

Table of Contents

Minnesota Pollution Control Agency

Agency Profile	1
Agency Expenditure Overview (REVISED)	4
Agency Financing by Fund (REVISED)	6
Agency Change Summary (REVISED)	11
<u>Change Item(s)</u>	17
<i>Maintain Current Service Levels</i>	17
<i>Enhanced Permitting and Environmental Review Coordination</i>	19
<i>General Fund Request for Water Programs</i>	21
<i>Resilient Communities Grants and Technical Assistance</i>	24
<i>GreenStep Cities</i>	28
<i>Technical Staffing to Implement Minnesota's PFAS Blueprint</i>	31
<i>Innovative Solutions for Managing Pollutants</i>	34
<i>Contaminated Site Management</i>	38
<i>Air Appropriation Increase</i>	42
<i>Hazardous Waste and Solid Waste Program Staffing</i>	44
<i>Waste Prevention and Reduction Grants and Loans</i>	47
<i>Solid Waste Permitting Program Update</i>	51
<i>Emergency Readiness Response Staffing Level Increase</i>	53
<i>Technical Assistance Contractor for Tribal Governments</i>	56
<i>Industrial Stormwater and Subsurface Sewage Treatment System Program Staffing</i>	59
<i>Industrial Facility Air Toxic and Criteria Air Emission Reduction Grants</i>	62
<i>PFAS Source Reduction Grants</i>	64
<i>County Feedlot and Subsurface Sewage Treatment System Program Increase</i>	66
<i>Climate Pathways Analysis</i>	69
<i>Increasing Data Management and Data Quality Capacity (REVISED)</i>	73
<i>Climate Resources for Environmental Review</i>	76
<i>Drinking Water Protection and PFAS Response</i>	78
<i>Environmental Automation Modernization</i>	81
<i>Environmental Career Pathways (REVISED)</i>	84
<i>Technical Assistance for Environmental Review</i>	87
<i>Clean Water Legacy - River and Lake Monitoring and Assessment</i>	90
<i>Clean Water Legacy - Wastewater/Stormwater TMDL Implementation</i>	93
<i>Clean Water Legacy - Groundwater Assessment</i>	97
<i>Clean Water Legacy - Watershed Restoration and Protection Strategies</i>	101
<i>Clean Water Legacy - Enhanced SSTS Program Support</i>	105
<i>Clean Water Legacy - Great Lakes Restoration Project</i>	109
<i>Clean Water Legacy - Clean Water Council</i>	112
<i>Clean Water Legacy - Chloride Reduction Efforts</i>	114
<i>Air Compliance Equipment Maintenance</i>	116
<i>Increase Joint Initiative Funding</i>	119
<i>Accelerating Pollution Prevention at Small Businesses</i>	122
<i>Above Ground Storage Tank Fees</i>	124
<i>Cumulative Impacts</i>	127

<i>Minnesota GreenCorps Investment (REVISED)</i>	129
<i>3M Settlement Legislative Report Change</i>	132
<i>Greater Minnesota Recycling and Composting Grant Program</i>	134
<i>Paint Product Stewardship Updates</i>	136
<i>Uniform Tools for Brownfields Program</i>	138
<i>Update Capital Assistance Program</i>	141
<i>Budget Technical Change item</i>	144
<i>Increased Transfer from Environmental Fund to Remediation Fund (REVISED)</i>	147
<i>Pollution Report Change</i>	149
<i>Chloride Training Fee Authority</i>	151
<i>Financial Planning and Analysis: Governance, Risk, and Compliance Management (REVISED)</i>	153
<i>Lead and Cadmium in Children's Products</i>	155
<i>Solar Energy Equipment End of Life Management Study</i>	158
<i>Annual Wastewater Report Change</i>	160
<i>Clean Water Legacy - National Park Water Quality Protection Program</i>	163
<i>Legalizing Adult-Use Cannabis</i>	165
<u>Program</u>	170
Environmental Analysis and Outcomes Division	170
<i>Program Narrative</i>	170
Program Expenditure Overview (REVISED)	173
Program Financing by Fund (REVISED)	174
<u>Program</u>	177
Industrial Division	177
<i>Program Narrative</i>	177
Program Expenditure Overview	180
Program Financing by Fund	181
<u>Program</u>	184
Municipal Division	184
<i>Program Narrative</i>	184
Program Expenditure Overview (REVISED)	186
Program Financing by Fund (REVISED)	187
<u>Program</u>	190
Operations Division	190
<i>Program Narrative</i>	190
Program Expenditure Overview (REVISED)	192
Program Financing by Fund (REVISED)	193
<u>Program</u>	196
Remediation Division	196
<i>Program Narrative</i>	196
Program Expenditure Overview (REVISED)	198
Program Financing by Fund (REVISED)	200
<u>Program</u>	204
Resource Management and Assistance Division	204
<i>Program Narrative</i>	204
Program Expenditure Overview (REVISED)	207
Program Financing by Fund (REVISED)	209
<u>Program</u>	213
Watershed Division	213

<i>Program Narrative</i>	213
Program Expenditure Overview (REVISED)	216
Program Financing by Fund (REVISED)	217
<u>Program</u>	219
Environmental Quality Board	219
<i>Program Narrative</i>	219
Program Expenditure Overview	222
Program Financing by Fund	223
<u>Additional Documents</u>	225
<i>Federal Funds Summary (REVISED)</i>	225

<https://www.pca.state.mn.us/>

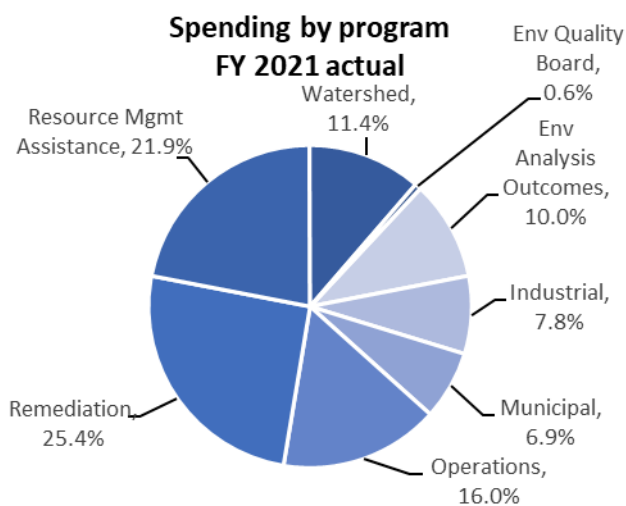
AT A GLANCE

- 890 employees in FY22: 647 in Saint Paul and 243 in six regional offices; 30 are student workers or seasonal employees.
- Protect and improve the environment and human health by issuing more than 16,700 permits that include environmental standards to avoid or limit pollution.
- Monitor the condition of air, ground and surface water, and land at more than 2,320 sites.
- Inspect and license more than 40,000 sites that involve hazardous waste, feedlots, and storage tanks.
- Offer 167 online e-services for over 20,000 users, with more services launching each year.
- Awarded 168 grants for \$21 million to replace old diesel engines with new cleaner models and install electric vehicle charging stations from the Volkswagen Environmental Settlement.
- Recognized by Environmental Council of States and National Public Radio for transparency regarding Regulatory Flexibility website developed in response to COVID-19 pandemic.

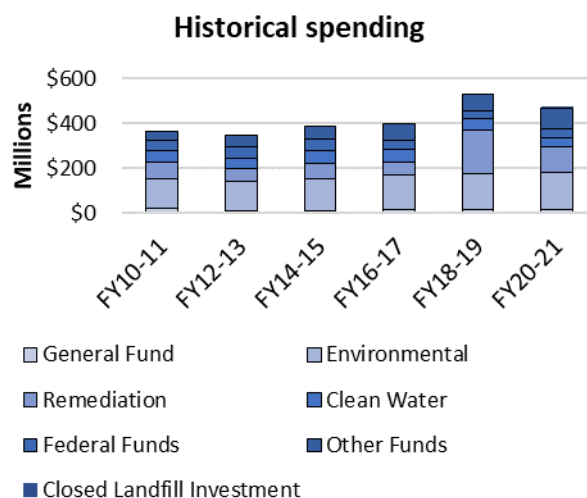
PURPOSE

The Minnesota Pollution Control Agency (MPCA) monitors environmental quality, offers technical and financial assistance, and enforces environmental regulations. MPCA finds and cleans up spills or leaks that can affect human health and the environment. The agency develops statewide policy, supports environmental education, and helps ensure pollution does not have a disproportionate impact on any group of citizens. MPCA's mission is to protect and improve the environment and human health.

BUDGET



Source: Budget Planning and Analysis System (BPAS)



Source: Budget Planning and Analysis System (BPAS)

*Note: The significant increase in spending for FY18-19 is related to a \$125 million legal expense for the East Metro 3M challenges.

Pie Chart: Spending by division, fiscal year 2021. Provides a breakdown by percent and Division of Fiscal Year 2021 spending is explained in the following paragraph. Bar chart: Historical Spending. Provides 12-year historical spending by fund for MPCA and is further explained in the next paragraph.

The MPCA's budget is spent across seven divisions, including supporting the Environmental Quality Board. The Fiscal Year 2021 actual expenditures percentage by division is as follows: Environmental Quality Board support was 0.6 percent; the Environmental Analysis and Outcomes Division is 10%; the Industrial Division is 7.8%, the Municipal Division is 6.9%; the Operations Division was 16%; the Remediation division was 25.4 %; and the Resource Management and Assistance Division was 21.9%. The MPCA's budget is funded from multiple state government funds and federal grants. The MPCA funding from the general fund has decreased over this 12-year timeframe from 6% in FY10/11 to 3% in FY20/21. In the last biennium, MPCA expenses by fund included environmental (36%), remediation (24%), clean water (9%), and federal (9%). All other state funds make up the remaining 20%. The Clean Water Fund is a legacy fund created when voters passed a constitutional amendment in November 2008.

STRATEGIES

Limiting pollution caused by businesses, organizations, and individuals is fundamental to MPCA's mission. The MPCA develops and enforces regulations and provides education and technical assistance to help meet these regulations. Increasingly, MPCA's focus is on preventing pollution rather than just controlling or cleaning it up.

MPCA works with many partners — citizens, communities, businesses, government, environmental groups, and educators — to prevent pollution and conserve resources. These partnerships allow MPCA to:

- Foster greater commitment and personal responsibility for the environment.
- Work to minimize the use and generation of toxic chemicals in products and materials.
- Protect, restore, and preserve the quality of our waters.
- Develop solutions to Minnesota's climate change challenges.
- Prevent and correct disproportionate environmental impacts on communities.

Minnesota is a national model for environmental protection. The state's air, land, and water are cleaner now than 50 years ago, even with a growing population and rising industrialization. However, the MPCA recognizes environmental improvements have not benefitted all Minnesotans in the same way. The MPCA established an Environmental Justice Advisory Committee to provide feedback and suggest improvements to its environmental justice framework. The agency also emphasizes a goal of attracting and retaining a diverse and inclusive workforce that reflects the important perspectives of all Minnesotans in its daily work activities.

MPCA's range of activities includes:

- Testing and researching to identify environmental problems.
- Setting standards and developing rules that protect people and the environment.
- Writing permits to regulate activities that affect the environment (air emissions, toxic or hazardous materials, water discharges, landfills, etc.).
- Ensuring compliance with and enforcing regulatory requirements to ensure equitable treatment and a level playing field for Minnesota businesses.
- Integrating environmental justice principles into the agency's processes to ensure pollution does not disproportionately impact the health of low-income populations or people of color.
- Providing technical assistance, training, outreach, and education to schools, facility operators, permittees, and the general public.
- Managing contracts for equity, sustainability, and fiscal accountability.
- Managing internal activities through proper control plans, risk management, and priorities.
- Providing access to environmental data and regulatory services through data requests and online systems.
- Publicizing and demonstrating pollution prevention techniques.
- Responding to environmental spills, releases, and other environmental emergencies.

Minnesota Statutes, Chapter, 114D (<https://www.revisor.mn.gov/statutes/?id=114D>), Chapter 115 (<https://www.revisor.mn.gov/statutes/?id=115>), Chapter 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and Chapter 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Pollution Control

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	6,729	7,126	8,872	8,793	6,536	6,536	190,494	137,172
1200 - State Government Special Rev	76	77	77	76	76	76	86	91
2000 - Restrict Misc Special Revenue	4,885	4,889	8,539	6,293	6,076	6,076	6,571	6,571
2001 - Other Misc Special Revenue	29,833	28,998	29,847	35,526	30,956	31,151	30,956	31,151
2050 - Environment & Natural Resources	921		2,117	4,087				
2302 - Clean Water	20,666	20,342	22,420	29,521			24,187	24,188
2403 - Gift	8,579	5,277	3,009	18,375	8,000	8,000	8,000	8,000
2800 - Environmental	82,159	86,490	82,825	95,490	88,964	88,964	104,819	107,465
2801 - Remediation	56,403	58,955	59,086	102,589	96,553	161,373	101,552	167,254
2802 - Closed Landfill Investment	1,408	414	1,956	4,500	4,500	4,500	4,500	4,500
3000 - Federal	21,262	20,603	24,427	27,660	27,182	26,228	27,182	26,228
8200 - Clean Water Revolving	1,588	1,863	1,829	2,027	2,027	2,027	2,027	2,027
Total	234,510	235,033	245,003	334,937	270,870	334,931	500,374	514,647
Biennial Change				110,397		25,861		435,081
Biennial % Change				24		4		75
Governor's Change from Base								409,220
Governor's % Change from Base								68

Expenditures by Program

Environmental Analysis and Outcomes Division	23,811	24,191	28,130	32,835	18,698	18,408	122,251	121,538
Industrial Division	19,774	18,740	18,871	20,191	19,185	19,185	45,603	26,646
Municipal Division	15,397	16,588	17,076	21,140	12,985	12,985	20,578	21,226
Operations Division	38,761	38,408	41,220	49,429	42,638	42,653	66,392	65,292
Remediation Division	62,979	62,635	65,159	113,818	104,841	169,639	134,479	174,969
Resource Management and Assistance Division	50,557	52,414	51,375	68,049	54,583	53,975	84,173	77,858
Watershed Division	21,606	20,699	21,902	28,061	16,666	16,812	24,823	25,479
Environmental Quality Board	1,624	1,358	1,271	1,414	1,274	1,274	2,075	1,639
Total	234,510	235,033	245,003	334,937	270,870	334,931	500,374	514,647

Expenditures by Category

Compensation	88,569	89,162	90,531	103,898	86,538	86,347	125,759	129,969
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Pollution Control

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Operating Expenses	92,929	89,831	99,588	126,449	93,254	92,461	121,597	117,035
Grants, Aids and Subsidies	52,765	54,888	53,711	104,568	91,056	156,101	252,996	267,621
Capital Outlay-Real Property	55	122	1,028					
Other Financial Transaction	191	1,030	145	22	22	22	22	22
Total	234,510	235,033	245,003	334,937	270,870	334,931	500,374	514,647

Total Agency Expenditures	234,510	235,033	245,003	334,937	270,870	334,931	500,374	514,647
Internal Billing Expenditures	28,614	28,947	30,014	29,856	25,666	25,635	25,655	25,624
Expenditures Less Internal Billing	205,896	206,086	214,989	305,081	245,204	309,296	474,719	489,023

<u>Full-Time Equivalents</u>	867.35	839.86	839.70	954.85	800.56	798.36	1,099.66	1,099.46
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Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	59	880	42	1,508				
Direct Appropriation	6,815	6,524	8,339	7,285	6,536	6,536	190,494	137,172
Transfers In	700		2,000					
Transfers Out		60						
Cancellations		181						
Balance Forward Out	845	37	1,509					
Expenditures	6,729	7,126	8,872	8,793	6,536	6,536	190,494	137,172
Biennial Change in Expenditures				3,809		(4,593)		310,001
Biennial % Change in Expenditures				27		(26)		1,755
Governor's Change from Base								314,594
Governor's % Change from Base								2,407
Full-Time Equivalents	11.01	8.61	8.67	10.16	11.27	11.27	86.27	87.77

1200 - State Government Special Rev

Balance Forward In		0						
Direct Appropriation	75	75	75	75	75	75	85	90
Open Appropriation	1	2	2	1	1	1	1	1
Cancellations		0						
Balance Forward Out	0		0					
Expenditures	76	77	77	76	76	76	86	91
Biennial Change in Expenditures				(1)		(1)		24
Biennial % Change in Expenditures				(1)		(0)		16
Governor's Change from Base								25
Governor's % Change from Base								16
Full-Time Equivalents	0.77	0.67	0.67	0.58	0.58	0.58	0.58	0.58

2000 - Restrict Misc Special Revenue

Balance Forward In	774	1,072	4,273	315	9	7	9	7
Receipts	5,176	8,088	4,580	5,987	6,074	6,074	6,569	6,569
Transfers In	123							
Transfers Out	123							
Balance Forward Out	1,065	4,270	314	9	7	5	7	5
Expenditures	4,885	4,889	8,539	6,293	6,076	6,076	6,571	6,571

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Biennial Change in Expenditures				5,058		(2,680)		(1,690)
Biennial % Change in Expenditures				52		(18)		(11)
Governor's Change from Base								990
Governor's % Change from Base								8
Full-Time Equivalents	11.00	11.09	11.66	8.86	7.86	7.86	8.86	8.86

2001 - Other Misc Special Revenue

Balance Forward In	5,430	5,119	6,374	7,096	2,328	1,887	2,328	1,887
Receipts	28,816	29,842	30,276	30,479	30,340	30,407	30,340	30,407
Internal Billing Receipts	28,579	28,845	30,014	29,811	29,693	29,760	29,693	29,760
Transfers In	404	404	404	404	300	300	300	300
Transfers Out	56	70	112	125	125	125	125	125
Balance Forward Out	4,761	6,297	7,095	2,328	1,887	1,318	1,887	1,318
Expenditures	29,833	28,998	29,847	35,526	30,956	31,151	30,956	31,151
Biennial Change in Expenditures				6,542		(3,266)		(3,266)
Biennial % Change in Expenditures				11		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	104.99	100.72	102.77	125.38	111.38	111.38	111.38	111.38

2050 - Environment & Natural Resources

Balance Forward In	253	44	2,604	1,287				
Direct Appropriation	750		800	2,800	0	0	0	0
Transfers In		1,200						
Transfers Out		3						
Cancellations	78	41						
Balance Forward Out	4	1,200	1,287					
Expenditures	921		2,117	4,087				
Biennial Change in Expenditures				5,282		(6,204)		(6,204)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.15	0.13	0.01	0.75				

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2302 - Clean Water

Balance Forward In	2,549	5,789	9,701	8,338				
Direct Appropriation	23,242	23,242	21,024	21,153	0	0	24,187	24,188
Open Appropriation	35	47	35	30	0	0	0	0
Transfers In	461							
Transfers Out	461							
Cancellations			0					
Balance Forward Out	5,159	8,735	8,339					
Expenditures	20,666	20,342	22,420	29,521			24,187	24,188
Biennial Change in Expenditures				10,933		(51,941)		(3,566)
Biennial % Change in Expenditures				27		(100)		(7)
Governor's Change from Base								48,375
Governor's % Change from Base								
Full-Time Equivalents	90.50	80.06	83.31	92.55			102.40	102.40

