



# Budget and Activity Report

## February 2023

**Ken Bertsch, ND State Seed Commissioner**

Mr. Chairman and members of the Appropriations Committees: For the record, my name is Ken Bertsch and I serve as State Seed Commissioner and Administrator of the State Seed Department. I appreciate the opportunity to present, on behalf of the State Seed Commission, a report to the committee on activities of the ND State Seed Department.

This report is an overview of agency activities as required by NDCC Chapter 4.1-52-11. Legislative Council, with the advice of committee chairmen, asked that this report be presented in written form.

### Department Activities

The North Dakota State Seed Department (NDSSD) is the state-designated authority for seed certification, seed regulatory and laboratory testing services to North Dakota producers and the agriculture industry. As a self-funded/special funds agency of government, the ND State Seed Department derives its revenues from fees for services provided.

A nine-member commission, which serves as a board of directors by setting policy guidelines, approving budgets, approving major program changes, and appointing the Seed Commissioner, governs the Department. The Seed Commission is comprised of members from various industries the Department serves, and represents a broad cross-section of agricultural commodities grown in this state and region.

The Department is unique among its counterparts in the United States, in that all seed related matters are accomplished by one entity. In other states, seed certification is often performed by private associations and/or university programs. Seed regulatory enforcement is usually the responsibility of a division of the state department of agriculture.

The NDSSD is one of only two programs in the nation that certifies all field crops and potatoes, and the only program performing seed regulatory duties along with seed certification and testing.

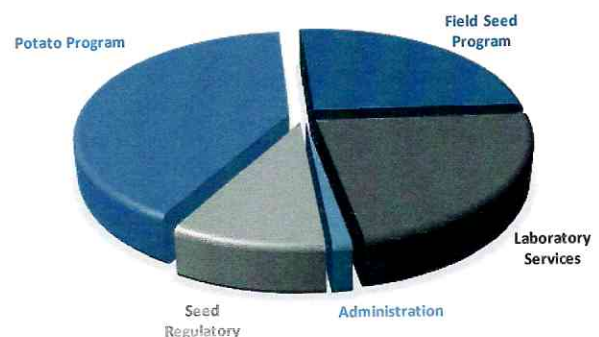
The agency's main offices, laboratories and tissue culture/greenhouse are located in Fargo on the campus of North Dakota State University. A regional office is located in Grafton and is primarily associated with potato certification programs. 20-22 FTE's and

30-40 temporary/seasonal staff provides field and crop inspection, laboratory testing, potato seed production and support services to the industry.

The NDSSD operates five major programs: Administration, Seed Regulatory, Field Seed Certification, Potato Certification and Laboratory Services. The current salary and operating budgets for these program areas is shown below:

#### 2022-23 Budget by Major Program Area

Administration	\$ 46,500
Seed Regulatory	357,737
Potato Program	1,477,713
Field Seed Program	917,970
Laboratory Services	832,040
<b>Total</b>	<b>\$ 3,631,960</b>





## Administration (NDCC Chapter 4.1-52)

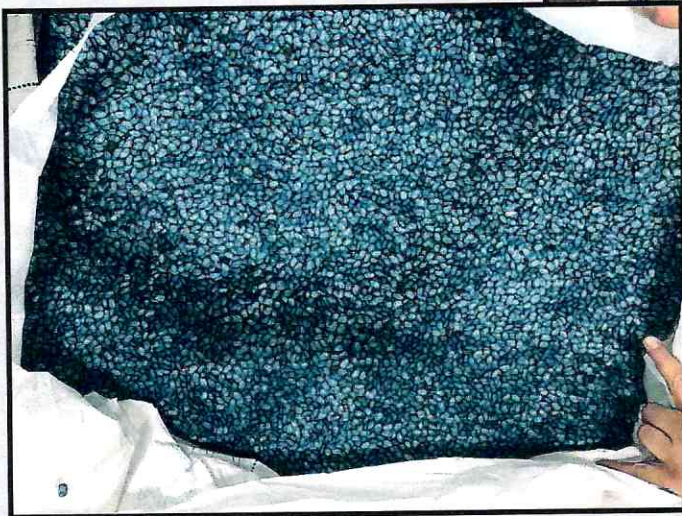
The Administration program line item denotes overall program support for legal, fiscal, technology, equipment, facilities and resource management for the agency. Administrative and support services salaries are allocated across program operation areas of the Department.

