

State Board of Agricultural Research and Education
Minutes - March 22, 2006
Kelly Inn, Bismarck, ND

The State Board of Agricultural Research and Education met at the Kelly Inn in Bismarck, ND on March 22 beginning at 9:00 a.m. Members present were Ole Aarsvold, Bob Bahm, John Bollingberg, Tom Borgen, Randy Christmann, D.C. Coston, Jerry Doan, Jerry Effertz, Carol Goodman, Ken Grafton, Duane Hauck, Rodney Howe, Doyle Johannes, Roger Johnson, Paul Langseth, and Larry Lee.

Chairman Jerry Effertz opened the meeting by welcoming all and thanking agencies, boards, departments and individuals who participated in the information gathering process for agriculture budget planning.

As SBARE members introduced themselves, the chair asked each member to share their expectations for the day's meeting.

Ole Aarsvold said that as a legislator and policymaker, he planned to listen and react to the outline of Grow 21 and set direction in terms of policy, adding it is difficult to blend resources and needs. Aarsvold noted that state revenues are good, there is a surplus in state government and there may be potential to achieve some dreams.

Carol Goodman said she would like to see, at the very least, SBARE establish a comfort level with the working document, setting a framework for the next legislative session and on into the future. She added that all of what is in the document is needed to move ahead and SBARE needs to be cautious not to isolate certain areas. Goodman said the Grow 21 document is great and something that has been needed for a long time.

John Bollingberg said SBARE should develop an overall consensus before approaching legislators. Bollingberg suggested that SBARE establish priorities within the framework and continue to communicate with one voice.

Jerry Doan made three points: make sure producers' needs are heard and incorporated, start process of prioritizing (or legislators or governor's office may) and resolve issues with Beef Systems Center of Excellence documents to move ahead with recruitment of animal science faculty positions.

Tom Borgen said it is good to gather information, allowing SBARE to make informed decisions. Borgen stated he likes the Grow 21 document, but feels prioritization is necessary and reminded members that they need to be on the same page with requests.

Larry Lee stated he would like to see a process of prioritizing while comparing to the base budget. He also stressed the need to speak with one voice.

Bob Bahm, too, stressed the importance of speaking in one voice and also said it is important to explain the economic importance of agriculture to the state.

Randy Christmann echoed what Aarsvold said, noting the importance of listening and understanding the needs. He added that prioritization is important for a unified voice. Christmann reminded SBARE members that even though there is a surplus in the state budget, the needs are great and we need to be cautious as we move forward.

Roger Johnson agreed, indicating it is important to recognize that even an excellent system can be improved. Johnson noted that SBARE needs to look as long term as possible to see what big issues will be in 10-20 years, noting that Grow 21 is a good start, but to remember energy and food supply cannot be overlooked.

Rodney Howe stated that SBARE needs to look for balance, remembering that SBARE is an extension of the taxpayers and it is important to make the best use of tax dollars, achieving a fair and equitable balance, hopefully allowing NDSU faculty and staff to achieve their full potential. He added that Extension needs research and research needs Extension and requests needs to be palatable to the legislators.

Paul Langseth stated it is important to listen, question, sift and sort, as well as begin a process of prioritization. He also stressed the importance of thinking ahead to not only this legislative session, but into the future as well.

Doyle Johannes said there are some good things in the budget document, noting that some tremendous work is developing in the area of bioenergy. Johannes stated that priorities need to be those issues that can help agriculture become more profitable and expand the use of North Dakota products.

Paul Langseth made a motion to approve the minutes of the March 2-3, 2006 meeting as distributed. The motion was seconded by Tom Borgen and passed.

D.C. Coston provided a briefing as follows:

- The Legislative Council Interim Higher Education Committee met in Fargo recently and the Grow 21 information was reviewed with them. Several committee members commented very positively about the document.
- The AgBiotechnology Center of Excellence has been approved through all channels, supported at two million dollars, with partners ADM, Monsanto and Dakota Skies.
- There is a summit on fusarium head blight scheduled April 25 in Minot. The meeting is targeted at state agricultural leaders.
- Met recently with a group of representatives from a large energy company wanting to collaborate with NDSU and follow-up meetings are planned.
- Jerry Combs, Human Nutrition Lab Director, visited campus March 14 to discuss opportunities for shared research efforts.
- Commerce Commissioner Shane Goettle spoke at the Spring Extension Conference, which opened in Bismarck yesterday. He spoke on innovation and entrepreneurship, challenging individuals to become more engaged in rural areas and value-added energy, supporting homegrown businesses.