2403 - Gift

Balance Forward In	4,432	7,677	8,693	9,911				
Receipts	6,678	6,293	4,227	8,464	8,000	8,000	8,000	8,000
Balance Forward Out	2,531	8,693	9,911					
Expenditures	8,579	5,277	3,009	18,375	8,000	8,000	8,000	8,000
Biennial Change in Expenditures				7,528		(5,384)		(5,384)
Biennial % Change in Expenditures				54		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.13	4.53	4.89	4.60	4.60	4.60	4.60	4.60

2800 - Environmental

Balance Forward In	4,222	8,165	4,213	10,377	4,169	4,400	4,169	4,400
Direct Appropriation	83,986	83,654	89,460	89,912	89,702	89,702	105,957	108,603
Open Appropriation	22,203	22,429	25,247	22,255	19,255	22,255	24,255	24,255
Receipts	2,974	3,166	2,906	2,976	2,976	2,976	2,976	2,976
Transfers In	6	158	8	7	7	7	7	7

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Transfers Out	23,140	23,158	28,726	25,726	22,726	25,726	28,126	28,126
Net Loan Activity	(299)	(309)	99	(142)	(19)	(19)	(19)	(19)
Cancellations		3,607	6					
Balance Forward Out	7,793	4,008	10,376	4,169	4,400	4,631	4,400	4,631
Expenditures	82,159	86,490	82,825	95,490	88,964	88,964	104,819	107,465
Biennial Change in Expenditures				9,666		(387)		33,969
Biennial % Change in Expenditures				6		(0)		19
Governor's Change from Base								34,356
Governor's % Change from Base								19
Full-Time Equivalents	408.02	398.44	380.64	445.19	414.76	414.76	506.21	506.71

2801 - Remediation

Balance Forward In	723,640	729,629	710,673	692,788	641,863	582,788	641,863	582,788
Direct Appropriation	14,410	14,465	14,546	14,546	14,546	14,366	17,421	17,891
Open Appropriation	11,941	11,277	11,455	13,984	13,984	13,984	13,984	13,984
Receipts	27,736	12,703	8,935	15,942	2,730	2,730	2,730	2,730
Transfers In	35,246	24,962	45,206	37,845	66,050	131,050	68,174	133,406
Transfers Out	30,994	19,613	40,533	30,653	59,832	124,832	59,832	124,832
Cancellations		1,356						
Balance Forward Out	728,862	713,113	692,787	641,863	582,788	458,713	582,788	458,713
Expenditures	56,403	58,955	59,086	102,589	96,553	161,373	101,552	167,254
Biennial Change in Expenditures				46,317		96,251		107,131
Biennial % Change in Expenditures				40		60		66
Governor's Change from Base								10,880
Governor's % Change from Base								4
Full-Time Equivalents	96.62	110.18	92.50	118.59	104.79	102.79	134.04	132.04

2802 - Closed Landfill Investment

Balance Forward In		428						
Direct Appropriation	1,622		4,500	4,500	4,500	4,500	4,500	4,500
Cancellations		15	2,544					
Balance Forward Out	214							
Expenditures	1,408	414	1,956	4,500	4,500	4,500	4,500	4,500

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Biennial Change in Expenditures				4,635		2,544		2,544
Biennial % Change in Expenditures				255		39		39
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.00	0.06						

3000 - Federal

Balance Forward In		0	16					
Receipts	21,291	20,604	24,411	27,660	27,182	26,228	27,182	26,228
Balance Forward Out	29	1						
Expenditures	21,262	20,603	24,427	27,660	27,182	26,228	27,182	26,228
Biennial Change in Expenditures				10,222		1,323		1,323
Biennial % Change in Expenditures				24		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	123.04	111.16	141.31	136.94	134.07	133.87	134.07	133.87

8200 - Clean Water Revolving

Balance Forward In	24,671	18,934	14,863	14,171	7,651	2,431	7,651	2,431
Receipts	218	209	170	280	280	280	280	280
Transfers In	1,586	1,863	3,829	2,027	2,027	2,027	2,027	2,027
Transfers Out	5,000							
Net Loan Activity	(13,498)	(4,280)	(2,862)	(6,800)	(5,500)	500	(5,500)	500
Balance Forward Out	6,389	14,863	14,171	7,651	2,431	3,211	2,431	3,211
Expenditures	1,588	1,863	1,829	2,027	2,027	2,027	2,027	2,027
Biennial Change in Expenditures				405		198		198
Biennial % Change in Expenditures				12		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.12	14.21	13.27	11.25	11.25	11.25	11.25	11.25

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	7,285	7,285	7,285	14,570
Base Adjustments				
Current Law Base Change		(749)	(749)	(1,498)
Forecast Base	7,285	6,536	6,536	13,072
Change Items				
Maintain Current Service Levels		694	860	1,554
General Fund Request for Water Programs		1,360	1,360	2,720
Resilient Communities Grants and Technical Assistance		86,940	86,940	173,880
GreenStep Cities		190	190	380
Innovative Solutions for Managing Pollutants		20,000	300	20,300
Waste Prevention and Reduction Grants and Loans		16,940	16,940	33,880
Technical Assistance Contractor for Tribal Governments		2,000	2,000	4,000
Industrial Facility Air Toxic and Criteria Air Emission Reduction Grants		3,200	3,200	6,400
PFAS Source Reduction Grants		4,210	210	4,420
County Feedlot and Subsurface Sewage Treatment System Program Increase		1,000	1,000	2,000
Climate Pathways Analysis		500		500
Climate Resources for Environmental Review		180	140	320
Drinking Water Protection and PFAS Response		25,000		25,000
Environmental Automation Modernization		18,250	16,750	35,000
Technical Assistance for Environmental Review		620	140	760
Air Compliance Equipment Maintenance		40	40	80
Accelerating Pollution Prevention at Small Businesses		1,790	70	1,860
Update Capital Assistance Program		17		17
Budget Technical Change item		0	0	0
Solar Energy Equipment End of Life Management Study		420		420
Legalizing Adult-Use Cannabis		607	496	1,103
Total Governor's Recommendations	7,285	190,494	137,172	327,666
Fund: 1200 - State Government Special Rev				
FY2023 Appropriations	75	75	75	150
Forecast Base	75	75	75	150
Change Items				
Maintain Current Service Levels		10	15	25
Total Governor's Recommendations	75	85	90	175
Fund: 2050 - Environment & Natural Resources				
FY2023 Appropriations	2,800	2,800	2,800	5,600
Base Adjustments				

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
All Other One-Time Appropriations		(2,000)	(2,000)	(4,000)
Current Law Base Change		(800)	(800)	(1,600)
Forecast Base	2,800	0	0	0
Total Governor's Recommendations	2,800	0	0	0
Fund: 2302 - Clean Water				
FY2023 Appropriations	21,153	21,153	21,153	42,306
Base Adjustments				
One-Time Legacy Fund Appropriations		(21,153)	(21,153)	(42,306)
Forecast Base	21,153	0	0	0
Change Items				
Clean Water Legacy - River and Lake Monitoring and Assessment		9,050	9,050	18,100
Clean Water Legacy - Wastewater/Stormwater TMDL Implementation		1,500	1,500	3,000
Clean Water Legacy - Groundwater Assessment		1,000	1,000	2,000
Clean Water Legacy - Watershed Restoration and Protection Strategies		6,350	6,350	12,700
Clean Water Legacy - Enhanced SSTS Program Support		3,550	3,550	7,100
Clean Water Legacy - Great Lakes Restoration Project		750	750	1,500
Clean Water Legacy - Clean Water Council		337	338	675
Clean Water Legacy - Chloride Reduction Efforts		650	650	1,300
Clean Water Legacy - National Park Water Quality Protection Program		1,000	1,000	2,000
Total Governor's Recommendations	21,153	24,187	24,188	48,375
Fund: 2800 - Environmental				
FY2023 Appropriations	89,912	89,912	89,912	179,824
Base Adjustments				
Current Law Base Change		(210)	(210)	(420)
Forecast Base	89,912	89,702	89,702	179,404
Change Items				
Maintain Current Service Levels		5,120	7,632	12,752
Enhanced Permitting and Environmental Review Coordination		700	700	1,400
Technical Staffing to Implement Minnesota's PFAS Blueprint		2,070	2,070	4,140
Air Appropriation Increase		499	998	1,497
Hazardous Waste and Solid Waste Program Staffing		420	420	840
Solid Waste Permitting Program Update		1,120	1,120	2,240
Emergency Readiness Response Staffing Level Increase		420	420	840
Industrial Stormwater and Subsurface Sewage Treatment System Program Staffing		700	700	1,400
County Feedlot and Subsurface Sewage Treatment System Program Increase		221	221	442
Increasing Data Management and Data Quality Capacity		1,820	1,820	3,640
Environmental Career Pathways		270	270	540
Increase Joint Initiative Funding		400	400	800

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Above Ground Storage Tank Fees		770	770	1,540
Cumulative Impacts		715	200	915
Minnesota GreenCorps Investment		650	650	1,300
Budget Technical Change item		0	0	0
Financial Planning and Analysis: Governance, Risk, and Compliance Management		360	360	720
Lead and Cadmium in Children's Products			150	150
Total Governor's Recommendations	89,912	105,957	108,603	214,560
Fund: 2801 - Remediation				
FY2023 Appropriations	14,546	14,546	14,546	29,092
Base Adjustments				
Current Law Base Change			(180)	(180)
Forecast Base	14,546	14,546	14,366	28,912
Change Items				
Maintain Current Service Levels		1,615	2,265	3,880
Contaminated Site Management		1,260	1,260	2,520
Budget Technical Change item		0	0	0
Total Governor's Recommendations	14,546	17,421	17,891	35,312
Fund: 2802 - Closed Landfill Investment				
FY2023 Appropriations	4,500	4,500	4,500	9,000
Forecast Base	4,500	4,500	4,500	9,000
Total Governor's Recommendations	4,500	4,500	4,500	9,000
Open				
Fund: 1200 - State Government Special Rev				
FY2023 Appropriations	1	1	1	2
Forecast Base	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: 2302 - Clean Water				
FY2023 Appropriations	30	30	30	60
Base Adjustments				
One-Time Legacy Fund Appropriations		(30)	(30)	(60)
Forecast Base	30	0	0	0
Total Governor's Recommendations	30	0	0	0
Fund: 2800 - Environmental				
FY2023 Appropriations	22,255	22,255	22,255	44,510

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Base Adjustments				
Current Law Base Change		(3,000)		(3,000)
Forecast Base	22,255	19,255	22,255	41,510
Change Items				
Increased Transfer from Environmental Fund to Remediation Fund		5,000	2,000	7,000
Total Governor's Recommendations	22,255	24,255	24,255	48,510
Fund: 2801 - Remediation				
FY2023 Appropriations	13,984	13,984	13,984	27,968
Forecast Base	13,984	13,984	13,984	27,968
Total Governor's Recommendations	13,984	13,984	13,984	27,968
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	6,293	6,076	6,076	12,152
Forecast Base	6,293	6,076	6,076	12,152
Change Items				
Uniform Tools for Brownfields Program		95	95	190
Chloride Training Fee Authority		400	400	800
Total Governor's Recommendations	6,293	6,571	6,571	13,142
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	35,526	30,956	31,151	62,107
Forecast Base	35,526	30,956	31,151	62,107
Total Governor's Recommendations	35,526	30,956	31,151	62,107
Fund: 2403 - Gift				
Planned Spending	18,375	8,000	8,000	16,000
Forecast Base	18,375	8,000	8,000	16,000
Total Governor's Recommendations	18,375	8,000	8,000	16,000
Fund: 2800 - Environmental				
Planned Spending	7	7	7	14
Forecast Base	7	7	7	14
Total Governor's Recommendations	7	7	7	14
Fund: 2801 - Remediation				
Planned Spending	72,442	68,280	133,280	201,560
Forecast Base	72,442	68,280	133,280	201,560
Total Governor's Recommendations	72,442	68,280	133,280	201,560

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Fund: 3000 - Federal				
Planned Spending	27,660	27,182	26,228	53,410
Forecast Base	27,660	27,182	26,228	53,410
Total Governor's Recommendations	27,660	27,182	26,228	53,410
Fund: 8200 - Clean Water Revolving				
Planned Spending	2,027	2,027	2,027	4,054
Forecast Base	2,027	2,027	2,027	4,054
Total Governor's Recommendations	2,027	2,027	2,027	4,054
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	5,987	6,074	6,074	12,148
Change Items				
Uniform Tools for Brownfields Program		95	95	190
Chloride Training Fee Authority		400	400	800
Total Governor's Recommendations	5,987	6,569	6,569	13,138
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	30,479	30,340	30,407	60,747
Total Governor's Recommendations	30,479	30,340	30,407	60,747
Fund: 2403 - Gift				
Forecast Revenues	8,464	8,000	8,000	16,000
Total Governor's Recommendations	8,464	8,000	8,000	16,000
Fund: 2800 - Environmental				
Forecast Revenues	2,976	2,976	2,976	5,952
Total Governor's Recommendations	2,976	2,976	2,976	5,952
Fund: 2801 - Remediation				
Forecast Revenues	15,942	2,730	2,730	5,460
Total Governor's Recommendations	15,942	2,730	2,730	5,460
Fund: 3000 - Federal				
Forecast Revenues	27,660	27,182	26,228	53,410
Total Governor's Recommendations	27,660	27,182	26,228	53,410

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Fund: 8200 - Clean Water Revolving				
Forecast Revenues	280	280	280	560
Total Governor's Recommendations	280	280	280	560
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	6	6	6	12
Total Governor's Recommendations	6	6	6	12
Fund: 1200 - State Government Special Rev				
Forecast Revenues	60	60	60	120
Total Governor's Recommendations	60	60	60	120
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6
Fund: 2800 - Environmental				
Forecast Revenues	30,897	29,424	29,424	58,848
Change Items				
Above Ground Storage Tank Fees		770	770	1,540
Total Governor's Recommendations	30,897	30,194	30,194	60,388
Fund: 2801 - Remediation				
Forecast Revenues	1,471	1,141	1,141	2,282
Change Items				
Uniform Tools for Brownfields Program		(95)	(95)	(190)
Total Governor's Recommendations	1,471	1,046	1,046	2,092
Fund: 2802 - Closed Landfill Investment				
Forecast Revenues	4,529	4,515	4,515	9,030
Total Governor's Recommendations	4,529	4,515	4,515	9,030

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Maintain Current Service Levels

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	694	860	860	860
Other Fund				
Expenditures	10	15	15	15
Remediation Fund				
Expenditures	3,599	4,481	4,481	4,481
Transfer In	1,984	2,216	2,216	2,216
Petroleum Fund				
Transfer Out	1,984	2,216	2,216	2,216
Environmental Fund				
Expenditures	5,120	7,632	7,632	7,632
Net Fiscal Impact = (Expenditures – Revenues)	9,423	12,988	12,988	12,988
Maintain existing FTEs	50	50	50	50

Recommendation:

The Governor recommends additional funding of \$694,000 in FY2024 and \$860,000 in each subsequent year from the General Fund to maintain the current level of services at the Minnesota Pollution Control Agency (MPCA).

The Governor recommends additional funding of \$10,000 in FY2024 and \$15,000 in each subsequent year from the State Government Special Revenue Fund to maintain the current level of services at the MPCA.

The Governor recommends additional funding of \$3,599,000 in FY2024 and \$4,481,000 in each subsequent year from the Remediation Fund to maintain the current level of services at the MPCA.

The Governor recommends additional funding of \$1,984,000 in FY2024 and \$2,216,000 in each subsequent year to be transferred from the Petroleum Fund to maintain the current level of services at the MPCA.

The Governor recommends additional funding of \$5,120,000 in FY2024 and \$7,632,000 in each subsequent year from the Environmental Fund to maintain the current level of services at the MPCA.

This recommendation will be 7% of the agency's biennial budget.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases. The MPCA cannot maintain existing, legally required levels of service within existing budgets and funds.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For the MPCA, technology efficiencies implemented to produce savings in previous biennia will continue and cost

savings from developing program efficiencies and moving to nearly paperless work during the pandemic are anticipated to be maintained indefinitely. The MPCA has also reduced fleet, implemented virtual meetings, and continued to look at opportunities to reduce rental and other costs. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the MPCA, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff complement in a challenging labor market, and increasing IT costs. If an operating increase is not provided, the services MPCA delivers to Minnesotans will be impacted in the following ways:

- Reduced capacity for water, air, and land permitting. This will increase existing backlogs and result in fewer permits issued annually.
- Reduced ability to respond to residents' complaints and address violations.
- Reduced capacity to complete project reviews and site assessments for construction of new facilities or redevelopment of property.
- Reduced ability to investigate contaminated sites, respond to negative health impacts, and remediate contamination.
- Slowdown in problem investigation monitoring, standards, and rule development.
- Reduced capacity for public engagement and outreach.
- Reduced capacity for processing contracts and requests for proposals (RFPs).
- Reduction in the number of public records requests that can be fulfilled.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the MPCA, this funding will cover expected and anticipated employee compensation growth, known cost increases in rent, and IT services.

Results:

The proposal would allow the MPCA to continue to provide current levels of service and information to the public.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Enhanced Permitting and Environmental Review Coordination

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	700	700	700	700
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	700	700	700	700
FTEs	5	5	5	5

Recommendation:

The Governor recommends appropriation of \$700,000 in FY2024 and each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division for five (5) FTEs. This appropriation will improve the coordination, effectiveness, transparency, and accountability of the environmental review and permitting process.

This appropriation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Complex permitting and environmental review projects present a challenge for MPCA, especially when those projects involve several permitting programs. The agency has heard from numerous legislators, local elected officials, tribal nations, and the general public that the agency is not effectively communicating, coordinating, and engaging with stakeholders regarding the status of projects. Likewise, the agency has heard from regulated parties and project proposers that the MPCA cannot commit to firm deadlines for permits and environmental review.

To help improve coordination, communications, and engagement, the MPCA has implemented a centralized project management process for complicated and higher public profile projects (e.g., Huber Engineered Woods, Enbridge Line 3). During these projects, the MPCA develops a detailed coordinated plan with the various programs conducting environmental review and issuing a permit and/or 401 certification. The coordinated project plan provides estimated timelines for completing agency deliverables, as well as tribal consultation, community engagement, and contested case hearing requests.

The proposed schedule is shared with the project proposer for feedback and finalization. The timeline is then shared with tribal nations and interested stakeholders, including local elected officials and state lawmakers. The goal is to develop a common understanding of the schedule with the project proposer that maximizes agency efficiency, clearly outlines the overall process and timeline for the project proposer and local stakeholders; brings greater accountability by setting clear deadlines for the project proposer and agency; and thoroughly communicates project details with the public, allowing ample opportunities for meaningful engagement.

The enhanced permitting and environmental review coordination process requires additional staffing with expertise in project and relationship management to organize agency programs and lead frequent conversations with the applicant's senior leadership, stakeholders, and communities potentially impacted by the permitting

action. The MPCA currently relies on senior agency leaders in the commissioner’s office and division directors to conduct these conversations and relationship management.

Proposal:

The Governor recommends new funding to hire staff – \$700,000 in FY2024 and each subsequent year for five (5) FTEs – to oversee the MPCA’s enhanced permitting, environmental review coordination and public engagement process for significant projects that require several MPCA permits and/or have been elevated due to feedback from local stakeholders or during tribal consultation.

These positions will oversee the development of coordinated project plans to synchronize the environmental review and permitting process across the state, local, tribal, and federal agencies to ensure efficiency and transparency in the environmental review and permitting process, allowing residents ample opportunity to provide feedback on project proposals. The positions will update the coordinated project plan with pertinent information, including a list of regulatory agencies’ responsibilities, plans for public and tribal coordination, and applicable deadlines.

