

Senate Appropriations Committee Testimony  
Northern Crops Institute  
Mark Jirik, Director  
January 20, 2021

Provided is a copy of our legislative budget book. Included in that book are the 16 items requested from Legislative Council items related to our agency. In addition, we have included a copy of our annual report, a one page summary of our value survey and my written testimony.

There are three main areas that I would like to cover for you today, first is just a bit of history and overview of the functions of the Northern Crops Institute, second, some highlights of two very different years – 2019 and 2020, and finally would like to spend a little time on our recently completed value survey.

It was 40 years ago in 1981 that the Northern Crops Institute was written into North Dakota Century Code as agricultural leaders realized that to help support the North Dakota agricultural industry at a time of crisis, they needed a place to promote crops grown in this region, highlight the quality, and assist value added agriculture. At the time, the focus was wheat and barley, and they had the foresight to say that while North Dakota was the leader in both spring wheat and barley production, the growing regions did not stop at the state borders, so invited Minnesota, Montana, and South Dakota into that partnership.

Forty years later, the diversity of crops has grown substantially with soybeans, corn, pulses, and a host of other crops, but our mission remains the same - grow markets for crops grown in North Dakota and the surrounding region.

Our strategy is directed by the Northern Crops Council, a council made up primarily of farmer leaders, but also business leaders and the North Dakota Commissioner of Agriculture, General Manager of the North Dakota Mill and Elevator, and the President of NDSU or his designee.

Our staff at NCI is made up of a number of food and feed scientists, communication experts, and program managers.

NCI promotes use of crops grown in this region in a number of ways including short courses for international grain buyers, hosting trade teams with our commodity group partners, speaking to international and domestic audiences highlighting the value of crops grown in this region, and more recently with handbooks, webinars, and online short courses.

The participants in our short courses are very unique – most of them come to our courses with help from our national partners – US Wheat Associates, US Grains Council, US Soy Export Council to name a few. Roughly 20% of those participants are CEOs, COOs, Company Owners or General Managers, 30% are involved in private company research and development, 25% are purchasing managers, roughly 20% are involved directly in processing. In short, the people that attend our courses are those that make the decision on what ingredients or crops to buy – about 50% of our course participants make recommendations, 40% make the decisions on what their companies buy.

In addition to these programs, we also conduct technical services for companies that are looking to use crops grown in the region for their products. In the last 5 years, we have dealt with about 125 entities – ranging from entrepreneurs, public entities and private businesses on over 350 projects. About 40% of them have investments in North Dakota – all of them were looking at increasing usage of crops grown in this region. These services range from testing, to milling, pasta production, snack food production or feed milling done at either our facility attached onto Harris Hall on the campus of NDSU or at the NCI Feed Mill. These services are generally confidential in nature. But it is a way of putting our equipment to work for the state of North Dakota and the companies that use the commodities grown here.

After telling you a little bit about who we are, would like to give you a tale of two very different years. The first year of the last biennium was one for the record books for NCI – we hosted a record number of courses, and a record number of trade teams in partnership with our state partners and national partners. In addition, our tech service team did close to a record number of projects but also worked overseas to promote the crops in this region.

Like most entities, about 10 months ago, our institute had to reinvent itself. At our November Northern Crops Council meeting, it was said best, “NCI was forced to do ten years of change in seven months.” We have transitioned a number of our courses from in person, to online. The best example of that is our procurement course, normally 30 international buyers from around the world spend ten days in the region, including at NDSU’s commodity trading room, learning risk management, logistics, and quality considerations as well as meeting with exporters.

Our September 2020 procurement course was delivered entirely online, with 36 unique presentations, pre-recorded tours, and daily Q/A sessions with about 25 unique industry experts for 94 participants. 97% increased understanding of buying grains from the United States, 87% increased confidence in buying grain from the US, and 97% increased their understanding of risk management tools.

In addition, NCI released its first ever handbook with help from ND and MN soy producers, “The Fullfat Soybean Meal Feeding Handbook” and conducted 13 webinars on subjects ranging from feeding fullfat soybean meal, value added processing, market updates, and usage of hemp in food with over 800 participants watching live and over 400 watching recorded versions.

For the 2021 calendar year, NCI has 18 courses on the schedule or in development and 28 webinars with more in development, in addition to two handbooks.

The work we do at NCI has forever changed – and will likely continue to change. The CARES Act funding was primarily dedicated to upgrading our facilities and allowing us to do more high quality, online courses and interaction with international and domestic buyers remotely. We discovered that while getting people here to see the crops and meet the industry was, and remains important, there are many parts of the world where it remains very difficult to come to the United States, from either a cost or a travel standpoint. It will allow us to keep the world buyers more informed about what is happening in this region than ever before.

Finally, I would like to present the results from NCI's first value survey. NCI engaged Prime46, a Fargo based market research firm, to help us conduct a survey on the value that we bring to the region and where we can improve. We looked at both our short courses, and our technical services. There is a one page document that has some of the highlights of this survey. The survey had both a quantitative and qualitative component. The results from the quantitative survey alone was a 32 page slide deck, the qualitative survey was pages of verbal feedback. What you are seeing is the high level results.

The survey was conducted for course participants from 2018 and 2019 – we wanted to see, a year or more after the course, what changes these buyers made in their behavior. 95% have greater confidence in supply chain, 99% have a better understanding of US crop quality, and 51% have increased the volume purchased of US Commodities as a result of NCI courses.

Our founders 40 years ago were right to focus on quality, to focus on educating buyers.

From a technical service standpoint, we only surveyed those clients that were private companies working on projects in 2018-19, again, looking at the impact after the fact. On average, the overall investment in the region has increased 16%.

This value survey will serve as a baseline for evaluating our programs in the future.

My hope is, I've outlined what we do, have we managed through the pandemic, and the value we bring to the state of North Dakota.

The executive budget recommended a 5% baseline budget for NCI, which is \$97,190 reduction. I would request that this funding is restored. While we do get support from other states and commodity groups, we provide services and support to organizations and entities that don't have resources, and many of our grants limit what we can use funds for. We are working to maximize the amount of non-state funding that we utilize, but it is an important base for what we do.