Ken Grafton reported that:

- The top candidate for the dry bean breeding position rejected the offer and the search committee is now considering the other candidates.
- Applications are being reviewed for pulse pathologist.
- Plant sciences is currently undergoing an in-depth review by the Cooperative State Research, Education, and Extension Service.

Duane Hauck's update follows:

- Western 4-H Camp is pursuing an arrangement with the Lewis and Clark Foundation to use the camp for more year-round activities. Talks are in progress and a formal proposal is expected to be finalized late next fall or early winter.
- The NDSU Extension Service is involved with developing a Federal Plan of Work for the next five years with CSREES. Hauck added that the environment in Washington, D.C. is changing and there are many questions on the process of allocating federal funds. More dollars may be funneled into the competitive grants arena, even though states argue the need for consistent funding.
- The Spring Extension Conference is currently in session and Commissioner Shane Goettle's remarks on stoking innovation and fostering entrepreneurship are supported by the group and should be considered as we consider program areas during the budget process.

Rodney Howe asked if there is anything SBARE could do to influence the direction of the flow of federal funds. Coston said a supportive letter to the federal delegation would be appropriate.

Roger Johnson made a motion that NDSU ag administrators draft a letter to the federal delegation from SBARE, signed by the chair, strongly supporting formula funding. Tom Borgen seconded the motion which passed unanimously.

Bob Bahm suggested SBARE members contact their local legislators and ask them to also submit letters.

When asked about the consultant's report on equity funding and its affect on research and Extension, Coston explained the North Dakota Century Code states there can be no comingling of funds, thus resources allocated for research and Extension should not be included in the equation.

Ole Aarsvold indicated there is a real struggle with funding for higher education and the equity issue is a difficult one. He added without significant additional funding, equity cannot be established. The new Peoplesoft software adds to the problem because it does not provide adequate data to establish equity and parity.

Rodney Howe talked about the memo of agreement between NDSU and ND Beef LLC and called on Bruce Bollinger to talk about the process of creating the memorandum. Bollinger indicated that he had talked with the Legislative Council about using the memo, that had been reviewed by NDSU General Counsel. He added that the signed memo allows the animal and range sciences department to move ahead with recruitment and hiring of two meat specialists.

D.C. Coston indicated he has had conversations with representatives of the partner group about the fund drive to move ahead with the beef systems project and they are confident they will have the necessary matching money in hand by the end of April.

Rodney Howe made a motion to recommend approval of the memorandum of agreement providing authorization of the two meat specialist positions. Jerry Doan seconded the motion.

Members discussed the following points related to the motion:

- Tom Borgen stated he is still uncomfortable about the prepaid lease language in the memo.
- Ole Aarsvold said he agreed with Borgen and indicated it better work or there will be consequences.
- Jerry Doan stated as you move into new ventures, you need cash flow. He stressed the need to get the new meat specialist positions and continue to enhance the meat department at NDSU for the benefit of North Dakota's livestock producers.
- Christmann asked if there would still be work for the meat specialists if the venture failed and D.C. Coston assured him there would be, adding the specialists will be available to help any industry person or producer in the state.
- Don Kirby noted that faculty teams have been extremely productive and successful within in the animal and range sciences department over the years.
- Christmann said he is pleased and hopeful about the new meat specialists; however, he said he is concerned and disappointed about related activities since the November meeting when he asked for a business plan and never received it. He added that he not convinced there is a demand for natural meat products and assumes there may be issues with the animal rights groups.
- Randy Christmann asked to be sure the minutes reflect that the memo of agreement only impacts the recruitment of two meat specialist positions, not whether or not the Beef Systems Center for Excellence proceeds.
- Bob Bahm said it would be helpful to have a fact sheet stating the need for the positions and how the project is tied together in case there are questions.
- Howe agreed with Christmann about the market for natural beef, but stressed that NDSU is not endorsing natural beef, but is endorsing enhanced beef production in North Dakota.

Following discussion, the motion passed.

Celeste Kubasta, OMB state budget analyst, announced that she is resigning her position and thanked SBARE for the opportunity to work together. She reviewed the budget process indicating that although SBARE is unique, they have been able to provide legislative guidance and have very strong credibility.

Jerry Doan made a motion thanking Celeste and commending her for supporting producers and always trying to do the right thing for them. Ole Aarsvold seconded the motion, which passed.

Bruce Bollinger reminded SBARE members that the State Board of Higher Education guidelines won't be released until April and the budget package is not focused on percentages, allowing ability to fit into those guidelines.

Cathy McDonald, finance director for the University System Office, stressed the importance of preparing a prioritization package incrementally.

Jerry Effertz asked board members to share any additional proposals or requests received since the March 2-3 meeting.