The positions will oversee effective communication between project proposers, MPCA programs, other relevant state agencies, the appropriate local units of government, key stakeholder constituencies, and Minnesota residents. The position will work in coordination with the MPCA Tribal Liaison to ensure coordination and appropriate consultation with Tribal Nations. The position will identify potential issues with a proposed project as soon as possible and communicate those issues to the project proposer as soon as possible.

The MPCA will evaluate success by the number of proposed projects completed on time based on the coordinated project plan and continuous feedback from project proposers and stakeholders.

Impact on Children and Families:

This recommendation does not have a direct impact on children and families.

Equity and Inclusion:

This recommendation does not have a direct impact on equity and inclusion. Minnesotans who may be disproportionately impacted, including communities of color, Indigenous communities, and low-income communities, will have better access to information regarding a proposed project and opportunities to provide valuable feedback before an agency’s final decision is made.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota tribal governments?

☐ Yes

☒ No

MPCA regularly conducts formal consultations with Minnesota tribal governments and coordination meetings and discussions that involve Tribal technical staff. Coordinated project plans will provide clear expectation regarding timelines for consultation, feedback of draft permits and certifications and deadlines for final decisions.

Statutory Change(s):

Not applicable

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: General Fund Request for Water Programs

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,360	1,360	1,360	1,360
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,360	1,360	1,360	1,360
FTEs	10	10	10	10

Recommendation:

The Governor recommends an appropriation of \$1.36 M from the General Fund beginning in FY2024 and to be included in the base budget going forward to support water permitting programs at the Minnesota Pollution Control Agency. Sufficient and stable funding is needed to maintain the agency's efforts in technical assistance, permitting, and compliance activities as the number of permits and the complexity of permits continue to increase. The result of sufficient and stable permitting programs is better water quality for all Minnesotans, improved and more timely service for permit holders, and a strong economy as many industries, such as tourism, are dependent on high quality water.

Stable funding for programs means that MPCA can:

- Help permittees take advantage of economic opportunities by issuing permits more efficiently
- Assist counties and permittees who have compliance questions
- Better serve permittees undergoing unforeseen situations, such as flooding
- Provide innovative and creative options for permit compliance
- Respond nimbly to public concerns
- Support technical evaluation of new data that can simplify permits in the future

The recommended annual appropriation of \$1.36 M is new and allows the agency to maintain current FTE working in these critical water permitting programs. This recommendation will represent an increase in the agency's General Fund appropriation by 21% and the agency's biennial budget by 1 percent.

Rationale/Background:

Minnesota is rich with water resources, but our water quality faces growing pollutant challenges that require complicated technologies to manage. Protection and restoration of these resources is important to our economic viability and public health, and consistently ranks as a top concern for Minnesotans. MPCA manages state and federal water permitting programs to ensure our waters are maintained for their use as drinking water, recreational, and industrial uses, as well as supporting healthy aquatic life. The water permit programs are currently funded from the environmental fund (fees) and some federal funds. Historically, these programs were also funded with general fund dollars providing opportunities to maintain and increase support to meet increased challenges in protecting our water resources. This created a three-legged stool for stable funding and options for responding to increasing demands and costs.

In FY2012-13, the first year after implementing new application fee rules as required by the legislature, fees funded about 21% of program costs. In FY022, the fees fund about 15% of the program costs. At the same time, the General Fund appropriation for water programs has been depleted to nearly zero. Water protection and restoration is becoming more complicated as more and more pollutants are discovered and found to be extremely difficult and costly to remove. The cost of developing permits and providing critical support to facilities has risen dramatically in the past 10 years. Permit holders are asking for more technical assistance, more innovative approaches, and options to reduce pollution and comply with permits. While the need for assistance, the complexity of supporting work related to emerging contaminants, and the cost of staffing have steadily risen over the past ten years, funding has not kept pace, and the agency has is not able to adequately meet the needs of permittees and residents of Minnesota.

In response, the agency has announced its intent to undertake rulemaking to increase the level of permit fees received into the Environmental Fund to provide stable funding. The agency has had to shift staff to meet demands at a moment in time but that means programs are left short. Understaffed programs can struggle to meet obligations under federal and state law, and services such as expedited permit actions prove challenging to accommodate. For instance, the agency has moved staff from stormwater programs to support wastewater permitting efforts due to the backlog, leaving the stormwater programs unable to meet their federal commitments and unable to adequately support the permittees they serve. In numerous public meetings county and local government officials and agricultural producer representatives have expressly indicated that they believe the appropriate approach for maintaining a solid water permitting and compliance program for Minnesota is to once again establish a funding model that includes the General Fund. This would allow for funding to stabilize the Agency's water programs without raising fees via rulemaking.

Proposal:

This recommendation requests that General Fund dollars be used to help stabilize funding resources for water permit and compliance programs in lieu of increasing fees through a rulemaking effort. Currently, there are 194 FTEs serving over 20,000 sites across Minnesota. The recommendation will be used to maintain 19 FTEs. The agency's water programs have not seen an increase in staff due to an imbalance of revenues against costs while the work has become more complex to meet federal requirements, emerging contaminants and improve water quality. Additionally, permittees and the public have asked for more technical assistance to understand the requirements and results from proposed permits. The agency is unable to meet these needs without more stable funding for its water permit and compliance programs.

Minnesota's water quality continues to face considerable challenges and requires additional work to ensure our waters are drinkable, swimmable, and fishable. The MPCA's permitting and compliance work is a critical component of our ability to protect and restore state waters. This recommendation does not seek to add staffing; but is intended to ensure that the water programs will not need to reduce staffing to balance increasing costs. If we cannot stabilize our funding, services will further erode and improvements in program efficiencies and water quality will be lost.

Impact on Children and Families:

Permitting and compliance efforts coupled with technical assistance ensures all communities have adequate wastewater treatment, are prepared for climate implications, and strong economies supported by agriculture and industrial economies, and the opportunity for recreation in Minnesota's high-quality water resources. Through a General Fund appropriation and stable funding, municipalities and other permittees will be able to look at the necessary treatment options and identify the most cost-effective while minimizing rate increases that can impact families when the cost of this work is put on the ratepayers in the community. Also, when wastewater treatment systems are optimized and upgraded to meet new pollutant limits, we ensure that helping make and keep state waters fishable and swimmable for children and families into the future.

Non-compliant subsurface wastewater treatment (septic) systems put children and families' health at risk by creating unsanitary conditions through possible groundwater and drinking water contamination and worse, the direct contact with the sewage. The absence of adequate wastewater treatment has public health implications in the very populations that are most vulnerable.

Equity and Inclusion:

Providing sound water programs that support economic growth and provide for cost-effective options available to developing or upgrading infrastructure while avoiding or minimizing rate increases impacts all Minnesotans. Also, when wastewater treatment systems are optimized and upgraded to meet new pollutant limits, they support keeping state waters fishable and swimmable for children and families.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The agency currently tracks permit issuance, backlog, inspections, and enforcement actions along with water quality status across Minnesota. The agency will continue to track water program activities to measure our ability to meet state and federal laws. For example, the current municipal wastewater permit backlog is at 34% (October 2022) reduced from 57% (October 2019) when staff were reassigned from other water permitting areas staff. At the same time, the industrial wastewater permit program has increased from 38% (October 2019) to 52% in October 2022. Without stable funding, the backlog in both programs will likely increase or other water permit programs like stormwater will continue to be depleted to manage the more complicated wastewater programs. In either case, water quality and human health risks will grow.

Permittees in every program are requesting more compliance assistance, and in many cases, it is currently impossible for the agency to accommodate that request with current staffing levels. Stabilized funding will help the MPCA establish more consistent staffing levels and ultimately to better meet the expectations of the public and of regulated parties.

Statutory Change(s): The recommendation requires no statutory changes.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Resilient Communities Grants and Technical Assistance

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	86,940	86,940	1,120	1,120
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	86,940	86,940	1,120	1,120
FTEs	4	4	4	4

Recommendation:

The Governor recommends appropriation of \$86.94M in FY2024 and FY2025 and \$1.12M in each subsequent year from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Environmental Analysis and Outcomes Division for grants and technical assistance to help communities plan and implement projects that will support adaptation to a warmer and wetter Minnesota. The grants and technical assistance will allow recipients to assess infrastructure needs and plan for changes, reduce energy use and realize cost savings, construct resilient local infrastructure that can withstand flooding and other severe weather, and implement other community-based solutions. Eligible entities for the grants would be local governments, Tribal governments and Tribal organizations, and community-based nonprofits.

This recommendation is 28% of the agency's biennial budget.

Rationale/Background:

Climate change is happening now, and its effects are negatively impacting communities, landscapes, and everyone who calls Minnesota home. To meet the goals contained in Minnesota's Climate Action Framework and ensure our natural environment and residents can thrive in the future, Minnesota must ensure that communities, businesses, and natural environments are resilient in the face of a changing climate. By confronting climate change head-on, Minnesota can create communities that can withstand the increasingly severe weather, ensure safety of its citizens, realize important cost savings, support new jobs and innovation, enhance equity, and protect the health of its people and the environment now and into the future.

This recommendation continues funding for climate resiliency planning grants, which the MPCA has awarded for the past two years. Requests for funding greatly exceed available funding.

This recommendation ensures Minnesota is better prepared for the increasing number of extreme weather events that are occurring and their impacts to communities, such as:

- Extreme weather events (e.g., floods, fires, damaging winds), which are forcing communities to undertake costly, large-scale cleanup and rebuilding efforts more frequently.
- Floods that threaten community safety and continuity of operations in the face of serious weather events.
- Aging infrastructure (e.g., stormwater systems, sewers, wastewater treatment plants), which is not equipped to handle the increasing precipitation Minnesota is already seeing (which will continue to increase in the future).
- Increasing temperatures, which are harming human health.

- Tourism and outdoor recreational will be impacted due to changes in our natural environment (e.g., loss of species, changing ecosystems, and aging infrastructure that is no longer resilient).

The grants and technical assistance supported by this funding will provide the following benefits to local governments, Tribal governments, Tribal organizations, and non-profit organizations:

- Assist with the design and construction of stormwater, wastewater, and community resiliency projects.
- Support design and energy efficiency assessments of stormwater, wastewater, and community resiliency projects, to prepare these projects for state or federal funding.
- Allow for community-led projects to ensure all Minnesotans see the benefits of preparing for a warmer and wetter Minnesota.
- Resiliency planning, emission reductions action planning, and essential public services planning for a warmer and wetter Minnesota.
- Technical assistance to conduct the design, analysis, or assessments necessary for the grant opportunities

The recommendation directly supports the Resilient Community goals and measures of progress in the Climate Action Framework:

- all Minnesota's communities will have a community resilience plan to ensure they are prepared to provide the critical public services to Minnesotans as the state becomes warmer and wetter.
- help communities move from planning to action by completing 25 projects that build out the infrastructure resiliency needs of communities.
- ensure that all Minnesotans are prepared for a warmer and wetter Minnesota and thrive.

Local governmental officials and Tribal leaders repeatedly tell MPCA this funding is critical to support their communities as they struggle with increasingly severe weather. This recommendation is advanced by the Climate Change Subcabinet and directly supports the Subcabinet's Climate Action Framework.

Proposal:

This recommendation is a change to an existing grant program. In 2021, the agency received \$999,000 each fiscal year for FY2022-2023. That program focused on planning grants to local governments and Tribal governments for stormwater, wastewater, and community resiliency. This recommendation seeks a significant increase in funding to allow for grants to expand funds for community-level planning, build projects identified in existing resiliency plan, and provide technical assistance to communities.

This recommendation will provide support to Minnesotans by expanded grant funding for local governments, community organizations, Tribal governments, and Tribal organizations; and providing technical assistance to entities eligible for grant funds from this appropriation.

The grants funded by this recommendation will support projects in three main areas:

1. \$50.94M each year from the General Fund for the design, evaluation, or construction of actions to build the resiliency of stormwater, wastewater, and local infrastructure to warmer and wetter weather conditions. Resilience planning and construction funds are needed and are not currently available from funds administered by the Public Facilities Authority through the state revolving fund.
2. Stormwater projects could range from \$100,000 to \$7 million each, wastewater projects could range from \$10,000 to \$5 million each, Community resiliency projects, which could range from \$10,000 to \$250,000, \$4 million each year will be targeted for local governments, Tribal Governments, and Tribal organizations to conduct assessments and planning to build resiliency in their community for warmer and wetter weather and identifying ways to reduce emissions, save energy, generate clean energy, and protect the environment. These projects range in cost from \$75,000 to \$200,000. Survey data show that many communities identify this type of funding as a critical need.
3. \$2 million each year from the General Fund for non-profit organizations, local governments, Tribal Governments, and Tribal organizations to build capacity in communities and identify actions individuals

and community groups can take to build prepare for warmer and wetter weather, reduce emissions, save energy, and increase engagement in local or state decisions in preparing for changing weather in Minnesota. These types of projects are expected to range from \$25,000 to \$100,000 each.

The recommendation includes \$2.5 million for technical assistance for entities who are eligible for the grants funded by this recommendation. A significant majority of local units of government and Tribal nations indicate they need assistance from the state to understand the opportunities most effectively within their communities to increase the resiliency of local infrastructure and services, reduce emissions and save energy in local operations, use clean energy. They also need assistance to access federal funding for building resiliency in local infrastructure. The funding will be used with external contractors to provide direct support.

The recommendation includes \$560,000 for four MPCA staff to oversee the grant program. One of the positions will also focus on organizing and providing direct technical assistance to eligible entities for the grants included in this recommendation.

Impact on Children and Families:

This recommendation will address the risks from climate change by preparing Minnesota communities for more extreme storms, and warmer and wetter weather. As documented in the Climate Action Framework, more extreme weather from climate change will stress Minnesota's infrastructure, which can lead to lost school days, challenges to families to keep safe and stable housing, and mental health stress. In addition, research shows that children are suffering anxiety from climate change and the knowledge that their generation will face significant challenges due to our changing climate.

Equity and Inclusion:

The MPCA will target the grant funding and technical assistance to direct investments with Tribal governments and in areas that meet the state's Environmental Justice criteria. Targeting grant funds in these areas will ensure all Minnesotans are able to prepare for the increase in extreme weather expected with a changing climate.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☒ Yes
☐ No

This recommendation has the potential to impact all the 11 Minnesota Tribal governments and has been discussed with representatives of all the Tribes. By providing grant funding for critical infrastructure that is vulnerable to a changing climate, this recommendation will allow Tribal governments to ensure they can provide resilient services to their members and communities. Funding for technical assistance is an area that Tribal governments have requested from the MPCA, to assist them to plan for climate change, implement projects to build resiliency to climate change, and access state and federal funding.

Results:

The MPCA conducts a survey of local governments and Tribal governments every three years, to understand the current state of climate resiliency planning and needs in Minnesota. The MPCA will regularly survey communities and expand the survey questions to include questions about projects constructed and community members receiving the benefits. The following bullets provide the key findings of the 2022 survey:

Planning status in Minnesota communities:

- 12% of communities have a standalone resiliency plan
- 43% of communities have engaged in some form of resiliency planning
- 25% of communities don't have address resiliency in any local plan

Resiliency needs of Minnesota communities:

- 42% of communities need funding for infrastructure
- 42% of communities need technical assistance for resiliency best practices
- 42% of communities need funding for resiliency planning

The MPCA will measure success by detailing the number projects funded through the different grant opportunities and breaking out the projects by the type of community being served (e.g., Tribal Nations, Greater Minnesota), including the tracking of projects funded in areas of Environmental Justice concern and in Tribal Nations. The MPCA will use surveys of communities eligible for these grants to track how many communities included resiliency in their planning, taking actions to improve resiliency, and the critical needs of communities to improve their resiliency. The MPCA will track the level and type of technical assistance provided and communities' satisfaction with the assistance they received. The MPCA will measure success by tracking how the program helps achieve the resiliency measures of progress laid out in the Climate Action Framework.

- By 2030, all Minnesotans live in communities with plans that identify climate risks and actions to build resiliency.
- By 2026, at least 25 adaptation projects that increase community resiliency are fully funded.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: GreenStep Cities

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	190	190	190	190
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	190	190	190	190
FTEs	1	1	1	1

Recommendation:

The Governor recommends appropriation of \$190,000 in FY2024 and each subsequent year from the General Fund to the Minnesota Pollution Control Agency's (agency) Resource Management and Assistance Division to establish one FTE and provide program dollars to the [GreenStep Cities](#) program budget to keep pace with program growth and make improvements identified in the [2020 Strategic Plan](#) and the State's Climate Action Framework. Support is needed to increase program capacity to the GreenStep Cities, Tribal Nations, and Schools programs to better assist program participants with the technical assistance they need to plan, implement, and measure their sustainability, equity, and climate change efforts.

This recommendation will increase the agency's biennial General Fund appropriation by 3% and will be less than 1% of the biennial budget.

Rationale/Background:

The GreenStep Cities program started with 15 cities and 1 FTE at the agency. Today, the program has grown to include 143 cities and 4 tribal nations but continues to operate with only 1 FTE. While the program includes additional staff support through the public/private partnership, this ad-hoc approach does not provide the consistency needed for continuous improvements. Program participants are more motivated than ever before to implement sustainability and climate change actions and require additional technical assistance and support. In addition, the Tribal Nations and Schools programs are in pilot stages and would benefit from additional staff coordination. This is an opportunity to support additional governmental jurisdictions.

This is recommended by the Climate Change Subcabinet and directly supports the Subcabinet's Climate Action Framework. The [Minnesota Climate Action Framework](#) (published Sept. 2022) includes a priority action, under "Resilient communities," to:

Increase capacity of the GreenStep Cities program. Share resilience best practice and adaptation resources and expand pilot programs that include tribal nations, schools, counties, and townships.

Proposal:

This recommendation will accelerate and broaden the current GreenStep program to meet the growing demands of the Cities program and expand the platform to reach other jurisdictions such as tribal nations, schools, counties, and townships. The current program scope includes actions in the areas of Buildings and Lighting, Land Use, Transportation, Environmental Management, and Resilient Economic & Community Development. Best practices and actions are provided as new environmental issues arise and technologies change. There are now 29

distinct best practices with 181 specific actions covering a range of impacts and drawing from technical expertise within various state agencies, the University of Minnesota, and other project partners.

These additional funds will ensure that the program operates at a level that provides the services necessary for local, tribal, and other governments to incorporate sustainable efforts and address climate change in their communities. Use of the program has grown substantially since its inception in 2010 and participants are extremely engaged and adopting energy, water, and waste saving practices and other environmentally beneficial actions. If this recommendation is not funded, the program will not be able to meet the expectations of program participants around timely technical assistance or continuous improvement of the program. GreenStep programs are well poised to assist governments with the information and application process related to the federal funding that may be directly available to local and tribal entities through the Infrastructure and Jobs Act and the Inflation Reduction Act. However, without additional funds, the GreenStep program is unable to provide additional support for communities and few other resources.

This recommendation will increase the GreenStep program staff and budget by adding 1 FTE and operating funds to the annual budget. The new position will support new activities through development and launching new GreenStep programs such as the Gold Leaf climate action program for local and tribal governments, advancing the pilot GreenStep Tribal Nations and GreenStep Schools programs into permanent programs, and by exploring programs for other jurisdictions such as counties and townships. Furthermore, this recommendation will provide increased funds that can be for the services of a contractor to assist in developing new program materials or services as recommended by the 2020 Strategic Plan.

