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**AGENCY OVERVIEW****Date:** 12/07/2012**638 Northern Crops Institute****Time:** 13:59:55

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**Statutory Authority**

North Dakota Century Code Chapter 4-14.2.

**Agency Description**

The Northern Crops Institute (NCI) is a cooperative effort between North Dakota, Minnesota, Montana and South Dakota to support the promotion and market development of crops grown in this four-state region. 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. NCI provides technical and marketing assistance through specialized training courses and technical services that facilitate domestic and international market development and expanded sales of northern grown crops. Representatives from more than 128 countries have visited NCI since its inception. It is located on the campus of North Dakota State University.

**Agency Mission Statement**

NCI supports regional agriculture and value-added processing by conducting educational and technical programs that expand and maintain domestic and international markets for northern-grown crops.

**Agency Performance Measures**

NCI provides status reports to the Northern Crops Council three times annually at council meetings (per North Dakota Century Code Section 4-14.2-02 and 4-14.2-03). On June 28, 2011, presentations and written documentation on accomplishments during fiscal year 2011 and plans for fiscal year 2012 were provided to the Council. At this meeting the search committee was announced for the hiring of a new NCI director. Copies are on file at the NCI office and with Council members. In September of 2011, the new NCI director began his duties. At the November 22, 2011 meeting of the Council, the new director launched discussions related to both short term and long term issues for the NCI. Council members at the March 20, 2012 meeting, approved two budget initiatives for the 2014-15 biennium that will be presented to the North Dakota Legislature. In response to the changing crop mix in the four state region and increasing demand for services from the NCI a new strategic plan is being developed.

**Major Accomplishments**

1. Contributed to state's economy through marketing activities for agricultural crops (increase and maintain crop sales) and by bringing many course participants and processors to North Dakota (hotels, meals, shopping, etc).
2. Contributed to market development and global awareness of North Dakota and four-state regional crop quality and availability.
3. Hosted and promoted regional agriculture to visitors, short course participants and lecturers from over 33 countries.
4. Educated over 265 participants of short courses and trade teams, and hundreds more through domestic and international outreach programs.
5. Offered courses in partnership with U.S. Wheat Associates, American Soybean Association, U.S. Grains Council, US Dry Bean Council, American Pulse Association, USA Dry Pea and Lentil Association, Association of Oil Chemists Society, USDA/FAS Cochran Program, USDA Federal Grain Inspection Service (FGIS), Minneapolis Grain Exchange, NDSU Extension Service, ND Grain Dealers, Midwest Shippers Association, and many commodity check-off organizations.
6. Continued strong annual enrollments in grain procurement management courses.
7. Provided customized courses for regional and multi-national companies.
8. Continued strong enrollment in pasta technology courses.
9. Conducted feed production programs for domestic and international animal feed manufacturers.
10. Conducted courses on the use of distillers dried grains with solubles (DDGS) to domestic and international animal feed nutritionists.
11. Developed and conducted courses for the use of soy flour, flax and canola in food products, and the use of DDGS and soybean products in aquaculture feeds.
12. Provided lectures and demonstrations for NDSU, SDSU and other regional universities.
13. Developed and offered specialized courses/workshops upon request.
14. Hosted and provided lectures for international trade teams regularly.
15. Produced complete feeds, concentrates, supplements and custom premixes for use in animal research. Feed production for FY 2011-12 was 2,761 tons, mostly for NDSU Experiment Station and Research and Extension Centers. Feed for main station experimental livestock research is manufactured at NCI feed production center.

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16. Provided technical expertise in crop quality and utilization in locations around the world.
17. Held leadership roles in many national/international professional organizations including the American Association of Cereal Chemists International, Wheat Quality Council, International Association of Operative Millers, American Feed Industry Association, Analytical Oil Chemists Society, and Institute for Food Technologists.

**Future Critical Issues**

Since its inception in 1983 the Northern Crops Institute has achieved remarkable success by evolving into a first class facility recognized throughout the world. Agriculture in the 21st century is changing rapidly and by cooperating with the entire food chain from farmers all the way to the dinner table the NCI can help provide further impetus for change. The visionary role that the NCI plays will help shape agriculture's future for the next generation.

The U.S. farmer has witnessed unbelievable technological changes in just the last few short years. Despite the high risks of farming, American agriculture is filled with tremendous profit opportunity. As nations around the world continue to evolve in their economies, they will demand better diets. That means demand for more and better high quality food, and more demand for U.S. farm products.

In 2009 the four state region of Montana, Minnesota, South and North Dakota exported nearly \$11.00 billion worth of farm products. It is clear, the NCI's mission statement is more important than ever before, and that is to promote our northern region crops to our customers around the world by providing the best possible technical education and support for them.