Rodney Howe said the North Dakota Pork Producers submitted a letter asking for a swine specialist, adding that the group does not feel that general livestock specialists can respond to their needs.

Larry Lee said for the record he wanted it noted that the North Dakota Wheat Commission and the canola growers had submitted letters that were shared with board members.

Ken Grafton added that he recently visited with the North Dakota Corn Growers and they would like very much to have an Extension specialist working with corn production.

Carol Goodman indicated letters were received from the North Dakota Soil Conservation Committee and the North Dakota Chapter of the National Extension Association of Family and Consumer Science Organization and both clearly fit with "Grow 21."

D.C. Coston distributed updated copies of the "Grow 21" document and reviewed with board members. Coston stated that he, Ken and Duane created the document by incorporating input from a number of commodity/producer/industry groups and from the agricultural administration planning retreat. Coston said he believes that although the document is not identical to specific requests, there are synergies which in some cases address multiple initiatives or requests.

Roger Johnson stressed the importance of coordinating efforts with units/departments currently working in noted areas to see how the initiatives fit together.

Duane Hauck stressed the need to provide support for economic development projects.

Larry Lee questioned whether additional proposals were adequately addressed in the document and requested a copy of the current base budget to work with.

Randy Christmann wondered if there were positions or programs currently in the base budget that should be evaluated in the priority process.

Ken Grafton noted that 31 positions have been cut since 2001 and he reminded the board that NDSU agriculture is working with a bare bones budget.

Coston added that anytime a position opens, it is evaluated and there are serious discussions about priorities. He said the challenge is knowing who will leave and when. Coston said program changes happen all the time through retirements and resignations and often times professional development is provided to aid in transitions.

Rodney Howe asked to note in the minutes that the North Dakota Lamb and Wool Growers suggested SBARE consider support for the swine industry.

Jerry Doan stated that SBARE members need some sense of the base budget and the percentages of time spent on certain program areas as they work through the budgeting process.

Effertz asked D.C. Coston, Ken Grafton and Duane Hauck what their expectations for the day were.

Hauck responded that he would like the group to continue to discuss what is in the Grow 21 document with hope that when it is prioritized, there has been enough dialogue that SBARE members are comfortable. He added that he hoped it would not be ranked so early that there are restrictions on change, leaving the ag representatives the flexibility to accommodate politics that take place during the legislative session.

Grafton agreed with Hauck and said whatever happens, NDSU agriculture needs to speak in a unified voice, comfortable and consistent.

Coston concurred and said that hopefully through a lot of discussion, the group will come up with something supported by all.

John Bollingberg stated that the group must start someplace with prioritization, noting it is SBARE's responsibility to represent commodity groups, so it reflects what producers want, adding that Grow 21 is a great concept.

Ole Aarsvold reminded the group that during the last legislative session, flexibility was necessary and the course often changes as the session progresses.

Randy Christmann said it is important for SBARE to give direction. He said it is important to keep in mind that adding positions is difficult because of the follow-up costs.

Carol Goodman made a motion to express appreciation to D.C. Coston, Ken Grafton and Duane Hauck for their work in creating the Grow 21 document. Randy Christmann seconded the motion, which passed.

Larry Lee made a motion that SBARE members individually prioritize and forward results to the chair, working toward a consensus. Paul Langseth seconded the motion.

John Bollingberg asked to amend the motion to say the prioritization work would be done in subcommittees. Jerry Doan seconded the motion.

Doan suggested working in subcommittees may provide a fairer, more cohesive ranking.

Bob Bahm said that by working as a whole board on the prioritization process initially, individuals may pick up additional information.

The amended motion failed with five yes votes.

The motion to prioritize individually passed.

Carol Goodman reminded SBARE that each piece of the budget proposal impacts another and asked members not to rush the process.

Ole Aarsvold said it would be helpful to have a spread sheet form when reviewing the initiatives.

After discussing various methods of ranking and tabulation, D.C. Coston distributed a list of individual concepts to prioritize.

Randy Christmann made a motion to rank each lined dollar amount item. Rodney Howe seconded the motion, which passed.

Bob Bahm made a motion to add a swine specialist at \$200,000 to the category listing livestock enhancement. John Bollingberg seconded the motion, which passed.

SBARE members ranked the initiatives, the results were tallied and Chairman Effertz reviewed the results. Effertz reminded board members that the results of the ranking were a reflection only and not cast in stone.

Randy Christmann requested an analysis of the results from ag administrators, working operating funds in with highest ranked faculty positions and some commentary on dilemmas that the priority list presents.

Prior to adjournment at 4:35 p.m., Effertz announced the next meeting is tentatively set for April 19 in Fargo.

Recorded by Margaret Olson