Impact on Children and Families:

The GreenStep programs foster sustainable communities and environments that support the development of children and families. Sustainability includes social equity that addresses access to green spaces, affordable housing, and comprehensive education. For example, program best practice actions include engaging youth in city government decisions, providing students with community service-learning opportunities, and increasing social connections. The GreenStep Schools program focuses on clean and healthy learning environments, expanded curriculum that teaches students about sustainability, and addressing equity and diversity in our schools. Program participants document their actions, share successes with peer participants, and create a network of resource providers.

Equity and Inclusion:

The GreenStep program's definition of sustainability includes social equity, and several best practices are designed to address equity and inclusion throughout the programs. GreenStep best practice actions can lead to positive impacts for people of color, children, women and families, people impacted by health disparities or people with disabilities, people living in an environmental justice area of concern, and people living in poverty. Currently, 75 participants include at least one census tract with populations of: at least 40% of people reported income less than 185% of the federal poverty level (74 communities), 50% or more people of color (22 communities), and/or federally recognized tribal areas (5 communities).

The GreenStep Cities program is designed for small and medium sized communities across the state. Over 54% of GreenStep participants live in Greater Minnesota and 34% of participants are in communities under 5,000 in population. Yet, these communities often have the least resources to actively participate in the program. With additional support, we will provide additional one-on-one assistance to these communities through regional coordination, resource sharing, and regular check-ins.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

This recommendation will provide additional resources to further develop the GreenStep Tribal Nations program and support tribal communities in Minnesota with resources and recognition to support their sustainability accomplishments. Leech Lake Band of Ojibwe requested to join the GreenStep Cities program in 2014. Today, they, along with Red Lake Nation, Fond du Lac Band of Lake Superior Chippewa, and Prairie Island Indian Community, participate in the pilot GreenStep Tribal Nations program. Tribal Nations have engaged with the GreenStep Tribal Nations pilot program from the beginning and continue to provide feedback and recommendations for next steps. GreenStep partners have met with tribal staff, the Minnesota Indian Affairs Council, the Minnesota tribal environmental program staff network, and other tribal organizations to build a GreenStep Tribal Nations steering committee and continue to identify next steps for program development.

Results:

The GreenStep programs track annual program-wide metrics to indicate the effectiveness. These include the number of actions taken, number of attendees at monthly workshops, number of new participants, and more. See the [2022 Annual Program Report](#) for additional metrics.

The GreenStep program is also continuously evaluated for effectiveness and outcomes. Program participants are surveyed annually, sharing their accomplishments and the barriers they are faced with in implementing actions. Program participants also provided feedback on the direction of the program during the formation of our 2020 Strategic Plan.

Statutory Change(s):

There are no statutory changes related to this recommendation.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Technical Staffing to Implement Minnesota's PFAS Blueprint

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	2,070	2,070	2,070	2,070
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,070	2,070	2,070	2,070
FTEs	13	13	13	13

Recommendation:

The Governor recommends appropriation of \$2.07M in FY2024 and each subsequent year from the Environmental Fund to support the Minnesota Pollution Control Agency's (MPCA) implementation of [Minnesota's PFAS Blueprint](#) with increased technical staffing and funding to support program implementation. This appropriation would support 13 FTEs across agency divisions and programs, allowing the agency to continue to implement our strategic, coordinated approach to protecting families and communities from per- and polyfluoroalkyl substances (PFAS). The funding is critical to ensure support of permittees impacted by PFAS.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

PFAS are a group of manmade chemicals that do not break down over time, nicknamed "forever chemicals." Many are hazardous to health at low levels. PFAS continue to be manufactured and used in industrial and commercial products today. It has resulted in PFAS being found in drinking water, fish, soils, and surface water, and in human blood. As a result of the problems PFAS pose to Minnesotans, state agencies put together the Minnesota PFAS Blueprint that outlines challenges the state faces and the opportunities to address them. This proposal is one of a number that state agencies are proposing to start addressing PFAS holistically across our agencies, programs, and state. The others include:

- Technical staffing to implement Minnesota's PFAS Blueprint (MPCA).
- PFAS source reduction grants (MPCA).
- Drinking water protection and PFAS response (MPCA, MDH).
- Contaminants of emerging concern – risk assessment and laboratory capabilities (MDH).
- River and lake monitoring and assessment – incorporates targeted PFAS monitoring (MPCA).
- Clean water legacy fish contamination assessment -- incorporates PFAS (DNR, MPCA, MDH).

Minnesota's PFAS Blueprint charts a path for state agencies to tackle the complex challenge of PFAS contamination. Implementing the Blueprint through source identification, reduction, and monitoring requires technical knowledge and dedicated effort from agency staff. Staff will be needed to support facilities in monitoring, source reduction, and communication efforts; oversee data quality and analysis to understand risks; and coordinate across impacted programs. In addition, the United State Environmental Protection Agency (EPA) has a [PFAS Strategic Roadmap](#).

PFAS contamination is a complex problem that must be attacked from many angles – solutions require collaboration between all levels of government, private companies, and the public. Soon, some PFAS will be regulated in environmental programs based on actions taken by EPA. This proposal will ensure that MPCA is adequately staffed to provide technical expertise, oversight, and planning capabilities that support both voluntary and regulatory approaches to reducing PFAS.

Proposal:

The recommended appropriation will build MPCA's programmatic capacity related to PFAS through increased technical staffing and funding. The appropriation will support MPCA's implementation of [Minnesota's PFAS Blueprint](#) with 13 FTEs across agency division and programs, allowing the agency to continue to implement our strategic, coordinated approach to protecting families and communities from PFAS.

In particular, the additional staffing would support implementation of the MPCA's first major initiative coming out of the PFAS Blueprint – the PFAS monitoring plan. That plan has three main goals:

1. Gather Minnesota-specific information to craft effective policies around PFAS incorporation into programs.
2. Identify areas of particular concern that need quick action.
3. Gather data that galvanizes support for PFAS source reduction and pollution prevention.

As PFAS becomes a federally regulated pollutant, MPCA will also need to align our programs with federal requirements and staff will be needed to provide technical support to regulated facilities. This request will position the MPCA to respond to the changing regulatory landscape around PFAS and aligns staffing levels at MPCA with other states addressing PFAS. The request also provides funding for programmatic needs such as monitoring, modeling, permitting, and other work to support potential development of total maximum daily load (TMDL) studies to address existing water quality impairments.

Impact on Children and Families:

Pregnant people, developing fetuses, and infants/ children are at high risk for some adverse health effects associated with exposure to PFAS. PFAS often pass from a mother to their fetus through the placenta and have the potential to disrupt fetal growth and development. Additionally, PFAS are often present in breastmilk, which could further elevate exposures to very young children. MDH calculates that for many PFAS, the highest levels of exposure are seen in the youngest children and these exposures could impact the child's immune system throughout life. Fully staffing MPCA to respond to PFAS will support appropriate and efficient actions to decrease risks to pregnant people and young children.

Equity and Inclusion:

PFAS contamination is a concern to all, but certain populations are likely to have greater impacts from that contamination. Therefore, proposals that support PFAS reductions will help reduce those inequities.

Tribal Nations: PFAS contamination adversely effects the safe harvest and consumption of fish and game. Studies indicate that those who regularly consume freshwater fish have significantly higher blood levels of the types of PFAS that bioaccumulate. There is ongoing research into the potential impacts of PFAS on wild rice. PFAS also can cause kidney, liver, and thyroid related diseases – diseases for which Tribal members are already at increased risk. PFAS impact the immune system, and studies are ongoing to determine if PFAS exposure is associated with increased mortality and morbidity after SARS-CoV2 infection. The covid-19 epidemic has disproportionately impacted American Indian and Alaskan Native communities. Fully staffing MPCA to respond to PFAS will support appropriate and efficient actions to decrease risks to tribal communities and to wildlife.

People of Color: Some people of color are subsistence fishers or have a cultural heritage of consuming locally harvested fish and wildlife. Freshwater fish consumers have higher blood levels of PFAS, which could contribute to negative health outcomes. People of color also have disproportionate rates of diseases that could be caused or

worsened by PFAS exposure, including covid-19. Fully staffing state agencies to respond to PFAS will support appropriate and efficient actions to decrease exposures to people of color.

People with health disparities or people with disabilities: Those who already have certain health conditions (such as kidney disease, liver disease, immune disorders, and others) may have elevated risks for adverse outcomes after exposure to PFAS. Fully staffing state agencies to respond to PFAS will support appropriate and efficient actions to decrease risks to those with health vulnerabilities.

People living in Environmental Justice (EJ) areas of concern: PFAS are ubiquitous in the environment and are likely also present in areas impacted by multiple types or sources of pollution. Exposure to mixtures of compounds that impact the same organ systems can result in increased likelihood of adverse health outcomes. Addressing PFAS in EJ areas will reduce the overall burden of pollution in areas with longstanding health and environmental inequities.

People living in poverty: Those living in poverty sometimes also rely on fishing and hunting to provide affordable alternative sources of food for themselves and their families. Those living in poverty, particularly outside of the urban core, may also be more likely to have a shallow drinking water well with higher associated risks of PFAS contamination. This population has worse health outcomes when diagnosed with diseases associated with PFAS exposure. Fully staffing state agencies to respond to PFAS will support appropriate and efficient actions to decrease health risks to those with in poverty.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Each MPCA program tracks measures and results. Most permitting programs track progress in terms of total number of actions and timeliness, and document those in the agency's TEMPO system. Environmental data quality management is measured directly by percentage and timeliness of data loaded into the agency's databases and status of data review. The addition of these FTEs will help ensure that programs can meet their long-standing goals and work on PFAS.

The PFAS Blueprint includes both short and long-term opportunities for action. The website for the Blueprint identifies which of the actions have been completed, which are ongoing, and which remain upcoming. The MPCA plans to continue to regularly report on the progress in implementing the Blueprint. A key current Blueprint project is the implementation of the facility-focused monitoring plan for PFAS. The MPCA will report on how many facilities and sites have monitored for PFAS and trends describing how and where PFAS are being released to the environment.

Statutory Change(s):

No statutory changes are needed with this proposal.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Innovative Solutions for Managing Pollutants

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	20,000	300	300	300
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	20,000	300	300	300
FTEs	2	2	2	2

Recommendation:

The Governor recommends an appropriation of \$20M in FY2024 and \$300,000 in FY2025 and each subsequent year thereafter from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Industrial Division. Of the \$20M appropriated in FY2024, \$19.7M will need to be available through FY2027 for grants and research. \$300,000 will be used each year to support two (2) new full-time equivalents (FTEs) and operating costs for developing and implementing a new grant program.

Of the \$19.7M, \$2.1M will be used to support the work of the Natural Resources Research Institute (NRRI) to foster economic development of Minnesota's natural resources in an environmentally sound manner through research on innovative technologies to treat difficult to manage pollutants impacting the state's air and water. The remaining \$17.6M will be used for taconite industry grants for innovative projects, equipment installation or process improvements that result in direct, verifiable pollutant reductions to Minnesota's air and water resources.

The taconite industry grant program will require a one-to-one match in funds by each participating facility to specifically target pollutant reductions. These grants are targeted towards difficult to manage pollutants, and may include mercury, sulfate, greenhouse gases, and others. All six of the current taconite facilities would be eligible for the matching grants.

This recommendation will increase the agency's FY2024- 2025 budget by 3% and less than 1% in subsequent biennium.

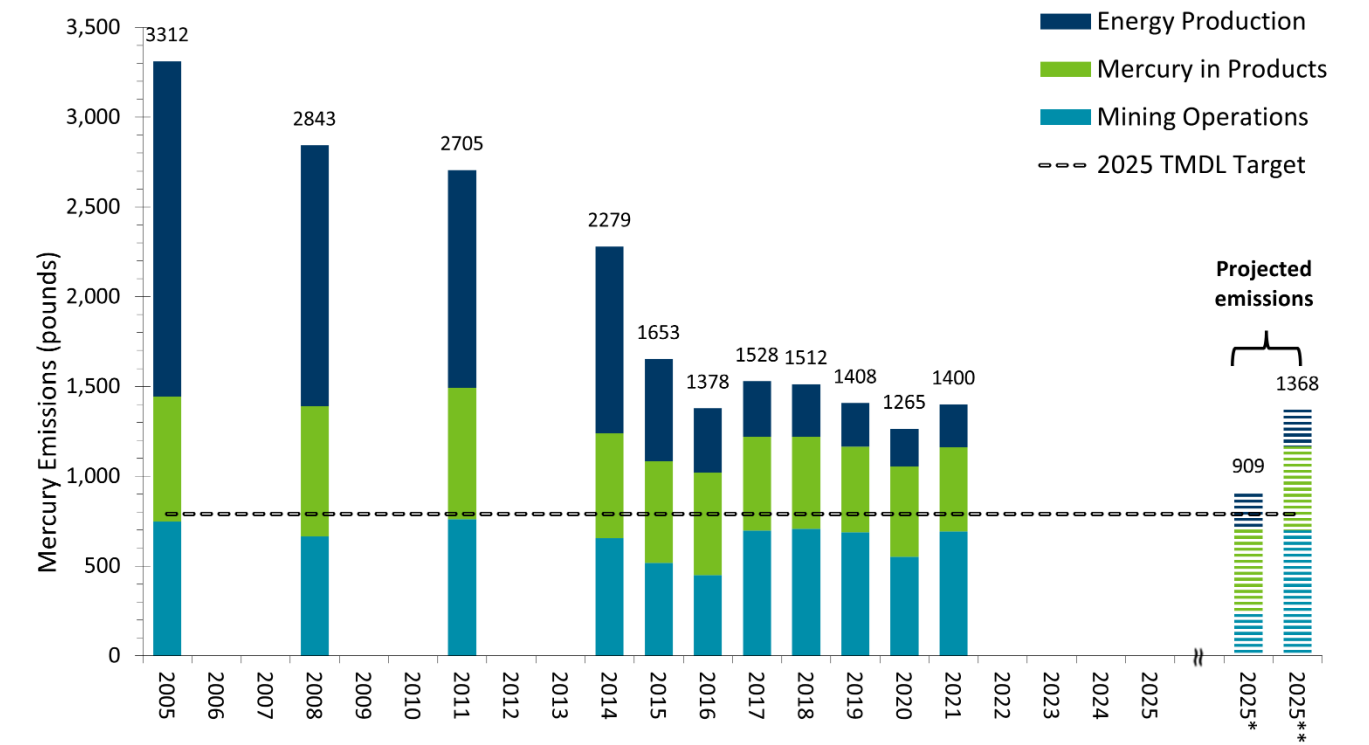
Rationale/Background:

The taconite industry is faced with the need to reduce challenging pollutants that have the potential to contaminate Minnesota's land, air, and water. Addressing these challenges requires a multifaceted approach so that public health, the environment, and the economic viability of businesses can all be achieved. Two initiatives support this goal:

- Financial assistance to taconite facilities in Minnesota to accelerate the application or improvement of environmental processes and technologies by providing financial assistance for the capital costs such as machinery and equipment that will improve the environmental and economic quality of Minnesota.
- Supporting NRRI research to find innovative, cost-effective technologies for water discharges to meet the needs of both the environment and businesses.

Pollutants such as greenhouse gases, sulfate and mercury are some of the most challenging contaminants for the taconite industry and the state, but all critically need to be addressed. Mercury emitted into the atmosphere moves with wind and weather and may deposit anywhere, on land or water. There is a strong connection between the Minnesota Department of Health's fish consumption advisory and lakes, rivers, and other bodies of water that have excess mercury. When the advisory is more restrictive than one meal per week, the water body is impaired. Fish in northeastern Minnesota have significantly higher mercury concentrations than fish in the rest of the state.

While Minnesota has significantly reduced air emissions of mercury since the Environmental Protection Agency's approval of the Statewide Mercury Total Maximum Daily Load (TMDL), the state anticipates that we will fail to meet the overall reduction goal of 789 pounds by the year 2025. The MPCA's first regulatory step for securing the reductions was to adopt a rule requiring reduction plans from the affected facilities. The goal cannot be achieved without taconite mining reductions of at least 72% from the industry.



* This projection is based on the ferrous mining/processing industry in northern MN meeting the required 72% reduction specified in Minn. R. 7007.0502.
** This projection is based on the ferrous mining/processing industry's proposed reductions in each mercury reduction plan applied to the baseline emissions as calculated by MPCA.

The MPCA has long term goals of reducing Minnesota's contribution to global mercury levels and reducing or preventing pollution to surface waters and ground water. The MPCA also has a strategic goal of improving air quality for environmental justice areas of concern.

While mercury in air emissions is one example, there are many pollutants that impact the water and air resources of the state and need to be addressed holistically. For example, installing pollution control equipment to reduce one air pollutant may negatively impact a water discharge. Rather than raising one pollutant or program above another, this recommendation intends to cooperatively address the issues. The grants available to taconite facilities will both support tangible actions on pollutant reduction, as well as a sustainable and thriving economy.

Proposal:

The Governor recommends a new funding initiative that acknowledges the challenges that businesses face to provide financial assistance while supporting a thriving economy. More specifically, \$17.6M in grants will be available through FY2027 to qualified taconite facilities that are currently required to reduce pollutants in either air emissions and/or discharges to surface water. The grants could only be used for the design, purchase and/or installation of control/treatment equipment or process improvement that realizes actual reductions in pollutants to the air and water resources of the state. The taconite industry grant program will require a one-to-one match in funds by each participating facility.

Additionally, \$2.1M will support NRRI in its research, pilot testing, and full-scale testing of innovative technologies to reduce pollutant concentrations in water discharges. The outcome of the NRRI work will be technically and economically feasible potential for pollution treatment systems for various facilities across the state, including the taconite industry.

Finally, this recommendation requires two (2) new FTEs at \$300,000 per fiscal year to support:

- Developing and managing a new grant program; executing grants with taconite facilities that meet the pollutant reduction goals.
- Assisting with air and water permitting, air modeling and provide technical assistance to permittees participating in the grant program.

Impact on Children and Families:

This budget recommendation builds on existing efforts to increase equity and help achieve the administration's priorities for children and families by ensuring all children have a healthy environment to learn and grow that's free from the known harmful impacts of pollution on the air and water resources of the state.

Due to mercury pollution, the Minnesota Department of Health identifies [safe-eating guidelines](#) for all Minnesotans. Those who are pregnant, planning to be pregnant, and children must be careful about the type of fish eaten and how frequently it is eaten. Reductions in mercury in both the air and water resources of the state are needed to eliminate the need for fish consumption advisories.

Equity and Inclusion:

This recommendation will enhance pollution reduction efforts at taconite facilities within the state. The MPCA will prioritize and target grants at taconite facilities where air emissions and discharge to surface water has impacted environmental justice areas of concern. Under this recommendation, impacted communities will experience efforts to enhance the reduction of harmful impacts of pollutants to human health and the environment.

Many regulated industries and businesses were originally located, and continue to operate, near communities that are experiencing disproportionate impacts from air and water pollution. Taconite facilities near those communities will be the focus of these grants to significantly improve air and water quality. Building safe and healthy communities are essential to equity and can be achieved by addressing known threats to human health and the environment.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
☒ No

This recommendation does not have a direct effect on Tribal governments, but the installation of control/treatment equipment and/or process improvements to reduce pollutants coming from industry would

certainly improve the air and water resources of the state, including resources in federally recognized tribal areas. The benefits to specific tribes would depend on the facilities that are awarded the grant and their proximity to tribal areas.

