and 40 percent have annual sales of less than \$50,000.

The state's population of 5.4 million people is 27 percent rural and 73 percent urban. The U.S. Census defines rural as all population not included within an urban area of 2,500 people or more.

Minnesota's agricultural production ranks nationally as follows:

- Fourth in crop production;
- Seventh in livestock production;
- Fifth in total agricultural production; and
- In the top 10 for more than 20 agricultural products, including first for turkey and sugar beet production and second for hogs, sweet corn for processing, oats and wild rice.

Frederickson commented that turkey production in Minnesota is a vertically integrated industry and is exempt from Minnesota's law banning corporations from owning and operating farms. "Farmers don't necessarily raise turkeys," he said, "since the system is completely integrated today."

Minnesota has 942 agricultural and food companies, eight of them Fortune 500 companies and three of them on Forbes' list of America's 500 largest private companies. Cargill ranks first nationally on Forbes' list. The state has 24 ethanol and biodiesel production plants and 14 of the nation's top 100 agricultural co-ops, ranking first with Iowa.

Even though agriculture in Minnesota is not the number one economic producer, it is the cornerstone. "It's the base for what we do here," Frederickson said, "bringing in \$20.6 billion in direct income to Minnesota. If you add the processing and production, agriculture generates about \$50 billion." He said using 1.7 as an economic multiplier, agriculture has a \$90 billion economic effect in Minnesota, both direct and indirect. It's responsible for about one in every 10 jobs across the state, including agribusiness and food processors. He said agriculture is the state's strongest sector and was a stabilizing force during the recent economic downturn.

Adding value to the state's agricultural products has become a priority. "You can see it in the federal Farm Bill this year," Frederickson said. "You'll see more opportunities for organic and sustainable agriculture and for value-added products. Minnesota has been a leader in adding value to crops. In 1986, the whole concept of ethanol and ethanol development came into being."

He said in 1987, when he was a state senator from Murdock, he authored the first legislation for a mandate of 10 percent ethanol being mixed in with gasoline. It eventually passed in 1990-1991, phasing in the mandate between 1993 and 1997. Today, Minnesota has 1.1 billion gallons of capacity for ethanol production in 21 plants across the state. "It's been an incredible success," he said. "It was a direct investment of resources from Minnesota, because those plants were subsidized by an ethanol producer payment. Those payments are no longer needed."

Frederickson said it was an investment in four different areas: (1) clean air; (2) reducing our dependency on foreign oil; (3) creating jobs in rural Minnesota, when things were tough in the 1980s; and (4) allowing farmers to add value to product.

Frederickson said Lee Egerstrom, a research fellow at Minnesota 2020 in the area of rural economic development and a veteran journalist, has said repeatedly that producers of bulk commodities will be in trouble unless they can add value to their products. "He was absolutely right about that," Frederickson said.

The MDA should be a voice for those who don't have a voice, the producers. "I take that responsibility very seriously," Frederickson said. "Farmers go to the market on bended knee: 'What will you give me for this product I've produced?' They don't set their own price. We're one of very few industries that operate that way." He said 10 percent of every dollar goes to food, which is the lowest in the world. Sometimes farmers need support, he said.

MDA is doing everything it can to support new immigrant farmers. An interviewer asked who the farmers of the future will be and if there is any different kind of model where people of color could live and farm in rural Minnesota. Frederickson said MDA works actively in communities of color through a farm-to-school program, a school gardens program that enhances kids' ability to work with their hands. He said MDA works with the state Department of Education on the link between education and growing things.

"The bigger question," Frederickson said, "is, 'What are the chances of the Hmong community owning a section of land in Swift County?' Probably pretty slim right now, given that land prices there are going as high as \$9,000 per acre. Land prices are going to preclude a segment of the population from entering agriculture. That bothers me." He said MDA has a micro-loan program to help immigrants rent farmland or purchase equipment, up to \$10,000. "We need to develop some help for them or for the next generation," he said. "We need to focus on that." He said the largest segment of immigrant farmers is Hispanic and they operate 300 farms in the state.