## Seed Regulatory (NDCC Chapter 4.1-53)

The Regulatory program enforces state and federal seed laws through a process of sampling and examination of seed lots offered for sale throughout the state. The NDSSD utilizes full and part-time inspectors to obtain samples from facilities throughout the state, which are subsequently tested in NDSSD laboratories to determine accuracy of label claims and compliance with state and federal labeling requirements.

Seed Department regulatory, certification and laboratory staff work across program lines to ensure the integrity and quality of seed marketed in the state. A range of 1000-2000 regulatory samples are normally acquired by regulatory staff and tested in our laboratories on an annual basis. This number has been reduced to 800-1200 samples in the 2020 and 2022 regulatory seasons due to COVID and staffing issues.

Additionally, Department personnel work closely with public institutions and private variety owners to protect intellectual property through enforcement of Plant Variety Protection Act (PVPA).

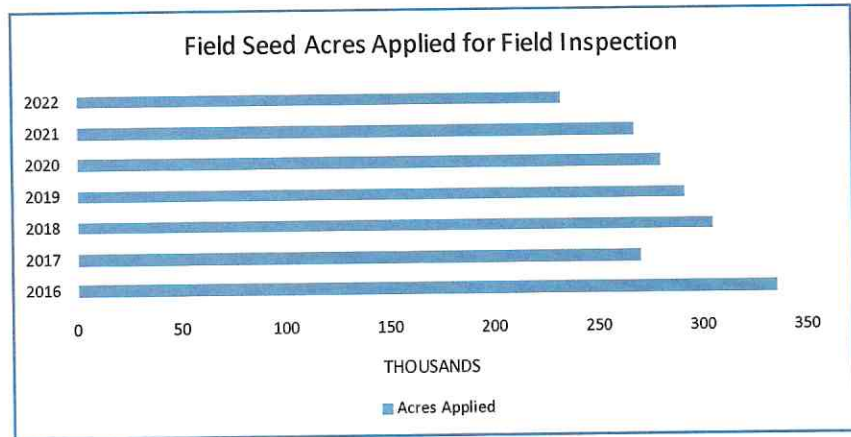


Regulatory sampling of treated pinto beans



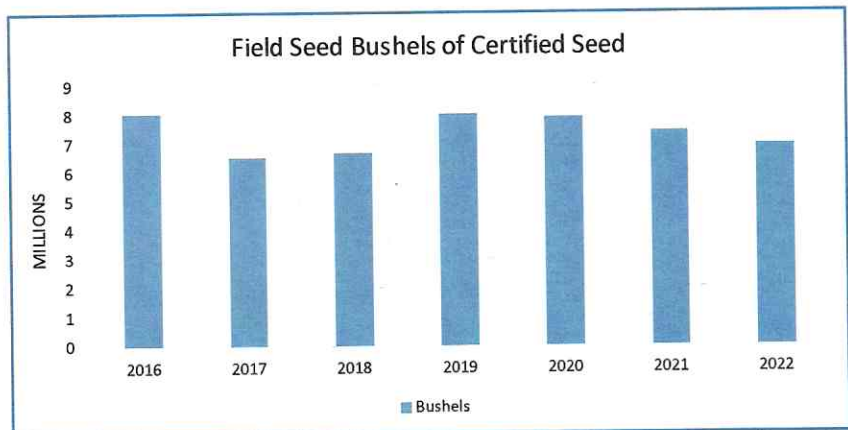
## Field Seed Certification (Authority, NDCC Chapter 4.1-53)

The NDSSD serves as the state's designated authority for certification of all field crops including cereals, oilseeds, pulses and other specialty crops produced in North Dakota. Program staff (full-time and temporary) inspects, on average, over 250,000 acres of these crops for over 500 individual producers and dozens of seed companies. Seed fields are inspected visually under strict field standards for the presence of disease, genetic purity and other standards established by administrative rule for each crop.



The second part of seed certification requires that all certified seed samples are analyzed under standards set forth in administrative rule to determine final certification status. Approximately 7-8 million bushels of seed is approved for final certification in the state each year. The Department also provides inspection and certification of seed conditioning facilities statewide to ensure that varietal identity and purity of seed is maintained throughout the conditioning and handling process.

Our certification programs collaborate externally with partner organizations to maintain North Dakota's position as a leader in the industry. Field Seed program staff assumes leadership roles in the Association of Official Seed Certifying Agencies (AOSCA), which is the national/international governing body for seed certification, and affect seed certification and quality standards developed by the organization. The North Dakota Crop Improvement Association and NDSU breeding programs are high-profile and valuable in-state partners.