Results:

Results would be measured in multiple ways:

- Number of taconite facilities that have applied for and received grant money, implementation of pollution control/treatment equipment and/or operational changes.
- Ambient air monitoring and ambient surface water monitoring demonstrating reductions in pollutants to the state air and water resources.
- Successful demonstration of innovative, cost-effective water treatment technologies that could be implemented at facilities across the state, including the taconite industry.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Contaminated Site Management

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Petroleum Fund				
Transfer Out	140	140	140	140
Remediation Fund				
Transfer In	140	140	140	140
Expenditures	1,400	1,400	1,400	1,400
Net Fiscal Impact = (Expenditures – Revenues)	1,400	1,400	1,400	1,400
FTEs	10	10	10	10

Recommendation:

The Governor recommends an appropriation of \$1,260,000 from the Remediation Fund and 140,000 from Petroleum Fund in FY2024 and each subsequent year to the MPCA's Remediation Division to accommodate the increased workload within the Division's programs.

This recommendation will increase the biennial Remediation Fund appropriation by 2% and will be less than 1% of the agency's biennial budget.

Rationale/Background:

The MPCA's Remediation Division operates a series of programs to investigate, identify responsible parties, and, in certain cases, mitigate negative impacts to human health, cleanup releases of hazardous and petroleum substances to the environment. These releases occur from many different former industrial, commercial, and disposal-related activities.

Remediation programs manage risks to public health and the environment from the releases of hazardous and petroleum chemicals that have already occurred. Remediation Programs provide regulatory oversight to responsible parties and, in the absence of responsible parties, direct site investigations and cleanup at state-financed sites where the State must act. Each year, the state conducts numerous environmental investigations to define areas of contamination and operates many engineered treatment or containment systems with the goal of restoring contaminated land to productive reuse. The programs work with a large and diverse group of public and private entities, including developers, communities (counties and cities), consultants, state and federal partners, and the citizens of Minnesota.

The existing staffing levels do not allow the programs to effectively manage and provide timely oversight services administered through the Remediation Division's Superfund, Petroleum, and Closed Landfill programs. These programs ensure that Minnesotans living or working in communities impacted by contaminated sites and state-operated landfills are protected with access to safe drinking water and contaminant-free air for their families. The staffing compliment in these programs is insufficient to:

1. Keep pace with a growing number of contaminated sites needing evaluation and review;
2. Implement critically important public engagement needs at contaminated sites;
3. Complete timely progress evaluating existing site risks; and,
4. Re-assessing thousands of previously closed sites for emerging environmental risks.

The following are examples of workload issues which this recommendation is seeking to address:

1. **Decreased capacity to work on all sites:** The Remediation Programs have been operating in a “triage state” for many years. This means the program is only able to respond to the highest risk sites with immediate human health risks such as impacted drinking water or soil vapor impacts coming into homes and businesses. This is happening most often in the Superfund Program and the Closed Landfill Program.
2. **Delayed review timelines:** Some programs, such as the Petroleum Remediation and Superfund Programs, have exceeded at an increasing rate their timeframes to issue responses to responsible parties.
3. **Increased need for public engagement:** The Remediation Programs have experienced the growing need to support and execute time-intensive public engagement at sites across the State, oftentimes associated with large area-wide drinking water or vapor impacts in residential communities.
4. **Delayed re-assessment schedules:** In the past year, several thousand sites were identified that were closed using older, outdated human health standards that must be re-assessed to ensure past decisions remain protective using today’s standards and best practices. Remediation’s current staffing complement and workload of active sites will not permit the completion of these re-assessment priorities until the year 2040, which places thousands of Minnesotans at risk from drinking contaminated water or breathing contaminated air without an infusion of additional staffing resources.
5. **Idled site assessment progress:** Site Assessment, is the gateway to the State Superfund process, and receives its annual funding from the Superfund budget based on available project funds. Site Assessment uses its limited annual funds to triage high-risk sites with actual or potential human health risks, such as at sites with contaminated drinking water or vapors entering buildings. The remaining sites are backlogged and idled pending the availability of supplemental funding. Human health and environmental risks can occur at these sites when backlogged placing Minnesotans residing near them at risk. Over the past five years, Site Assessment’s backlog has grown to over 300 sites that will cost over \$6 million to investigate. The need to address backlogged sites is perpetuated as new incoming sites increase. Without additional staffing resources and project dollars to focus efforts on the backlog, it is projected to contain over 1,000 sites by 2030 at the current rate of intake into the program.

While operational efficiencies have occurred over the past 15 years, the growth of active sites, incorporation of new types of risk such as vapor intrusion, and more stringent health values for some contaminants, coupled with the projected growth from emerging contaminants, like PFAS and 1,4-dioxane, will result in the need to idle priority sites across the state unless additional staffing is added.

These trends are largely the result of static staffing numbers over the past 15 years coupled with increases in active/open sites in the Superfund, Petroleum Remediation, and Closed Landfill programs.

Proposal:

The recommendation will increase the annual Remediation Division budget to accommodate a large, division-wide staffing need. By increasing the staffing levels by 10 FTEs, the MPCA’s Remediation Division will be able to work on sites and projects on the various Program backlog lists. Additionally, the staff will be able to continue working on sites currently in the response action stages of the programs, which is critical to maintaining protections at contaminated sites.

This recommendation seeks to provide critical staffing resources and project funds to begin to reduce the growing backlog of sites, accelerate the rate of re-assessing closed remediation sites, improve the timeliness of assessing active sites, and inject the human resources that are critically needed to complete important public engagement efforts at contaminated sites across the State.

Impact on Children and Families:

Hazardous substances and petroleum contamination can cause significant negative developmental health effects, which can disproportionately impact young children, women in their childbearing years, and families residing near contaminated sites. This initiative will better enable the Remediation programs to react in a timely manner to

ensure children and sensitive populations living near contaminated sites are adequately protected. This funding will ensure that existing site investigations and cleanups occur in a responsible, timely manner along with managing the public health threats posed by emerging contaminants and issues. For example, large area-wide vapor intrusion sites are labor intensive and require significant public engagement support. While this work is critical and necessary for protecting public health, the time required to properly manage vapor intrusion sites can detract from other critical program work.

Equity and Inclusion:

Remediation programs are designed to ensure human health and environmental risks are managed in an appropriate manner that benefits all Minnesotans. However, 65 percent of all Superfund sites are located within one mile of an MPCA defined environmental justice area which places an additional burden on communities residing near contaminated sites. The additional funding provided through this recommendation will allow the Remediation programs to place greater emphasis on new and existing sites occurring in communities throughout the state, many of which occur within MPCA-defined environmental justice areas. Program actions can often result in revitalizing a contaminated property to productive reuse that can benefit the overall quality of life for disadvantaged communities throughout Minnesota.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Support provided through this initiative will better equip Remediation programs to accelerate the pace and timeliness of responding to releases of hazardous substances and petroleum that occur on Sovereign tribal lands. For example, the Site Assessment program within Superfund currently has seven sites located on tribal lands throughout Minnesota that are currently backlogged awaiting investigation.

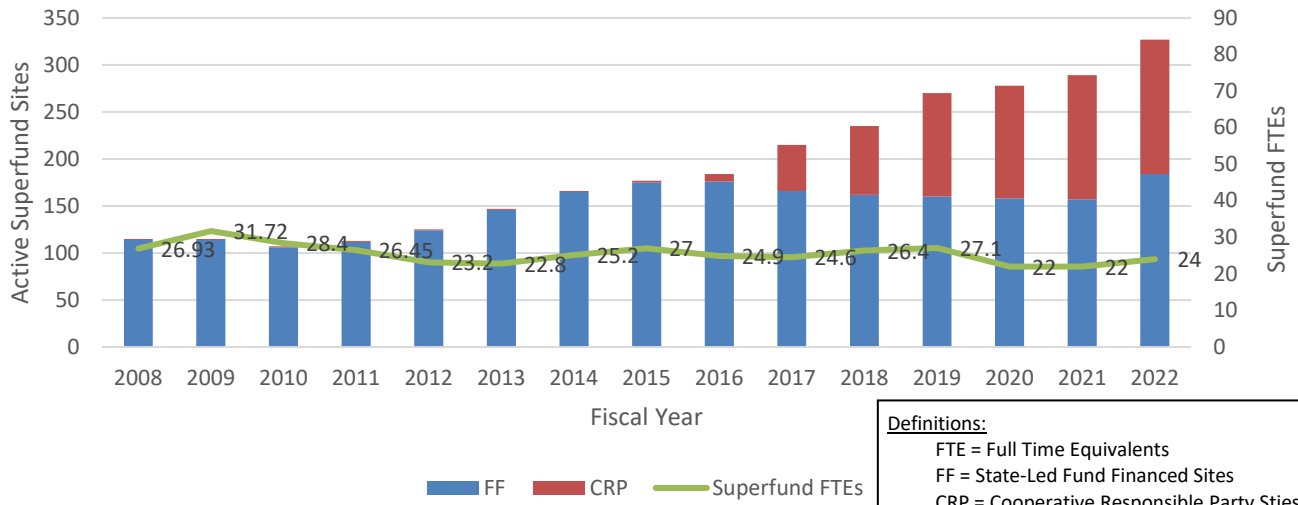
Results:

The recommendation is to supplement existing programs with FTEs and project funds to satisfy the Remediation Program's existing authorities and obligations. Current program workload is measured by the following metrics:

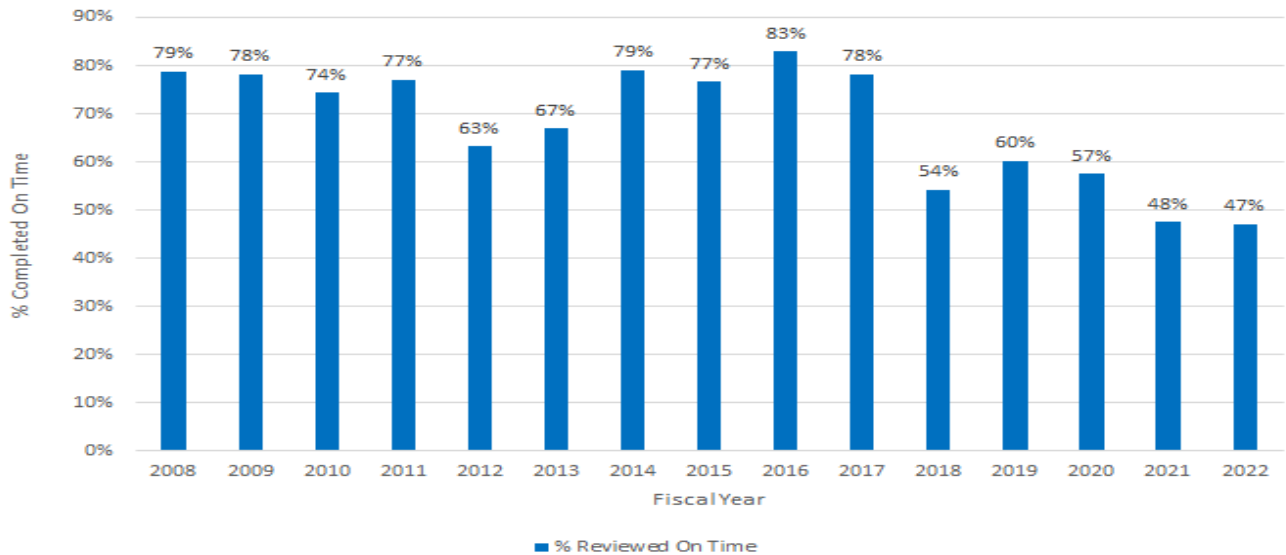
1. Number of sites that are being worked on each fiscal year;
2. Costs spent on each site;
3. Total number of sites in the programs;
4. The number of sites idled (or on a backlog);
5. Reports reviewed each year; and,
6. Timeline to review reports.

The following charts illustrate, as examples, the number of active Superfund sites vs staffing levels since 2008 and the % of reports reviewed on time in the Superfund program as the number of sites in the program have increased.

Figure 1. Active Superfund Sites and FTEs (2008-2022)



% Superfund Reports Reviewed On Time



Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Air Appropriation Increase

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	499	998	998	998
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends an appropriation of \$499,000 in FY2024 and \$998,000 in FY2025 and every year thereafter from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Air Program. The increase will be distributed to the following Divisions: Resources Management and Assistance \$44,000/\$88,000; Environmental Analysis and Outcomes \$169,000/\$338,000; Operations \$21,000/\$42,000; and, Industrial \$265,000/\$530,000. The appropriation increase will maintain service levels provided by the Air Program.

The funding maintains the existing air FTE complement of 115 funded from the Environmental Fund to complete permitting and compliance activities. This request happens every 2 years.

The recommendation will increase the agency's biennial Environmental Fund by less than 1%.

Rationale/Background:

The federal Clean Air Act (CAA) includes a requirement for states to charge air emission fees to cover the cost of issuing permits to facilities that emit air pollutants. The CAA also requires air permit fee increases to cover inflation and ensure that adequate resources are available to meet the requirements of the Act. Salaries, benefits, and program support costs are all projected to increase in FY2024-2025.

Minnesota Statute 116.07, subd. 4d (b) directs the MPCA to increase air permit fees to cover the costs of delivering the air quality program, including permitting, regulatory, and monitoring activities. However, the agency must request an increase in spending authority equal to the incremental increase in fees. If program costs increased by the consumer price index rate while appropriations remained at FY2022 – 2023 levels, it would force the MPCA to reduce program service levels in FY2024 – 2025 by the amount of that increase.

The MPCA collects the fee for two years and then requests authority to spend. Federal and state law require the MPCA to collect air emission fees to cover the program costs. This appropriation maintains resources supporting existing air permits.

Proposal:

The Governor's recommendation accounts for program cost increases in FY2024 – 2025. The MPCA is directed by state and federal law to increase annual air emission fees to cover the increased costs of delivering program services to our regulated parties. Air emission fees, including this incremental increase, are deposited to the Environmental Fund. This recommendation would increase the agency's authorized appropriation to the Air Program from the Environmental Fund equal to the increase in emission fees that will be generated in FY2022 and

FY2023 under the cost provisions in statute. As established in statute, calculation of the increase includes identifying the total cost of the Air Program (\$16,903,000), identifying the consumer price index increase for the last biennium (2.95%) and distributing that calculated increase – \$499,000 in FY2024 and \$995,000 in FY2025 – across agency Air Program appropriations.

This requested funding increase allows sustained provision of Air Program services at the FY2022-2023 delivery levels. Success measures within Air Program operations include whether the agency can maintain: the same level of program staffing; the pace of processing permit applications; site inspections and enforcement routines; prompt responses to requests for technical assistance; and review of complex operational plans and applications, particularly from companies in mining, energy and manufacturing sectors.

The primary outcome is compliance with the CAA requirement for states to charge air emission fees to cover the cost of issuing permits to facilities that emit air pollutants. The increased costs addressed by this request cover all aspects of the Air Program related to permitting activity, including regulatory work and air quality monitoring.

Impact on Children and Families:

By maintaining current service levels for the Air Program, children and families will benefit from improved air quality and more access to the permitting process as the MPCA’s communication and engagement are part of the process for permitting facilities.

Equity and Inclusion:

The initiative will ensure the agency is able to maintain service levels for the Air Program. This program provides services that positively impact heavily-populated areas and areas where high concentrations of many air pollutants are typically found. Populations that benefit from this request include those located in communities experiencing economic disparities, the larger urban centers with higher population densities, historic unequitable pollution burdens and persons who tend to be more vulnerable to the health effects of air pollution.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Hazardous Waste and Solid Waste Program Staffing

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	420	420	420	420
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	420	420	420	420
FTEs	3	3	3	3

Recommendation:

The Governor recommends appropriation of \$420,000 in FY2024 and each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Industrial Division.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

The hazardous waste program is in place to conduct inspections and verify compliance with all state and federal hazardous waste rules, certain Toxic Substance Control Act (TSCA) rules, and hazardous waste permit condition for Transfer/Storage/Disposal facilities.

The hazardous waste program needs a staff person in southwest Minnesota. Currently, 18 counties are not assigned directly to anyone, rather inspections and complaints are addressed between hazardous waste and solid waste staff in Brainerd, St. Paul, and Mankato. This has greatly increased the amount of time it takes to respond to citizen complaints, Duty Officer reports, assist with MPCA's responses to natural disasters, communicate with local units of government in the area, and provide a person in the field who can support regulated facilities with questions or concerns.

Currently, the solid waste and hazardous waste programs share one staff person that supports rule and compliance review. This has resulted in both programs having to wait up to three months before getting this type of support. This is having a significant effect on the program's timeliness goals.

Review for solid waste and hazardous waste permitting is also delayed and is affecting the programs meeting permitting timeliness goals. There is also a backlog of rules that need to be modified that the program cannot currently manage. This greatly hampers the Agency's ability to stay current with industry waste streams and effective management of hazardous waste.

The hazardous waste program struggles with timely review of routine reports from regulated facilities and does not have the capacity to address the management of emerging pollutants of concern. The program also struggles to assist the Sustainable Management Unit in its efforts to ensure compliance with complex product prohibition rules.

The additional FTEs will greatly improve the timeliness and effectiveness of the program in an ever-changing chemical landscape.

Proposal:

The Governor recommends 3 additional FTE to support the hazardous waste and solid waste programs.

This request is to help support an existing program to provide the level of service Minnesotans expect.

1. 1 FTE to cover southwest Minnesota ensures that hazardous waste is properly stored, transported, and disposed of appropriately at a permitted disposal location. Businesses, citizens, and local units of government in southwest Minnesota will have a dedicated MPCA staff to call who can address concerns timely. This position is expected to increase timeliness and help ensure that all federal inspection commitments are met. Providing this one FTE will lessen the workload for the hazardous waste program and assist the solid waste program.
2. 1 FTE to help support the review of documents and permits will also increase the timeliness of the program. This position will also decrease the time to implement new rules that effect landfills (GHG emitters) and hazardous waste generators.
3. 1 FTE to manage data, review reports, develop and implement a database to better manage information submitted by regulated facilities. This position will also lead the effort on emerging pollutants, that would allow the Agency to respond timely to trends and positions the program to be able to address new pollutants. This position would work closely with the Sustainable Management unit on identifying banned products and to ensure compliance with Minnesota existing bans.

The addition of three FTEs will greatly increase the response time to noncompliance (one region in Minnesota is vacant), assistance requests, implementation of rules, issuance of permits, ensure that banned products (mercury, PFAS) are not being sold in Minnesota, and the ability for the Agency to be at the forefront of identification, management, rule drafting and compliance assurance of emerging waste streams.

Impact on Children and Families:

The FTEs requested will have an impact on ensuring that children have a healthy start by ensuring products do not contain banned pollutants that they would otherwise be exposed to. One of the FTEs requested would work directly with the Minnesota Department of Health and the Department of Commerce to ensure products with prohibited and dangerous substances are properly removed from store shelves and are no longer entering the homes of Minnesota families.

Equity and Inclusion:

This recommendation will result in increased collaboration between programs at the MPCA, as well as providing additional support for the Chemicals in Products Interagency Team, which includes the Minnesota Departments of Health and Commerce. This will help identify products that contain banned chemicals, educate citizens on the dangers of these chemicals, and ensure compliance and enforcement with current bans or that will go into effect in the future. Examples of existing bans include: the sale of mercury in products, heavy metals like lead and cadmium in products, PFAS in food packaging, and flame retardants in children's products and furniture. Although toxic chemicals in products affect people of all socioeconomic classes, evidence has shown that lower-income families and communities of color have a higher exposure, especially when compounded by additional exposures to toxics like lead in paint or water supply pipes. In some cases, products are made with materials like lead that are significantly less expensive than other metals and may be more likely to be purchased by low-income households on tight budgets. Mercury-containing skin creams result in higher exposure in Black, Indigenous, and people of color (BIPOC) and immigrant communities because of higher use of skin-lightening products in these communities. The goal is to significantly reduce or eliminate acute exposures to toxics in products and contribute to an overall reduction of hazards for low-income families and communities of color.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The hazardous waste program tracks all permitting, inspection and compliance actions in Tempo and timeliness in Tableau. This information is submitted to Environmental Protection Agency (EPA) Region 5 for review. The hazardous waste program is required to conduct a minimum number of inspections per year and respond to all complaints sent into the agency. The addition of these FTE will greatly improve the program's ability to meet these requirements and respond to complaints and questions from the public and regulated community.