If we want to get away from growing corn and soybeans, we need alternative crops that will hold soil and moisture and won't contaminate the groundwater with nitrogen. Frederickson said it goes back to the three charges to MDA: the economic, food safety and environmental factors. "Sometimes, they're really hard to balance," he said.

The Minnesota Pollution Control Agency (PCA) is responsible for permitting and monitoring agricultural sewage from livestock and dairy farms. "In the 1980s and the early 1990s we had the feed-lot wars," Frederickson said. "It was a real struggle." Today, there is less difficulty with the larger operations than with the small- and medium-sized operations. "Doing it right means you have a manure-management plan and you stick to it," he said.

Agriculture is still a huge part of Minnesota's economic base. An interviewer said that agriculture is such a contributor to the economy that it can be considered an overall leg of the state's economic stool. "To the extent that agriculture is successful, it allows others to benefit through things like lower taxes," the interviewer commented. Frederickson replied that agriculture was always the foundation, the number-one contributor. Industry has now moved to number one, but agriculture is still a huge part of the state's economic base.

Management will be absolutely critical for people who are operating in the agricultural market today . An interviewer asked what agriculture will evolve to in the next 10 to 20 years in Minnesota and what the challenges are. Frederickson replied that as the value of land and inputs goes up, he's very worried about the cost of production and market prices. "I worry that we could end up back in the 1980s overnight," he said.

He said farms will get bigger, which will mean fewer people in rural areas. He also said the cost of land is going to preclude a lot of people from going into farming, unless they're part of a farming family. The average age of farmers today is 57. "We have to figure out a way to bring in the next generation," he said.

Organic farming will have a huge future. "It's important that the Legislature and Congress understand that and move to support it," Frederickson said. He said the recently passed federal Farm Bill includes investments in organic farming research and financial assistance to help defray the financial burden of required organic certification. "It's a great opportunity for organic farmers and food manufacturing companies," he said. He said the survival of small, rural towns is probably going to be dependent on new immigrants getting involved in organic farming

There has to be an economic advantage to get farmers to protect water and its quality. An interviewer asked if water will become a constraint in the future. Frederickson said the Ogallala aquifer that covers much of the Dakotas and Nebraska is going down. There are also concerns about irrigation in Minnesota. "We're blessed with a lot of water," he said "but we also have a lot of nitrate impact. Agriculture is about 70 percent of that problem. We're working on a nitrate management program. It's all voluntary. There has to be an economic advantage for farmers to do things."

He said MDA has a Minnesota Agricultural Water Quality Certification Program, a voluntary program designed to accelerate adoption of on-farm conservation practices that protect Minnesota's lakes and rivers. Producers who implement and maintain approved farm management practices will be certified and, in turn, assured that their operation meets the state's water quality goals and standards for a period of 10 years. "We'll guarantee the certainty that they won't have any new regulations coming down on them for 10 years," Frederickson said. "Farmers like certainty."

Research at Minnesota colleges and universities is extremely important as a foundational resource to the agricultural community. An interviewer asked about the effectiveness or importance of agricultural research at the University of Minnesota (U of M) and at the Minnesota State Colleges and Universities (MnSCU).

"It's extremely important," Frederickson said. "I fear that we've sort of slid away from that. Part of it is the Legislature's fault. The U of M has autonomy and the Legislature's job is to fund them. When the Legislature disagrees with the University's priorities, it withholds funds. That forces the University to go to private companies for research money and then people feel like they're compromising the University's Land Grant mission."

He mentioned, for example, the essential research on pigs going on at the Diagnostic Lab at the U of M Veterinary School. And he said some of the smaller MnSCU institutions are also doing good research, such as the community college in Staples, which is doing significant research on value-added oil crops.