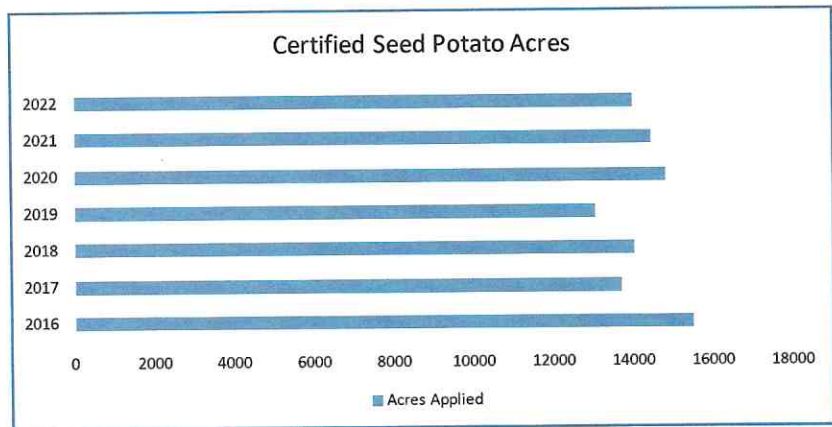


The Field Seed program also provides customized seed Quality Assurance, Identity Preserved and other inspection and audit programs for producers and seed companies.

The NDSSD Field Seed Program continues to hold its position as the largest field crop seed certification program of its kind in the United States.

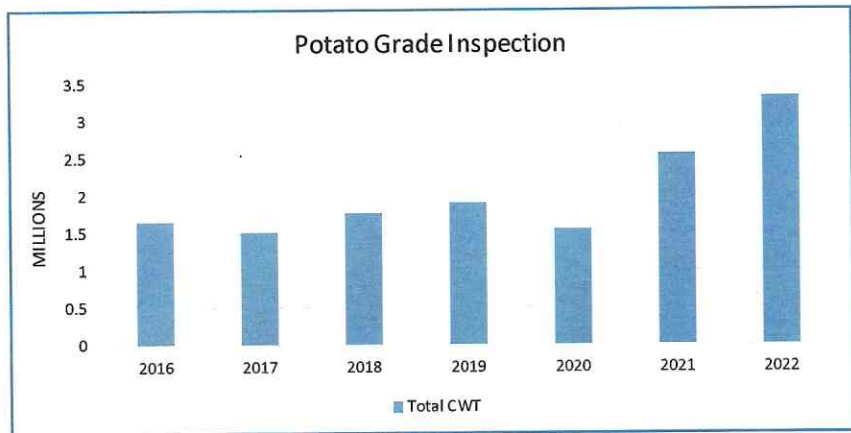
## Potato Certification (NDCC Chapter 4.1-55)

The Potato Program is the state's designated authority for the certification of potato seed. NDSSD's six full-time staff inspects 13-15,000 acres of certified seed potatoes annually. Field inspection of potato is a more labor and training-intensive process by comparison to field crop inspection, and requires 2-3 years of training before inspectors may operate independently in the field visually inspecting growing seed crops for subtle varietal differences and disease symptoms.



Potato seed (as a perishable product) is prone to infection by numerous pathogens and diseases that impact seed quality, and ultimately lead to field or storage loss of commercial production. Potato seed production is high-risk at the grower level, and similarly high-risk in legal terms for the certification agent; hence the need for highly trained and experienced inspectors.

NDSSD also operates under a cooperative agreement with USDA to provide shipping point (grade) inspections of the physical quality of seed, commercial and tablestock potatoes at warehouses, processing and wash plants in many areas of the state. NDSSD inspects, on average, 175-200 million hundredweight of potatoes annually.



Committee members will note a large increase in cwt./inspected during the 2020-2022 period:

shipments to Canada of commercial potatoes used for production of french fries have increased tremendously during this period. Canadian regulations require that imported potatoes must be inspected to enter the country. As the USDA inspection authority for North Dakota, the NDSSD inspects these shipments and collects fees from the exporting entity (Simplot).

The NDSSD program continues to rank as the second-largest potato certification agency in the United States.

Potato Program personnel are actively involved at the national level with National Potato Council and United States Potato Board seed certification and seed export committees. Staff also works closely with North Dakota Certified Seed Potato Growers Association and Northern Plains Potato Growers Association to the benefit of seed growers and the seed industry. Additionally, program inspection staff cooperates with USDA and the ND Dept of Agriculture to provide soil inspections for Potato Cyst Nematode for seed crops being exported to Canada.