An evaluation of the effectiveness will be tracked with the agency's environmental management database (completed inspections, timeliness, complaints). This work is not being done by other state agencies and some of it is required to be completed to obtain funding from the EPA.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Waste Prevention and Reduction Grants and Loans

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	16,940	16,940	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	16,940	16,940	2,000	2,000
FTEs	7	7	7	7

Recommendation:

The Governor recommends appropriation of \$16.94M in FY2024 and \$16.94M in FY2025 and \$2M in each subsequent year thereafter from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for a waste prevention and reduction grants and loans program to reduce the generation and disposal of waste.

This recommendation will be 13% of the agency's biennial budget.

Rationale/Background:

This recommendation will reduce the generation and disposal of waste and associated negative environmental, human health, economic, and social impacts. Most trash generated in Minnesota is avoidable. It could be prevented or redirected for reuse, recycling, or composting. Reductions in trash reduce climate impacts and provide jobs to support Minnesota's economy.

Preventing waste and reusing materials are priorities in Minnesota's efforts to combat climate change. Significant greenhouse gas emissions (GHG) are emitted during the production phase of many items, including food/beverages, electronics, building materials, furnishings, and textiles. For example, if Minnesotans doubled the useful life of our clothing and household furnishings through increased repair and reuse, the GHG savings would be equal to increasing the efficiency of all Minnesotans' personal vehicles by 15 percent. On average, preventing food from being wasted – for example by using tools to right-size food purchasing and serving at restaurants – saves 20 times more GHG than composting it. In 2020, the reuse, rental, and repair sector had a significant economic impact in Minnesota, providing over 55,000 Minnesota jobs. Statewide, the reuse economy generates about \$5.8 billion each year.

Healthy recycling markets divert materials from the waste stream, convert the materials into commodities, and supply the materials to manufacturers for production of new products. The businesses that process and use those commodities are critical to the system, and without them, we can't have recycling. Strong end markets exist for some recycled commodities, but not all. The closing of some large overseas markets for recyclables has placed added pressure on Minnesota recycling processors that must now sell domestically. Very recently, we have seen lost capacity in our local markets too (e.g., Westrock, a cardboard market in Saint Paul, shutting down one of their production lines resulting in a loss of 600 tons per day, half their capacity).

Recycling supports 36,000 jobs in our state, paying almost \$3.4 billion in wages and adds nearly \$15.7 billion to Minnesota's economy. Market development also bolsters recycling's significant environmental benefits such as

reduced energy use, air and greenhouse gas emissions, water use and ultimately less landfilling. Investment in Minnesota's public and private recycling infrastructure is critical to ensuring there are material outlets for recycled feedstock and achieve benefits both our economy and our environment.

Organic materials (such as food scraps, yard waste and compostable products) comprise between 25%-40% of the material thrown away in Minnesota. Managing these materials via composting or anaerobic digestion allows us to capture value from the materials and reduces our reliance on disposal. Composting and use of compost have a number of environmental benefits including reducing greenhouse gas emissions, protecting water quality (through erosion control and other stormwater applications), and increasing resiliency by making landscapes more drought resistant and better equipped to deal with large rain events. Anaerobic digestion allows for the capture and use of biogas and potentially the use of digestate as a soil amendment. Investment in these strategies is needed to shift this material out of the disposal stream so it can be used instead to manufacture valuable soil amendments. Additionally, the composting and AD industries support the creation of local green jobs that support Minnesota's economy.

Historically, the MPCA has focused on Municipal Solid Waste (i.e., the typical waste we create at our homes and businesses), this recommendation would expand that focus to include funding for reuse and recycling of building material, which is a new area of concern. According to EPA, our nation generates twice as much construction and demolition debris than household trash. Without regulations or incentives, these figures won't change much. Currently, only three Minnesota counties offer deconstruction and building material reuse grants. This funding request would provide similar grant opportunities to the other 84 counties. The loan program will allow the Agency to continuously circulate funds within materials management to allow organizations the ability to increase facility capacity and update processes and equipment.

Emerald Ash Borer (EAB) is destroying trees at an alarming rate resulting in vast increases in wood waste. Planning for this problem has been limited and resources are needed to develop strategies that can meet the challenge. Existing markets for wood waste are at capacity and in some cases vulnerable to closure due to other market factors. This recommendation would fund grants to develop markets for wood waste to avoid open burning and the associated air quality issues it can create.

Counties are responsible for materials management and solid waste management programming and receive pass-through funding through a state source called SCORE (Select Committee on Recycling and the Environment). Current SCORE funding doesn't cover close to the full costs of existing recycling programs, meaning counties bear most of the financial burden. This recommendation provides an infusion of money for local county efforts to improve prevention, reuse, and recycling activities to help them meet county waste management goals.

Counties are required to implement waste prevention and reuse programming, but without targeted funding there isn't a comparable incentive to invest in these efforts as most SCORE dollars go to support recycling activities. Additional funds are needed to help counties fulfill their waste prevention obligations beyond recycling. With expanded resources, counties will have the ability to truly move the needle on preventing waste at its source through grants to businesses, institutions, non-profits, and communities in areas that typically provide the most environmental benefits and have historically received less funding and attention. Examples of these focuses include prevention of wasted food and food rescue, reuse (including resale, rental, and repair), and sustainable building materials management through preservation and deconstruction.

This recommendation responds to the work in the Climate Action Framework. Specifically, this recommendation touches the following chapters:

- Support Clean Energy and Efficient Buildings through building reuse and preventing waste, incentivizing the rehabilitation of existing buildings that include energy, resilience, and efficiency upgrades, providing tools to assess buildings' adaptive reuse potential, and promoting the reuse and recycling of demolition materials.

- Support a Clean Economy through increasing waste prevention, recycling, reuse, and sustainable building jobs and developing career pathways in these areas, e.g., deconstruction of buildings providing opportunities for career development for formerly incarcerated individuals.

The recommendation supports the Climate Action Framework by reducing GHG emissions through prevention, reuse, recycling and composting in place of using virgin materials and landfilling waste.

Proposal:

This recommendation expands funding for existing programs and provides opportunities for development of new waste prevention, reuse, recycling, and composting programs. The Agency has previously offered grants for prevention of wasted food and food rescue, reuse, recycling/composting, and market development. The number of requests received far exceeded the available dollars. Additional funds would expand these programs across the state.

Previously the MPCA has awarded prevention of wasted food and food rescue grants to 16 projects, with a total of just over \$2 million. During the three grant rounds, we received 75 applications for \$9.5 million. MPCA market development grants have been awarded to eight projects for a total of \$800,000. Applications were received for 18 projects for over \$2 million. For the current round of the market development grants the MPCA has received 14 applications for \$3.4 million in requests. It is clear there is a strong desire for these grants.

The existing SCORE grant program to counties is a potential model for distributing additional funding. Over the next two years \$4 million would be allocated to counties for their efforts to improve waste prevention, reuse, and recycling activities to help them meet their waste management goals. An additional \$2 million per year into the future would be provided through the same SCORE formula to be used for waste prevention and reuse projects. Overall, the recommendation represents a nearly 22% increase for the 2024-25 biennium in funding for counties in this area.

Waste prevention, reuse, and recycling efforts are not limited to counties, so the recommendation includes grant and loan funding for private businesses, not-for-profit organizations, political subdivisions (including counties) and other government units, and tribal nations advancing this work in Minnesota. Grants and loans would be provided for the 2024-25 biennium for areas of need:

- \$3.5 million per biennium for wasted food and food rescue efforts
- \$2.4 million per biennium for overall waste prevention and reuse projects
- \$5 million per biennium for market development projects
- \$2 million per biennium for sustainable buildings and materials programs and projects
- \$5 million per biennium for organics programs and projects
- \$4 million per biennium for expanding markets and improve planning for wood waste
- The recommendation also includes 7 FTE over the next four years to the agency to administer the grant programs and provide waste prevention and reduction assistance to counties and others utilizing the grants.

Impact on Children and Families:

All Minnesotans benefit from a healthy environment. Prevention of wasted food directly benefits children and families through food rescue programs. Reducing waste at the source helps to reduce impacts to our environment including GHG emissions. These funding opportunities also invest in the creation or expansion of new local jobs in these sectors, keeping money and services in Minnesotan communities.

Equity and Inclusion:

Prevention and reuse strategies tend to save money, build skillsets, create jobs, and provide additional access to certain goods and services. Examples of this include food rescue to feed hungry people, a clothing swap to extend the life of textiles, a fix-it clinic to repair an item and avoid purchasing a new replacement, or a tool library that

provides access over ownership. These strategies can provide a more affordable, sustainable, and local options for Minnesota residents.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Each grant and loan recipient would be required to document metrics from their projects. All projects would be required to document the GHG emission savings from their projects. Other metrics, dependent on the grant focus area, include new jobs created, economic benefit to the State, weight of material captured from the project and how it was managed, community benefit.

Recipients of SCORE grants have required annual reporting already.

Statutory Change(s):

Not applicable

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Solid Waste Permitting Program Update

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	1,120	1,120	1,120	1,120
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,120	1,120	1,120	1,120
FTEs	8	8	8	8

Recommendation:

The Governor recommends an appropriation of \$1,120,000 annually from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division to meet resource needs for solid waste work. Current inspection, permitting, and facility closure workloads exceed staff capacity. Planning and technical assistance work is under resourced, and the agency needs additional technical staff to assess groundwater contamination. This will result in the addition of eight FTE.

This recommendation will increase the biennial Environmental Fund appropriation by 1% and will be less than 1% of the agency's biennial budget.

Rationale/Background:

The solid waste program is under-resourced to meet current and increasing workloads in multiple areas.

The program has permitting, closure, and inspection backlogs that need to be addressed. Currently, there is a backlog of 90 expired solid waste permits and an additional 120 expired permits are expected by 2030. The program has been working on a continuous improvement project related to landfills in closure and post closure care status. It is estimated 160 sites need review to ensure closure and post closure is progressing as needed to protect human health and the environment. Finally, to maintain a high level of compliance, an additional 100 inspections are needed.

MPCA does not currently have the capacity to conduct investigation and monitoring at unlined landfills. For example, a 2019 report entitled Groundwater Impacts of Unlined Construction and Demolition Debris Landfilling Report determined that 21 construction and demolition (C/D) landfills have no monitoring, and 18 landfills have inadequate monitoring in place. In addition, the report found many landfills had elevated levels of contamination which needs further investigation to ensure nearby drinking water wells are not adversely impacted.

Additional MPCA staff resources will improve Agency timeliness with counties and private sector partners. Current delays in assembling reports, processing certificate of need or delegation requests, and administering grants result in missed opportunities to proactively manage waste.

Proposal:

This recommendation is to increase staff in existing programs by 8 FTEs to meet workload demands.

The proposed additional staff would allow the program to issue more permits, reducing the expired permit backlog. Updated permits would help ensure the latest protections are applied to the landfills. In addition, it would address some permit holders concerns with having expired permits.

Additional staff would make it possible for the MPCA to provide sought after technical support for solid waste planning efforts with counties across Minnesota to help reduce waste generation and increase reuse, recycling, and composting programs.

Unlined landfills pose a risk to groundwater; increased staffing would allow for progress to be made to identify areas where groundwater is at risk and implement actions to monitor and target areas for drinking water protection efforts.

The goal of the recommendation is additional MPCA staff resources to increase the inspection rate, reduce the permit backlog, increase service to counties with solid waste planning, and to reduce the list of unlined C/D landfills without monitoring plans and data.

Impact on Children and Families:

More frequent inspections and timely permit issuance of facilities would help reduce the occurrence of future environmental violations that could pose a risk to those who reside near facilities. Completing investigations into unlined landfills will help target work to protect drinking water wells near facilities.

Equity and Inclusion:

More frequent inspections and timely permit issuance of facilities would help reduce the occurrence of future environmental violations that could pose a risk to those who reside near facilities. Completing investigations of unlined landfills will help target work to protect drinking water wells near facilities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Performance tracking will include an increase in number of permits issued, sites inspected, and sites closed annually. Increased responsiveness to county requests is expected. Progress will also be shown by completion of hydrogeologic setting evaluation and identification of potential receptors of groundwater contamination.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Emergency Readiness Response Staffing Level Increase

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	420	420	420	420
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	420	420	420	420
FTEs	3	3	3	3

Recommendation:

The Governor recommends an appropriation of \$420,000 in FY2024 and each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division. The emergency response program will use the funding to continue funding 1 FTE and add 2 new FTEs to perform the following work: perform MN Statute 115E railroad mandates, improve planning and preparedness within the organization and externally with partners, provide technical support for MPCA environmental programs through emergency response training and exercising, and complete appropriate enforcement on non-compliant spillers.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Due to current staff shortfalls the following activities have ceased or been reduced substantially and will be improved by increased funding. Emergency response-initiated enforcement activities will resume. Fulfillment of eight specific duties under MN Stat. 115E.08 Subd. 3a. These duties are intended to ensure railroads are prepared for a discharge and local emergency officials are supported in their response to these types of emergencies. Funding for these mandates ended at the close of FY23. Finally, the emergency response planning and preparedness efforts will improve. Current funding is inadequate and the MPCA lacks readiness.

Proposal:

Since 2015, the MPCA has been required to fulfill eight specific duties under Minn. Stat. 115E.08 Subd. 3a. These duties ensure railroads operating unit trains (25 cars or more of oil or hazardous substance cargo) are prepared for a discharge and local emergency managers and fire officials are supported in their response to these types of environmental emergencies. Staff funding for these items ended at the close of FY23, however the work continues.

The emergency response program responds to a variety of spills and environmental emergencies that occur across the state with a vast variety of industries. Many incidents when investigated reveal violations of spill reporting and cleanup or spill preparedness requirements under Chapter 115E. Out of necessity, the program stopped performing enforcement activities due to the lack of resources to focus limited resources on responding to emergencies. A lack of resources to conduct inspections and following up compliance and enforcement work means that violating parties are not held accountable for violations of state law. The recommendation requests one FTE to pursue emergency response and preparedness violations.

MPCA's emergency readiness section was created at the recommendation of a MPCA commissioned review of our various emergency preparedness and response efforts by experts in government emergency preparedness. The goal in creating this section was to consolidate all emergency functions within the agency to create efficiencies and support between three programs and/or plans: Safety, Continuity of Operations Plan (COOP), and Environmental Emergency Operations Plan (EOP). This program is underfunded. Previously the emergency response program staff performed internal planning duties when able. The work was continuously interrupted by emergency work and progress continues to be slow to non-existent. The MPCA is underprepared to respond effectively and efficiently to many types of environmental emergencies. The recommendation requests one FTE devoted to improving MPCA preparedness. This work includes updating our COOP and EOP plans; training staff on the plans; developing response protocols and tools; training staff on federally mandated Incident Command System; and conducting exercises with each affected program and function at the MPCA. This will lead to improved preparedness of the MPCA and will ensure staff are trained to respond to environmental emergencies effectively, efficiently, and confidently.

Impact on Children and Families:

Emergency incidents and natural disasters can happen anywhere, but rural and low-income areas can be disproportionately impacted as there may be limited resources to respond to the event or may not previously planned for incidents thereby slowing the response. Children and families who live in these areas will benefit from community preparedness for emergencies that could harm their health or damage property or natural resources in areas where they live and play.

Equity and Inclusion:

This work has the potential to impact all citizens indirectly through improved preparedness for railroads and local emergency responders. However, citizens that reside closer to rail tracks are more vulnerable due to proximity and are more significantly impacted. Twenty percent of the rail tracks goes through environmental justice (EJ) areas of concern. This recommendation will result in a net benefit to EJ communities and those living on or near tribal lands, as those populations have greater exposure to rail traffic in Minnesota. This recommendation will continue to improve rail safety and emergency preparedness, in turn serving to increase safety in those communities positioned near Minnesota's rail infrastructure.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>
Quantity	Emergency Response Enforcement Cases	0	0	30
Result	Agency programs fully equipped and prepared to respond to internal and external emergencies.	4/30	8/30	30/30
Quantity	Unit-train railroad prevention and response plan reviews (Five total)	5/5	0/5	5/5
Quantity	Unit-train oil containment, recovery, and sensitive area protection drill (Five total)	5/5	0/5	5/5

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>
Quantity	Member and active participant in eight preparedness organizations involving railroads operating in the State of Minnesota	8	0	8
Quantity	Provide and assist with delivery of other oil and hazardous substance spill response training	9	4	10
Results	MPCA has identified areas of improvement needed. <ul style="list-style-type: none"> ○ Ethanol response to protect the environment ○ Implementation of protection and recovery strategies need practice ○ Better understanding of Sensitive Security Information (SSI) and their role Implementation of federal Public Readiness and Emergency Preparedness (PREP) guidance.			

Statutory Change(s):

No statutory changes are needed.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Technical Assistance Contractor for Tribal Governments

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	2,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$2M in FY2024 and each subsequent year from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division. This recommendation responds to comments received from Tribal government partners regarding their very limited capacity to apply for or manage grants and carry out climate-related work on their lands.

This recommendation will increase the agency's biennial budget by less than 1%.

Rationale/Background:

Minnesota's climate is already changing and everyone living within the state is experiencing effects of a warmer and wetter climate. In addition, environmental and natural resources work continue to expand and become more complicated for state and Tribal governments. Tribal governments and indigenous people are key partners in the state's work to improve and protect Minnesota's environment, prepare for a changed climate, reduce emissions, and grow clean jobs. Minnesota Statute 10.65 calls for enhanced cooperation and collaboration with Tribal Nations and indigenous people. This recommendation provides additional capacity for our Tribal partners to improve our shared environment, prepare Minnesota for warmer and wetter weather, reduce emissions, and improve the health of everyone in Minnesota.

During formal consultations and collaboration settings, Tribal partners shared that they lack technical resources and staff to adequately address complex environmental protection and resiliency opportunities. This recommendation would address specific needs expressed by Tribal Nations to have access to more resources that support their own environmental and climate change priorities. By securing a contract with a 3rd party, the MPCA will create a mechanism for Tribal governments and Tribal organizations to access technical assistance and additional staff resources to carry out environmental and climate action work that benefit Tribal Nations and the state. Access to additional assistance ensures Tribal governments and Tribal organizations, some of whose environmental departments have only one or two people, can maximize federal funding for environmental protection and climate action.

The Climate Change Subcabinet recommends this proposal as it directly supports the Climate Action Framework.

Proposal:

This recommendation will establish a new Tribal assistance program at the MPCA. The funding will be used to procure a contract with an external party to allow Tribal governments and Tribal organizations to access technical assistance and additional staff support to carry out climate-related work. The contractor will provide no or low-

cost services to Tribal governments and Tribal organizations. The types of technical support may include grant writing assistance, grant management or fiscal management assistance, environmental science or engineering assistance, or engagement and educational assistance to advance climate action.