The role of the NCI is an ambassador's role—showcasing our region's agriculture while building relationships based on trust and integrity. The NCI will continue to promote that we are reliable and consistent suppliers of the highest quality. We will make sure we are in command and on the cutting edge of latest technology as it evolves in the industry. While interacting regularly with buyers and processors from all over the globe it is critical that our staff maintain the level of excellence that our customers have come to expect. We will continue to build and enhance our relationships with other scientists and researchers in the University system and the private sector.

North Dakota farmers are shifting to more alternative, specialty and IP crops. Besides the recent explosive growth in corn and soybean production, North Dakota leads the nation in at least 12 crops including hard red spring wheat and durum. Our state is in a strategic position to supply many markets, due to our transportation logistics, excellent storage conditions, and buyer preference for our superb quality and versatility.

The need to communicate this information to the rest of the world becomes abundantly clear. The Northern Crops Institute will meet the challenge by providing increased services in quality evaluation, technical expertise, alternative course offerings, and education.

**REQUEST SUMMARY**

638 Northern Crops Institute  
Biennium: 2013-2015

Bill#: SB2020

Date: 12/07/2012

Time: 13:59:55

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
<b>By Major Program</b>					
Farm Product Development, Mktg. and Util	3,216,684	3,347,307	517,150	3,864,457	0
<b>Total Major Program</b>	<b>3,216,684</b>	<b>3,347,307</b>	<b>517,150</b>	<b>3,864,457</b>	<b>0</b>
<b>By Line Item</b>					
Northern Crops Institute	3,216,684	3,347,307	517,150	3,864,457	0
<b>Total Line Items</b>	<b>3,216,684</b>	<b>3,347,307</b>	<b>517,150</b>	<b>3,864,457</b>	<b>0</b>
<b>By Funding Source</b>					
General Fund	1,439,221	1,692,582	266,644	1,959,226	0
Federal Funds					
Special Funds	1,777,463	1,654,725	250,506	1,905,231	0
<b>Total Funding Source</b>	<b>3,216,684</b>	<b>3,347,307</b>	<b>517,150</b>	<b>3,864,457</b>	<b>0</b>
<b>Total FTE</b>	<b>11.00</b>	<b>12.00</b>	<b>0.00</b>	<b>12.00</b>	<b>0.00</b>

**REQUEST DETAIL**638 Northern Crops Institute  
Biennium: 2013-2015

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
<b>Northern Crops Institute</b>					
Salaries - Permanent	1,186,727	1,713,334	(274,128)	1,439,206	0
Temporary Salaries	23,540	46,080	363,623	409,703	0
Fringe Benefits	387,925	602,230	(35,907)	566,323	0
Travel	113,502	134,730	0	134,730	0
Supplies - IT Software	2,360	17,591	0	17,591	0
Supply/Material-Professional	24,946	60,547	0	60,547	0
Food and Clothing	30,092	33,595	0	33,595	0
Bldg, Ground, Maintenance	4,488	2,378	0	2,378	0
Miscellaneous Supplies	36,647	40,248	221,712	261,960	0
Office Supplies	6,513	2,705	0	2,705	0
Postage	8,317	7,496	0	7,496	0
Printing	30,141	22,720	0	22,720	0
IT Equip Under \$5,000	10,222	13,671	0	13,671	0
Other Equip Under \$5,000	96,576	59,326	0	59,326	0
Utilities	20,490	25,515	0	25,515	0
Insurance	815	1,733	0	1,733	0
Rentals/Leases-Equip & Other	3,421	21,256	0	21,256	0
Rentals/Leases - Bldg/Land	28,459	18,958	0	18,958	0
Repairs	397,311	212,182	0	212,182	0
Salary Increase	0	0	0	0	0
Benefit Increase	0	0	0	0	0
IT - Communications	15,946	20,178	0	20,178	0
Professional Development	17,553	1,239	0	1,239	0
Operating Fees and Services	116,451	104,925	0	104,925	0
Fees - Professional Services	143,236	128,670	0	128,670	0
Equipment Over \$5000	511,006	56,000	241,850	297,850	0
<b>Total</b>	<b>3,216,684</b>	<b>3,347,307</b>	<b>517,150</b>	<b>3,864,457</b>	<b>0</b>
<b>Northern Crops Institute</b>					
General Fund	1,439,221	1,692,582	266,644	1,959,226	0
Federal Funds	0	0	0	0	0
Special Funds	1,777,463	1,654,725	250,506	1,905,231	0
<b>Total</b>	<b>3,216,684</b>	<b>3,347,307</b>	<b>517,150</b>	<b>3,864,457</b>	<b>0</b>
<b>Funding Sources</b>					
General Fund	1,439,221	1,692,582	266,644	1,959,226	0
Federal Funds	0	0	0	0	0
Special Funds	1,777,463	1,654,725	250,506	1,905,231	0
<b>Total Funding Sources</b>	<b>3,216,684</b>	<b>3,347,307</b>	<b>517,150</b>	<b>3,864,457</b>	<b>0</b>