Potato and Lab Services personnel (lab technicians and tissue culture specialists) also produce first generation potato seed in our Fargo facility. The agency operates a tissue culture laboratory, where stem cuttings of potato plantlets are performed in a quarantine environment, multiplied and transferred to our on-site greenhouse for production of potato mini-tubers. Most of the commercial potatoes produced in North Dakota originate from tissue culture (in-vitro) performed in our facilities. The Department produces approximately 7500-8000 pounds of these high-value "mini-tubers" in two separate greenhouse crops each year.



The NDSSD tissue culture bank serves as the official repository for all potato varieties developed by the NDSU Potato Breeding Program and released by the NDSU Research Foundation. Our bank houses hundreds of other varieties and clones from around the U.S., which are used by ND seed potato growers to supply the state and regional potato industry.



Sterilizing tools



Cutting



Final product

Lastly, the NDSSD operates a Wholesale Potato Dealers license program, which bonds and licenses approximately 35-40 wholesale potato dealers to ensure financial stability of businesses purchasing and selling potatoes in North Dakota. The authority for this licensing program is found in NDCC Chapter 4.1-57.

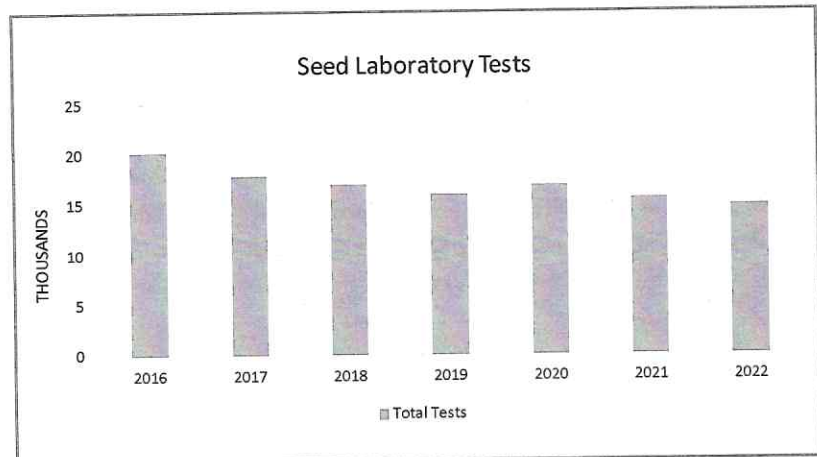


## Laboratory Services

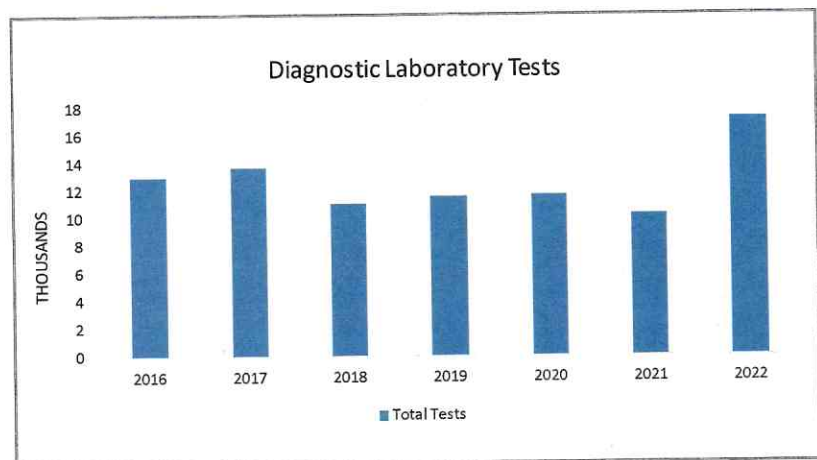
The NDSSD operates two separate laboratories, staffed by highly-trained seed analysts who perform testing on a wide range of seed quality issues.

The State Seed Laboratory performs 15-18,000 tests on samples submitted for final certification through the NDSSD certification program and service samples for growers requesting analysis for germination, purity, herbicide tolerance and several other quality factors. These tests are required in most cases for the final certification of cereal, soybean, edible bean, oilseed, grass and pulse crops. The seed laboratory also analyzes samples for the Regulatory program to determine conformance with labeling claims.

The seed laboratory is staffed by 4 full-time seed analysts who have, or are in the process of achieving, Registered or Certified Seed Analyst (RST, CSA) accreditation by the Society of Commercial Seed Technologists (SCST), Association of Official Seed Analysts (AOSA). The Seed Lab also utilizes several part-time employees, many of whom are students in agriculture programs at NDSU.