The contractor will receive a set amount of funding from the MPCA to work with Tribal governments or Tribal organizations in Minnesota. The contractor will provide services on a first-come, first-served basis until their annual funds are fully spent. The MPCA will directly oversee contractor performance and ensure state laws are followed.

The MPCA will track the number, type, and quality of assistance provided to Tribal partners. The MPCA will also work with Tribal partners to measure and communicate on the results achieved through the assistance provided.

Impact on Children and Families:

This recommendation supports the administration's priorities for children and families by ensuring Tribal children have a healthy start. The impacts of climate change are happening now and will have an impact on future generations, including and especially Tribal youth. Addressing climate change is a shared priority with Tribal nations, to ensure traditional knowledge and culture are strengthened. The economic impacts of a changing climate are already being recognized due to increased flooding, air quality, agriculture, and health impacts. Clean air, water, land, and jobs that support a strong economic future for children are supported through climate initiatives.

Equity and Inclusion:

The MPCA recognizes and respects its government-to-government relationship with sovereign Tribal Nations. Additionally, Tribal Nations are considered by the agency as environmental justice areas of concern. Tribal Nations and Indigenous communities bear the disproportionate impacts of pollution and climate change. This recommendation addresses specific needs expressed by Tribal governments, some with limited environmental departments, to access more resources that support their own climate change priorities. Some Tribal Nations are in the planning phase of addressing climate change, others are in the implementation phase; being able to support the work of Tribal Nations on climate benefits everyone in Minnesota.

Potential positive impacts include climate benefits, as well as cleaner air, water, land, and specific initiatives that potentially address food sovereignty, adequate and efficient housing, and job opportunities.

The MPCA has engaged Tribal governments on climate priorities since 2020. Finding opportunities to support the climate efforts of Tribal governments is a shared state priority. Specifically, this engagement is summarized and included as part of Minnesota's Climate Action Framework.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

This recommendation will positively benefit all 11 federally recognized Minnesota Tribal Nations. The climate work of tribal governments and tribal organizations will be supported based on their own respective needs and priorities. MPCA has heard consistent concerns about lack of funding, staff, and resources to address environmental protection and climate action.

Beginning in early 2021, MPCA's tribal liaison reached out to each respective Tribal governments' environmental departments to ask them about resources needed to support climate work. In consultations with Bois Forte, Leech Lake, Shakopee, Prairie Island, Mille Lacs, Fond du Lac, White Earth, and Red Lake, the MPCA shared feedback they heard from respective environmental staff regarding opportunities for partnership around environmental

protection and climate change. Feedback was reaffirmed at consultations; each respective Tribe has their own specific goals on climate action and those goals may not readily fall within prescriptive state funding opportunities. The MPCA, along with other Climate Change Subcabinet organizations, is currently following up with each individual nation to gather additional information on specific climate action needs.

Following consultations, as agreed upon by each respective Nation, the agency will continue to coordinate with each respective Nation's Government Affairs/Administrators and respective tribal environmental directors/managers to ensure concerns are addressed and feedback is incorporated. Given timelines, consultations will primarily be conducted virtually.

Results:

Potential measures for Technical Assistance Contractor for Tribal Governments proposal:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Number of Tribal governments or organizations receiving technical assistance	0	October 2022	12	2025
Quantity	Number of projects funded, underway, or completed that received technical assistance	0	October 2022	14	2025
Quantity	Equivalent number of FTEs provided to Tribal governments or organizations	0	October 2022	15	2025
Quality	Satisfaction with quality and amount of technical assistance provided to Tribal governments and organizations	0	October 2022	95%	2025
Results	Number of Tribal members or Indigenous people receiving benefits from a project that received technical assistance	0	October 2022	15,000	2025
Results	Description of environmental or climate benefits from projects receiving technical assistance				
Results	Amount of pollution reduced from projects receiving technical assistance				

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Industrial Stormwater and Subsurface Sewage Treatment System Program Staffing

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	700	700	700	700
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	700	700	700	700
FTEs	5	5	5	5

Recommendation:

The Governor recommends appropriation of \$700,000 in FY2024 and each subsequent year thereafter from the Environmental Fund to the Minnesota Pollution Control Agency (MPCA) Industrial and Municipal Divisions. This appropriation supports additional staff for the Industrial Stormwater (ISW) and Subsurface Sewage Treatment System (SSTS) programs. Based on current funding, both programs are unable to provide adequate staffing necessary to maintain basic functions, such as federal inspection commitments, enforcement, technical assistance, or the ability to meet the needs of homeowners, SSTS professionals, and local units of government (LGU) across the state.

The recommended appropriation represents new funding to existing programs to hire additional staff. The staff needed are four (4) full-time equivalents (FTE) in ISW and one (1) FTE in SSTS to complete the tasks required by state laws and the Federal Clean Water Act.

Rationale/Background:

Both the Industrial Stormwater and the Subsurface Sewage Treatment System programs work to ensure that Minnesota has clean water to support aquatic life, drinking water, healthy communities, and a strong economy in accordance with state and federal requirements. This funding recommendation will bring needed support to these two understaffed programs within the MPCA and fill critical gaps in our federal and state responsibilities.

The Industrial Stormwater Program requests funding for an additional four (4) FTEs. Current funding allows a staffing level of just two and a half FTE, which is not sustainable to meet basic core functions for a program required by law with over 4,000 permittees and in the last three years, the ISW program has been unable to meet Environmental Protection Agency (EPA) inspection commitments. Four additional staff are needed to appropriately respond to the basic core functions of the program, including EPA inspection commitments, complaint response, issuing permits, and technical assistance to the regulated community. The four new staff will build capacity in the Industrial Stormwater Program to ensure Best Management Practices, which are the foundational pollution control mechanisms in the program, are maintained and updated at permitted sites. Additional resources will also help in the program response to climate resiliency, and to focus compliance activities in areas of the state with disproportionately impacted communities and impaired waters.

The Subsurface Sewage Treatment System Program requests funding for one (1) additional FTE. MPCA SSTS staff and counties manage SSTS activities such as permitting and inspection programs, resolve disputes between SSTS professionals, develop local SSTS ordinances and administer low-income grant programs. Over the past several years, Minnesota has seen the installation of septic systems increase significantly. In 2017 there were 537,000

total SSTS and 10,900 SSTS annual installations. As of 2021, there were 630,000 total SSTS and 13,100 SSTS annual installations, respectively, 17% and 20% increases. As a result, the core work of MPCA SSTS staff and local SSTS programs have also increased.

While new septic systems are being built, old ones continue to fail and important programmatic work necessary to protect human health and the environment such as technical assistance to areas and communities of SSTS concern (commonly known as undersewered or unsewered communities), advancing initiatives to replace or upgrade SSTS for low-income households or certifying SSTS professionals working with homeowners is dramatically slowed or put on hold without adequate staffing.

Proposal:

The Governor recommends new funding to hire additional staff – \$560,000 in FY2024 and each year thereafter for four (4) FTEs in the Industrial Stormwater program of the Industrial Division of the MPCA; \$140,000 in FY2024 and each year thereafter for one (1) FTE in the Subsurface Sewage Treatment System program, to complete required tasks in their respective programs.

These positions and additional money towards base funding are needed to manage core functions in the programs and keep pace with basic programmatic needs, including the ability to meet Clean Water Act requirements, state responsibilities and meet the expectation of the public. Without these resources the level of service will be compromised. The Agency will evaluate success by these programs ability to meet federal grant commitments, statutory requirements, and Agency strategic and long-term goals.

Impact on Children and Families:

This recommendation supports the work of two program that ensure that Minnesota has clean water to support aquatic life, drinking water and healthy communities. More specifically, failing septic systems put children and families' health at risk by creating unsanitary conditions through possible groundwater and drinking water contamination and worse, the direct contact with the sewage. The absence of working sewage treatment has public health implications in the very populations that are most vulnerable. This recommendation allows the SSTS program to complete the core work of the program to reduce the negative effects on children and families.

Equity and Inclusion:

The SSTS program has begun to assess potential risk to human health and the environment from failing septic systems by using SSTS location data, including Environmental Justice (EJ) areas of concern. Assessing the potential risk allows the SSTS program and its partners (local units of government) to prioritize and focus on communities and areas of the state with the greatest need. One FTE would help complete the policy and planning initiatives and continue providing assistance to rural communities, low-income people with SSTS, and those in EJ areas.

With additional funding for staff, the ISW program could target a greater number of compliance inspections at facilities in or near EJ areas compared to current levels. Increasing the number of inspections will provide greater assurance to those living in or near EJ areas that proximate facilities are complying with permit conditions, and if not, non-compliance will be identified in a timely manner and corrective actions implemented. The program would also a better ability to adequately respond to and address complaints from concerned community members.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

- ☐ Yes
- ☒ No

Results:

Performance measures for ISW include the following:

- Meeting ISW inspection commitments in accordance with the Compliance Monitoring Strategy.
- Complaint response times meeting Agency goals.
- General ISW permit reissuance completed at or near expiration date of previous permit.
- Returning emails/phone calls requesting technical assistance within 48 hours.
- Percent of No Exposure facilities that have been verified as qualifying for no exposure.
- Advancing EJ implementation in ISW program from partially to fully integrated.

Performance measures for SSTS include the following:

- Faster response times for local government assistance on SSTS questions and issues related to operating their LGU programs.
- More timely approvals of SSTS professional experience plans, interagency coordination and assistance to areas and communities of SSTS concern.
- In addition, the SSTS program regularly reports on SSTS work across the state. This data can be obtained from our annual LGU annual reporting located here: <https://www.pca.state.mn.us/business-with-us/ssts-annual-report>.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Industrial Facility Air Toxic and Criteria Air Emission Reduction Grants

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	3,200	3,200	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,200	3,200	0	0
FTEs	2	2	0	0

Request:

The Governor recommends appropriation of \$3.2M in FY2024 and FY2025 and from the General Fund to the Minnesota Pollution Control Agency's (agency) Industrial Division. Of the \$3.2M in FY2024, about \$2.8 M will be made available through FY2027 for grants to regulated air pollution emitting ("industrial") facilities for pollution control equipment and/or process improvements that result in reduced air pollution emissions within environmental justice (EJ) areas of concern. The addition funds in FY2024 and subsequent years will be for operational costs including two (2) new staff for developing and implementing a new grant program.

More than 1,100 industrial facilities with air emission permits are in EJ areas of concern. Approximately 200 of these facilities have individual air emission permits. The number of grants awarded will depend on the total cost of the individual projects. Minority, women, veteran owned businesses will be prioritized for grant distribution.

This recommendation will increase the agency's biennial budget by 2%.

Rationale/Background:

To achieve a more equitable, inclusive, sustainable, and resilient future, Minnesota must commit to its disadvantaged communities. The agency has a strategic goal of improving air quality in population centers and environmental justice areas of concern across the state. The biennial legislative report, "Air We Breathe," January 2021, highlights the ongoing adverse health impacts from harmful air emissions.

While Minnesota's air quality is good overall, it is not the same in all parts of the state and people in some areas experience pollution levels that are high enough to worsen health conditions or are exposed to toxic pollutants that don't have federal or state standards. Grants that provide businesses an incentive to innovate and go above what's required in reducing air toxics and criteria pollutants would make substantial progress on this goal and facilitate additional reductions in air emissions. The intended result is a major decrease in harmful air toxic and criteria pollutants that impact human health and the environment. The commitment to improving communities is an opportunity for businesses to innovate and commit to new infrastructure that protects Minnesotans.

Proposal:

The Governor recommends establishing a grant program for industrial facilities to apply to specifically target air toxic and criteria pollutant air emissions in environmental justice areas of concern. While existing state and federal programs address criteria pollutants and some air toxic emissions, some communities across the state continue to experience disproportionate air pollution that can lead to negative health impacts. These grants will

allow Minnesota businesses to innovate and go beyond existing air quality regulations to reduce their air pollution levels. Reducing air pollution ultimately reduces the negative health impact of facilities without imposing the costs for those reductions on the facility owners.

The grants will be made available to regulated air pollution emitting facilities for pollution control equipment and/or process improvements that result in reduced air pollution emissions within environmental justice (EJ) areas of concern.

Impact on Children and Families:

This recommendation would positively impact all generations of Minnesotans. However, the elderly, children, and people with chronic heart and lung conditions are more vulnerable to the effects of air pollution. Air pollution can affect children’s development and can lead to cancer, respiratory diseases, and other health impacts. This budget recommendation builds on existing efforts to increase equity and help achieve the administration’s priorities for children and families by ensuring all children have a healthy environment to learn and grow that’s free from the known harmful impacts of poor air quality.

Equity and Inclusion:

The agency will prioritize and target grants at industrial facilities where air toxic and criteria air emissions are impacting environmental justice areas of concern. Under this recommendation, impacted communities will benefit from the reduction of harmful impacts of air toxics and criteria air emissions to human health and the environment. Many regulated industries and businesses were originally located, and continue to operate, near communities that are experiencing disproportionate impacts from air pollution. Industrial facilities in and near those communities will be the focus of these grants to significantly improve air quality. Building safe and healthy communities are essential to equity and can be achieved by addressing known threats to human health and the environment.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Environmental justice areas of concern, the focus of this grant program, includes any federally recognized tribal areas. The benefits to specific tribes would depend on the facilities that are awarded the grant and their proximity to tribal areas.

Results:

Results of the air pollution control equipment and/or process improvements funded by the grants would be measured by air dispersion modeling of facilities. Dispersion modeling will show the change in air pollution concentrations around the facilities that the citizens are exposed to. For air toxics, reductions in health risks may be determined through air emissions risk analyses. Performance testing, as required by air emissions permits, would verify the expected reduction of criteria air emissions. Data from existing ambient air monitors located near funded facilities may be evaluated to determine if there is a measurable reduction in pollution at those monitors.

Statutory Change(s):

This recommendation requires not statutory change.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: PFAS Source Reduction Grants

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	4,210	210	210	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,210	210	210	0
FTEs	1.5	1.5	1.5	0

Recommendation:

The Governor recommends appropriation of \$4.21M for FY2024 and \$210,000 in FY2025 and FY2026 from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for grants to industry and public entities to support PFAS reductions and effectiveness monitoring for Per- and Polyfluoroalkyl Substance (PFAS) reduction. The request includes 1.5 FTE to administer the grant program; the positions would be temporary unclassified for a duration of 3 years.

This recommendation will increase the biennial General Fund appropriation by 34% and then 2% in FY2026. It will be less than 1% of the agency's biennial budget.

Rationale/Background:

PFAS are a group of manmade chemicals that do not breakdown over time, nicknamed "forever chemicals." Many are hazardous to health at low levels. PFAS continue to be manufactured and used in industrial and commercial products today. It has resulted in PFAS being found in drinking water, fish, soils, and surface water, but also in human blood. As a result of the problems PFAS pose to Minnesotans, state agencies put together the Minnesota PFAS Blueprint that outlines challenges the state faces and the opportunities to address them. This recommendation is one of a number that state agencies are proposing to start addressing PFAS holistically across our agencies, programs, and state. The others include:

- Technical staffing to implement Minnesota's PFAS Blueprint (MPCA)
- PFAS source reduction grants (MPCA)
- Drinking water protection and PFAS response (MPCA, MDH)
- Contaminants of emerging concern – risk assessment and laboratory capabilities (MDH)
- River and lake monitoring and assessment – incorporates targeted PFAS monitoring (MPCA)
- Clean water legacy fish contamination assessment -- incorporates PFAS (DNR, MPCA, MDH)

Minnesota's PFAS Blueprint describes the work that needs to be done to address these chemicals. A major focus for preventing and reducing PFAS is to implement the MPCA PFAS Monitoring Plan. Under this plan, many facilities permitted by the MPCA will be conducting sampling for PFAS to understand the concentrations entering and leaving their facilities. Once initial sampling has been done, this proposed grant program will provide funding to assist public and private entities to identify the source(s) of PFAS entering their facilities and/or develop pollution prevention and source reduction initiatives to reduce PFAS entering their facilities or releases from their facilities to the environment.

Proposal:

This is a new initiative to support public and private entities in reduction of PFAS. The agency would administer grants utilizing 1.5 temporary employees for the course of the grant period. This grant program will provide funding to assist public and private entities to identify the source(s) of PFAS entering their facilities and/or develop pollution prevention and reduction initiatives to reduce PFAS entering their facilities or releases from their facilities. While any public or private entity could apply for these funds, priority will be given to applicants that have conducted some initial PFAS sampling under the PFAS Monitoring Plan to guide the development of their PFAS reduction initiatives. Funds may be spent designing treatment, identifying product or process changes, replacements or alternatives for PFAS-containing products, education, effectiveness monitoring, etc. Grants will last up to two years.

Impact on Children and Families:

Pregnant people, developing fetuses, and infants/ children are at high risk for some adverse health effects associated with exposure to PFAS. PFAS often pass from a mother to their fetus through the placenta and have the potential to disrupt fetal growth and development. Additionally, PFAS are often present in breastmilk, which could further elevate exposures to very young children. MDH calculates that for many PFAS, the highest levels of exposure are seen in the youngest children and these exposures could impact the child's immune system throughout life. Fully staffing MPCA to respond to PFAS will support appropriate and efficient actions to decrease risks to pregnant people and young children.

Equity and Inclusion:

PFAS bioaccumulate in fish and game. Minnesota is home to many fishing and hunting communities. The ability to safely consume fish and game harvested across the state is significant for these communities' cultural heritage and allows members to provide inexpensive, nutritious food for their families. There are water bodies in Minnesota that are already contaminated with PFOS to such a degree that the Department of Health advises the public to restrict fish consumption. By preventing even more PFAS from entering the environment, Minnesota is reducing the likelihood for people who subsistence fish to be unfairly burdened with elevated PFAS exposures.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Tribal nations will be eligible to apply for these grants and will likely be interested in the recommendation.

Results:

Success will be measured by successful completion of the work plan grantees propose and then implement with grant funds. Applicants should be able to demonstrate success over time in terms of reduction of PFAS entering or leaving their facilities, but they may not be able to show this by the end of the grant period. Finding product replacement for some PFAS sources, for instance, could take some time.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: County Feedlot and Subsurface Sewage Treatment System Program Increase

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Environmental Fund				
Expenditures	221	221	221	221
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,221	1,221	1,221	1,221
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$1,000,000 in FY2024 and each subsequent year from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Watershed Division, to be passed through to counties delegated to administer the County Feedlot Program. In addition, the Governor recommends appropriation of \$221,000 in FY2024 and each subsequent year thereafter from the Environmental Fund to the MPCA's Municipal Division to support County Subsurface Sewage Treatment System (SSTS) Programs.

This recommendation supports the Agency's work with county partners and their administration of the feedlot and septic system programs including their ability to provide technical assistance to, and regulatory oversight of most of the state's registered feedlots and septic systems statewide. Funding for both county programs has been at the same since the FY 2012 - 2013 biennium for the County Feedlot Program and FY 2014 - 2015 biennium for the County Feedlot Program. These funding levels are no longer sufficient to support and enable strong county programs.

This recommendation will be 1% of the agency's biennial budget; however, this money will largely be passed through to delegated counties.

Rationale/Background:

As a state with a large and strong animal agriculture sector, it is important that the state and county feedlot programs be likewise strong to support and oversee the industry to ensure environmental protection. Fifty counties have accepted delegation of the feedlot program, and collectively oversee environmental compliance at over 80% of the over 18,000 registered feedlots in the state.

This request is supported by the Governor's designated work groups on budget requests. It is simply an increase in the amount of funding that has been dedicated to this work to enable it to be performed more effectively with a bit more funding. (Note that the MPCA retains the authority and responsibility for permitting the large feedlots in the state (generally those over 1,000 animal units in size), and for overseeing non-permitted feedlots in the non-delegated counties of the state.)