**CHANGE PACKAGE SUMMARY**

638 Northern Crops Institute  
Biennium: 2013-2015

Bill#: SB2020

Date: 12/07/2012

Time: 13:59:55

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b>Base Budget Changes</b>						
<b>One Time Budget Changes</b>						
A-B 1 Update Feedmill Equipment		0.00	100,000	0	0	100,000
<b>Total One Time Budget Changes</b>		<b>0.00</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>100,000</b>
<b>Ongoing Budget Changes</b>						
A-A 1 NCI Initiative		0.00	135,000	0	0	135,000
A-A 3 Base Funding for Equipment over \$5,000		0.00	38,780	0	159,070	197,850
A-A 4 Other Revenue Change		0.00	0	0	221,712	221,712
A-F 3 Remove Base Funding Equip over \$5,000		0.00	(8,000)	0	(48,000)	(56,000)
Base Payroll Change		0.00	864	0	(82,276)	(81,412)
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>166,644</b>	<b>0</b>	<b>250,506</b>	<b>417,150</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>266,644</b>	<b>0</b>	<b>250,506</b>	<b>517,150</b>

**BUDGET CHANGES NARRATIVE**

638 Northern Crops Institute

Bill#: SB2020

Date: 12/07/2012

Time: 13:59:55

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b> 1
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## NCI Initiative

Northern Crops Institute (NCI) is requesting hard salary funds for two existing positions to ensure needed expertise in our constantly changing world food markets. NCI's Food Technologist and Crop Quality Specialist provide critical expertise to assist buyers and processors of northern-grown crops.

**Food Technologist Position (\$103,700 – Funding source change for existing 1 FTE):** This position is currently funded at 100 percent from soft monies and is NCI's specialist in baking with wheat and other regional crops, this position regularly interacts with international trade teams, commodity groups and food industry personnel demonstrating crop quality and functional characteristics as well as how to incorporate crops into traditional and innovative products. In addition, this person conducts laboratory analyses on crops and assists with pilot-scale processing.

**Crop Quality Specialist (\$31,300 – Funding source change for existing .25 FTE):** This position is currently funded at 75 percent from the state general fund and 25 percent from soft monies and is NCI's specialist in pulse and oilseeds. This position promotes soybeans, pulses and other oilseed crops and provides technical solutions to food manufacturers when they have problems related to quality and utilization. The person conducts promotional activities, seminars, and short courses throughout world and helps food companies develop new information and products thereby increasing utilization of these crops.

North Dakota farmers are shifting to more alternative, specialty and IP crops. Besides the huge move to corn and soybeans, North Dakota leads the nation in at least 12 crops including hard red spring wheat and durum. Buyers continue to seek northern-grown crops for their high quality and versatility. The NCI is responding by providing increased services in quality evaluation, technical expertise, alternative short course offerings and education.

Asia's exploding population and demand will dramatically change the current global food industry. It is predicted that Asian diets will adopt the U.S. trend of eating foods prepared outside the home, requiring a tremendous amount of education to the food industry in crop quality and utilization. The NCI interacts regularly with buyers and processors from Asia and all over the globe, and it is critical that our staff maintain the level of excellence that our customers have come to expect.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 3	<b>Priority:</b> 2
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## Base Funding for Equipment over \$5,000

To add equipment over \$5,000. Base funding request is \$197,850 (\$38,780 GF, \$159,070 OF).

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 4	<b>Priority:</b> 3
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## Other Revenue Change

Increased gifts and grants expected.

<b>Change Group:</b> A	<b>Change Type:</b> B	<b>Change No:</b> 1	<b>Priority:</b> 1
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## Update Feedmill Equipment

NCI is requesting one-time funding of \$100,000 to update its feed mill equipment. The NCI Feed Production Center upgrade would include the purchase of a feed mixer and additional capabilities for the mill's computerized operating system in order to maintain its excellent world-wide reputation as a provider of high quality feed technology programming, education and service.

**BUDGET CHANGES NARRATIVE**

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North Dakota is in a strategic position to supply many markets, particularly Asia, due to its logistics and the quality characteristics of its crops. North Dakota has witnessed explosive growth in soybean and corn production in the last two decades. The state's soybean production alone has seen a ten-fold rise since 1985, while corn production has increased five-fold in part driven by the increased demand for animal feed in Asia. The majority of soybeans and corn are used for animal feed and research has shown that the northern region's corn has the lowest levels of mycotoxins and its soybeans have the highest feeding value compared to the rest of the U.S. Communicating this information to the rest of the world through NCI feed mill education, short courses, and technical services become abundantly clear.

<b>Change Group:</b> A	<b>Change Type:</b> F	<b>Change No:</b> 3	<b>Priority:</b> 1
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Remove Base Funding Equip over \$5,000

To remove \$56,000 in 2011-2013 equipment over \$5,000. (\$8,000 GF, \$48,000 OF)

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 100	<b>Priority:</b>
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Executive Compensation Adjustment

This budget change provides funding for recommended 2013-15 compensation adjustments.