The Diagnostic Laboratory performs 2-3,000 tests annually on a diverse range of seed health, trait and genetic issues primarily on pulse crops and soybean. The diagnostic laboratory also provides a full range of disease and virus testing for potato certification and is the primary pathology support unit for the Potato Program. Leaf and sprout tests of potato plants and tubers number in a range of 6-8,000 per year. The diagnostic laboratory is staffed by one full-time and two half-time technicians and additional temporary (primarily student) employees.



The NDSSD Laboratory Services Program also performs service tests a large number of service samples coming here from Minnesota, South Dakota, Montana, Wyoming and Colorado.

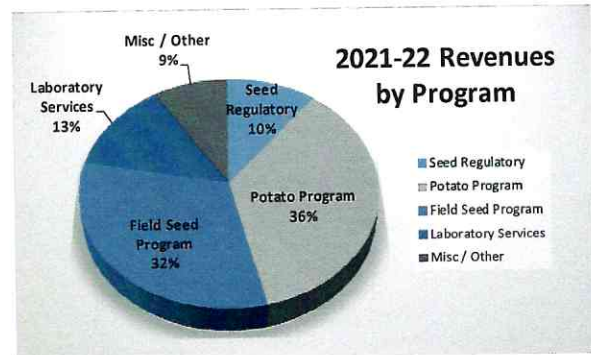
This is a brief outline of activities in the major program areas of the agency.

Thank you for the opportunity to report to the Committee. Please direct any questions on program, operating or fiscal issues to me and I will provide additional information or appear before the Committee at your request.

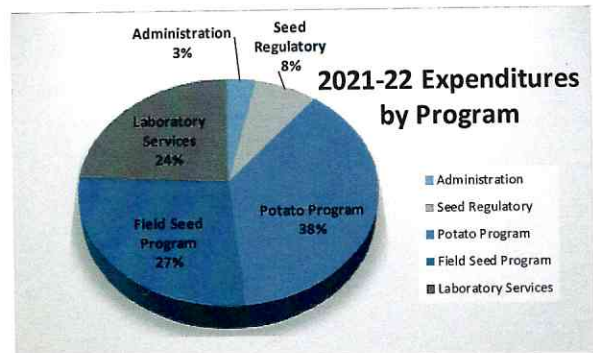
## Statement of Revenues and Expenditures

With the passage of HB 1027 in the 2011 Session, the Legislature directed agency funds to be appropriated on a continuing basis and reported to the Appropriations Committees of the Legislature. The following information provides actual expenditures and revenue for the 2020-2021 and 2021-2022 fiscal years.

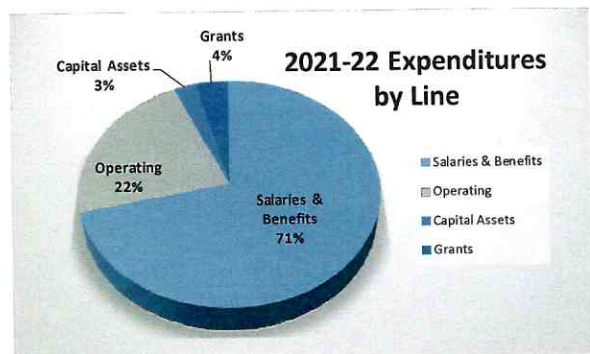
	2020-21	2021-22
<b>Revenues by Program</b>	<b>Actual</b>	<b>Actual</b>
Seed Regulatory	322,334	374,814
Potato Program	1,285,949	1,292,270
Field Seed Program	1,325,794	1,141,599
Laboratory Services	450,765	465,448
Misc / Other	365,599	317,180
<b>Total</b>	<b>3,750,441</b>	<b>3,591,311</b>



	2020-21	2021-22
<b>Expenditures by Program</b>	<b>Actual</b>	<b>Actual</b>
Administration	34,902	118,460
Seed Regulatory	278,857	259,618
Potato Program	1,295,066	1,328,620
Field Seed Program	1,022,712	962,684
Laboratory Services	733,601	848,729
<b>Total</b>	<b>3,365,138</b>	<b>3,518,111</b>



	2020-21	2021-22
<b>Expenditures by Line</b>	<b>Actual</b>	<b>Actual</b>
Salaries & Benefits	2,588,408	2,506,206
Operating	592,450	784,344
Capital Assets	0	95,840
Grants	184,280	131,721
<b>Total</b>	<b>3,365,138</b>	<b>3,518,111</b>



Design and layout by Sera Axtman.