Nealy thirty percent of all Minnesotans rely on subsurface sewage treatment systems to treat their household waste. MPCA SSTS staff and counties across the state manage SSTS activities such as permitting and inspection programs, resolving disputes between SSTS professionals, developing local SSTS ordinances and administering low-income grant programs. Counties that administer an SSTS program with local ordinances that meet state rules and complete an annual report for the MPCA.

Over the past several years, Minnesota has seen the installation of septic systems increase significantly. In 2017 there were 537,000 total SSTS and 10,900 SSTS annual installations. As of 2021, there were 630,000 total SSTS and 13,100 SSTS annual installations. Respectively, 17% and 20% increases. As a result, the core work of MPCA SSTS staff and local SSTS programs have also increased. While new septic systems are being built, old ones continue to fail and important programmatic work necessary for protecting human health and the environment by helping areas and communities of SSTS concern, advancing initiatives to replace or upgrade SSTS for low-income households or certifying SSTS professionals working with homeowners is dramatically slowed or put on hold without adequate funding.

Proposal:

The Governor recommends increased financial support for the County Feedlot and County SSTS programs in the state, \$1,000,000 to the County Feedlot Program and \$221,000 to the County SSTS Program in FY2024 and each year thereafter.

The additional funds for the County Feedlot Program will enable county staff to run their programs and support and oversee collectively about 18,000 feedlots, including activities such as administering county program operations, reporting, and data management responsibilities; providing local control and contact for facility permitting and construction oversight; coordinating with local zoning; coordinating technical assistance to producers with local Soil and Water Conservation Districts and the federal Natural Resources Conservation Service; public outreach; site inspections to ensure regulatory compliance; manure management reviews with producers; coordinating with commercial animal waste technicians; and providing workshops for industry members.

The additional funds for the SSTS Program go to 86 counties to enhance their county septic programs including permitting and inspection programs, resolving disputes between SSTS professionals, developing local SSTS ordinances and administering low-income grant programs.

The recommendation does not support any MPCA FTE. All funds are largely passed through the MPCA to delegated county programs.

The MPCA oversees and collaborates with the county delegated programs on an ongoing basis, with annual formal program reviews for each county. The MPCA also coordinates with the Minnesota Association of County Feedlot Officers to improve the program and resolve any concerns and problems that arise. The partnership between the MPCA and counties is a stronger approach than either entity operating on its own.

Impact on Children and Families:

This recommendation supports the work of two program that ensure that Minnesota has clean water to support aquatic life, drinking water and healthy communities. All Minnesotans have a right to clean water. This funding enables counties to work with the livestock industry in Minnesota to help ensure it is operating in a manner that protects our waters for all Minnesotans.

Additionally, failing septic systems put children and families' health at risk by creating unsanitary conditions through possible groundwater and drinking water contamination and worse, the direct contact with the sewage. The absence of working sewage treatment has public health implications in the very populations that are most vulnerable. This recommendation allows the SSTS program to complete the core work of the program to reduce the negative effects on children and families.

Equity and Inclusion:

County Feedlot and County SSTS programs bring a local lens and resources to ensuring both feedlots and septic systems are operating in a manner that does not have any negative disproportionate impact on any communities or groups. The County SSTS Program can provide low-income grants to low-income households within their counties. Additional resources will support counties in their effort to assist rural communities, low-income people with SSTS and those in areas of environmental justice concerns.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This additional funding will support the implementation of existing program measures and the ability of County Feedlot and County SSTS programs to sufficiently meet existing program requirements. Both the MPCA Feedlot and SSTS programs will continue to work in partnership with their respective county programs to ensure sound oversight so that environmental protection requirements are met.

The MPCA annually evaluates county programs for their work on the minimum program requirements of feedlot registrations, reporting and data management, inspections conducted, sites returned to compliance, permitting, complaint response, feedlot operator assistance, and timeliness. It is rare that counties do not meet delegation requirements, and the MPCA works with counties to help them succeed.

In addition, the SSTS program regularly reports on SSTS work across the state. This data can be obtained from our local governmental unit annual report located here: <https://www.pca.state.mn.us/business-with-us/ssts-annual-report>.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate Pathways Analysis

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	500	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$500,000 in FY2024 from the General Fund to the Minnesota Pollution Control Agency's Environmental Analysis and Outcomes Division. With these funds, the MPCA will hire a consultant to facilitate stakeholder collaboration and model the greenhouse gas (GHG) impacts, costs, and benefits of strategies to reduce statewide GHG emissions. This recommendation will identify the strongest levers for climate action in Minnesota. An action portfolio will help design and prioritize policies to meet the Next Generation Energy Act goals to meet the GHG reductions needed to achieve the Intergovernmental Panel on Climate Change (IPCC) targets in the 2022 Minnesota Climate Action Framework.

This recommendation will increase the biennial General Fund appropriation by 4% and will be less than 1% of the agency's biennial budget.

Rationale/Background:

The recommendation will result in working with stakeholders to model a portfolio of policies, identify priorities, and launch climate action based on the analysis and prioritize the most powerful levers for climate action in Minnesota.

Minnesota has not met its GHG emission reduction goals and are not on track for the future. We must do more to avoid catastrophic climate change and meet our Next Generation Energy Act goals (30% below 2005 by 2030; 80% by 2050) and the goals set by the Minnesota Climate Action Framework, which address the best current science reported by the IPCC (about 50% below 2005 by 2030 and net zero by 2050).

Minnesota's policy portfolio was last modeled in 2016, and much has changed in terms of availability and affordability of technology including the funding landscape. Funding a study will update the knowledge of biggest-impact policies to reduce GHG emissions in Minnesota and help prioritize and design effective and equitable policies.

In 2019, MPCA, MnDOT, and Commerce published the Pathways to Decarbonizing Transportation report, which is a cornerstone of our transportation and climate policy work. Developing the model through stakeholder input and public engagement helped us identify priorities and leverage the analysis to take action. We intend to similarly use this portfolio analysis to collaboratively identify policy priorities with stakeholders and the public and use it to launch actions.

This proposal is recommended by the Climate Change Subcabinet and directly supports the Subcabinet's Climate Action Framework.

Proposal:

The Governor recommends one-time funds to hire a consultant to work with state agencies, partners, and interested stakeholders and identify and quantify policies and actions needed to achieve GHG reduction goals. This work would update a previous analysis, considering changing technology, costs, developing knowledge, and a new federal funding landscape. An updated portfolio of actions allows the Climate Change Subcabinet to prioritize activities, coordinate priority actions across agencies, and enable the work of reducing GHG emissions to be shared by partners throughout the state at all levels. The portfolio would also guide business, agriculture, natural resources, tribal, and other partners.

The agency will coordinate with the contractor and provide knowledge of our GHG emissions inventory. Other Climate Change Subcabinet agencies will provide expertise and connections with stakeholders in their own fields.

Stakeholder input and collaboration on the development of the analysis, including identification of data sources and model assumptions, will identify priority actions and actions with stakeholder support. Bringing stakeholders into the process will support a shared ownership, mutual learning, help all parties understand trade-offs, and help develop buy-in for action.

The analysis will identify the biggest leverage points for climate action: activities that reduce the most GHG emissions, sequester the most carbon, have the lowest costs, have meaningful co-benefits, and are supported by stakeholders and the public. It will explain the impacts of recent federal policy and the critical areas for state action and some of the complex policy interactions and trade-offs. Actions taken will improve equity, sustainability, resiliency, emergency preparedness, and pollution reduction. Ultimately, the collaboration and prioritization undertaken through this project will lead to actions in Minnesota that reduce our GHG emissions.

The recommendation will fund critical stakeholder engagement to inform the development of the analysis. Stakeholder expertise and input are essential to creating a robust analysis based on the best data and methods available. In addition, getting stakeholder buy-in on analytical assumptions and methods is critical for creating a supported portfolio, advocates for, and use to guide actions. A collaborative process can also support the development of partnerships, increased capacity for climate action, and stakeholders' understanding of climate action benefits.

Impact on Children and Families:

Climate change is one of the greatest threats to future generations. Youth across the state are very concerned about their future in a changed climate. They see themselves inheriting the result of decades of inaction on climate change and are motivated to make changes now. We have heard directly from youth at several climate events, including recently a joint EQB-Subcabinet meeting, a Tribal Youth Voices on Climate Change project, and a youth panel on climate anxiety. Young people would be explicitly included as stakeholders because these decisions impact their future. Listening to young people and acting on climate change now directly improves their lives and the lives of future generations of Minnesotans if known catastrophic impacts of climate change are avoided.

Equity and Inclusion:

Climate change disproportionately impacts already overburdened communities. People at higher risk from climate change due to social, economic, historical, and political factors also have less ability to prepare for, cope with, and recover from climate change impacts. Climate change exacerbates inequities and addressing climate change is critical for advancing equity. Examples minimizing disproportionate impacts of climate change include:

- Tribal members face the loss of traditional food, medicine, and ways of life, and the violation of treaty rights without action on climate change. Tribal nations are partners in achieving these goals, leaders in taking actions, and the mutual benefit from coordination.
- Rural communities may have unique opportunities to bring new industries to their area, use their natural resources, or redevelop their economies. They may also have unique challenges or threats which should also be considered in a portfolio of climate actions.
- People impacted by health concerns, disability, poverty, climate-influenced damage or job instability, or other challenges are also disproportionately impacted by heat and may face challenges accessing career opportunities and training.

Members of these groups were actively sought to participate in the development of the Climate Action Framework. This project would build on that effort. Bringing diverse voices into the stakeholder and public input process that would accompany this analysis will be critical to ensure actions resulting from the analysis advance equity. Particular attention to engaging these stakeholders, and the Tribal Nations, is foundational to this project.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

While this project does not rise to the level of formal consultation, all tribal governments will be invited to collaborate, participate in partner meetings to share information, give input on priorities, and engage in the ongoing enactment of decisions to reduce GHG emissions. Tribal staff and leaders were active partners and contributors to the development of the Climate Action Framework. Throughout the state, tribes have been leaders in addressing climate change, such as Prairie Island Indian Community's net-zero goal and solar energy project. Through coordination meetings with tribal environmental staff, review of tribal climate assessments and plans, and comments made to the State, there are several priorities of tribal nations that are opportunities for collaboration, around the issues of renewable energy, protecting and restoring native ecosystems, and pursuing funding for action.

Reducing GHG emissions is critical to avoid the damaging results of climate change that would impact our natural and built environment, which disproportionately impact Tribal members, especially their ability to exercise their rights to hunt, fish, and gather, practice their culture, connect their identity to place..

Results:

The Climate Action Framework includes progress measures across all framework goals. We will use these measures to track and report progress toward key indicators of climate action.

During the project, we will also be able to track and report on measures such as:

- Stakeholder engagement and partner meetings
- Public comments and responses
- Production of a list of climate actions
- Quantification of GHG emission reductions and costs
- Prioritization of actions and action plan
- Policies and programs enacted
- Reduction of GHG emissions
- Identification of co-benefits

The project will help inform which policies and programs we should prioritize to progress toward our emission reduction goals.

Researchers have studied the impact of having a portfolio of actions, looking at the effects before and after producing an action plan.¹ Climate action portfolios also can optimize actions to minimize costs and prioritize actions.²

Statutory Change(s):

Not applicable.

¹ William J. Drummond (2010) Statehouse Versus Greenhouse, *Journal of the American Planning Association*, 76:4, 413-433, DOI: 10.1080/01944363.2010.499537

² Matak N, Mimica M, Krajačić G. Optimising the Cost of Reducing the CO 2 Emissions in Sustainable Energy and Climate Action Plans. *Sustainability* (2071-1050). 2022;14(6):3462. doi:10.3390/su14063462

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Increasing Data Management and Data Quality Capacity

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	1,820	1,820	1,820	1,820
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,820	1,820	1,820	1,820
FTEs	13	13	13	13

Recommendation:

The Governor recommends appropriation of \$1.82M in FY2024 and each subsequent year from the Environmental Fund to establish 13 new environmental data management and data quality positions in the Agency. These positions will support current and improved management of the increasing quantity and complexity of environmental data collected within the agency and by agency partners, regulated parties, and permittees, ensuring public trust in state environmental reporting and decisionmaking is maintained.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Managing data and ensuring quality data is critical to maintaining public trust in state environmental reporting and decision-making as well as for communities and residents of Minnesota to better understand the environmental conditions around them. Approaches to environmental data management continue to evolve and the quantity and complexity of data coming into the agency have increased without a corresponding increase in investment in the people and systems that support data management and data quality. New parameters such as PFAS, new data collection sites, and new applications of data, such as the need to better understand cumulative effects of pollution and responses of water bodies to climate change, all require quality environmental data. The universe of data to evaluate and manage continues to grow, for example, some permitted industrial facilities are requesting to switch from modeling to monitoring air emissions for the level of accuracy monitoring provides. This requires increased capacity for managing data generated from this monitoring. Significant increases in the number and complexity of Remediation Program sites and the data collected with these sites has resulted in data backlogs. Data backlogs mean the data cannot be consistently reviewed and promptly made available to staff, stakeholders, or the public. This also causes a delay in making decisions on how best to reduce or eliminate the potential to impact human health and the environment.

The number of agency staff and systems available are insufficient to meet current and future data management needs and to maintain the quality management structure and the processes consistent with U.S. Environmental Protection Agency (EPA) requirements. Failure to increase the MPCA data management resources will put the state at risk of not being able to maintain the quality of our environmental data system potentially impacting public health, permits, the ability to enforce regulations, stakeholder and public reporting, decision-making, and environmental analysis of our land, air, and water. This recommendation is made in response to both direct requests from stakeholders and observations from MPCA programs on data needs. This increase in the state investment in environmental data management will allow the agency to more strategically manage and efficiently use environmental data collected by the agency, partners, and permit holders now and into the future.

Proposal:

This recommendation is made to meet increasing environmental data management and quality needs by supporting 13 additional positions in the Agency. These positions will support improved data management and quality of the increasing quantity and complexity of environmental data.

Five proposed positions are necessary to increase the Agency's overall capacity to meet current and increasing environmental data quality management needs in the Environmental Data Quality section of the Agency. This section coordinates the Agency's Quality Management System and provides core environmental data quality management and oversight for air, land, and water data collected across the agency either directly by agency staff or indirectly by partners and permittees. Addition of these positions will allow for more efficient management and effective use of environmental data internally and externally to the agency.

Three proposed positions are required so that the Industrial program can assist industrial facilities move from air modeling to air monitoring to demonstrate permit compliance with air standards and benchmarks. These positions will also ensure timely upload of data as required by the Environmental Performance Partnership Agreement between EPA and the State. The shift from air modeling to monitoring is of benefit to industrial facilities as it allows for more accuracy in permits and is also of benefit to communities as the data allows for improved understanding of emissions from local facilities. However, the result is also significantly more data collection. Current lack of capacity is resulting in delays in review of monitoring reports and of routine air quality reports received from industry annually. Timely review is needed to ensure for completeness of the reports, prompt response and/or referral to enforcement when noncompliance is found, and prompt issuance of permits. Without additional capacity, current delays will increase and flexibility for facilities to monitor instead of model may need to stop, which will result in requirements for facilities to accept unpopular limits and tracking in their permits.

Six proposed positions are to fill resource gaps in Remediation programs that prevent data from entering the Agency's enterprise databases, prevent proper data quality review of field and analytical data used for project decisions, limits accessibility of environmental cleanup program data, and puts the program at risk of not addressing human health and environmental impacts in a timely manner. Data from most Remediation sites is provided to the Agency in a format such as a PDF that does not allow for automated loading into the state enterprise environmental database (EQulS). With PDF documents, Remediation program staff are currently not able to perform, or document expected data quality review and nor complete work efficiently. This prevents environmental cleanup programs from fully using EQulS and does not allow the Agency to respond to data requests easily and efficiently. Currently, less than six percent of active contamination sites have any data in EQulS and some sites in the database have only minimal data. This recommendation will allow for the current backlog of data to be addressed and provide resources to load data into EQulS and proper quality assurance to be performed and documented for the anticipated volume of data into the future. With additional capacity discussed here and above, Remediation programs may also be able to develop program requirements for environmental testing data be submitted in a format that allows the data to be loaded into the EQulS database, allowing for greater efficiency into the future. Finally, the Groundwater Protection Act requires agencies to maintain groundwater quality monitoring data in an accessible database.

The intended results of these positions are to maintaining public trust in state environmental reporting and decision-making; ensure the agency can be nimble in responding to new and ongoing environmental data needs, ensure investments in data collected by and/or submitted to the agency are fully and effectively used, ensure data used within the agency and by partners is of a known and consistent quality, and make sure data is easily available in a timely manner.

Impact on Children and Families:

This recommendation does not have a direct impact on children and families. Indirectly, lack of quality environmental data or delays in access to quality data could result in distrust of data and/or decisions made

without sufficient data that may have an impact on children and families' abilities to have a healthy start. Additionally, lack of resources to support training and use of quality environmental data could delay innovations from other public, private, and Tribal agencies to increase equity and bridge the opportunity gap for children, youth, and families.

Equity and Inclusion:

This recommendation does not have a direct impact on equity and inclusion. Indirectly, lack of quality environmental data or delays in access to quality data could result in distrust of data across all groups. Having quality data available in a timely manner will allow for better understanding of the cumulative impacts of pollution and more effective communication about areas of contamination to the public. Many areas of contamination disproportionality impact communities of color, Indigenous communities, and low-income communities, and the Agency has seen increased interest from these communities in understanding environmental data unique to their area. This recommendation will make outreach to those impacted or concerned about contamination more effective.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

MPCA regularly conducts formal Consultations with Minnesota Tribal governments and coordination meetings and discussions that involve Tribal technical staff. Having quality data available in a timely manner will allow for improved understanding of the impacts of pollution and more effective communication with Minnesota Tribal governments.

Results:

Currently, environmental data quality management is measured directly by percentage and timeliness of data loaded into the agency's databases, status of data review, and indirectly with metrics such as timeliness of permit issuance or report submittals. Progress associated with this recommendation will continue to be measured with these metrics with specific focus on assessing the reduction or minimization backlogs of environmental data waiting for review and loading data into agency databases across programs. Additionally, new metrics will be developed for ensuring program quality management requirements and documentation are current (e.g., standard operating procedures, quality assurance project plans, quality assurance program plans within each program), program staff have documented knowledge and understanding of their quality management responsibilities, and measurement as to how much data is efficiently and transparently available to the public and stakeholders will be developed.

Statutory Change(s):

This recommendation does not require statutory changes.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Climate Resources for Environmental Review

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	180	140	140	140
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	180	140	140	140
FTEs	1	1	1	1

Recommendation:

The Governor recommends appropriation of \$180,000 in FY2024 and \$140,000 in FY2025 and each subsequent year thereafter from the General Fund to the Minnesota Pollution Control Agency's (agency) Resource Management and Assistance Division. This recommendation will support one FTE to specialize in climate related environmental review activities and operational funds for quantification of climate related impacts from projects.

This recommendation will increase the biennial General Fund appropriation by 2% and will be less than 1% of the agency's biennial budget.

Rationale/Background:

It is expected that in December 2022, a new environmental assessment worksheet will include climate change information for environmental review. The agency needs additional expertise within the Environmental Review Program to properly support additional analysis and review for climate impacts. The agency requests one FTE to support climate impact analysis for all environmental reviews completed. The analyses required by the new requirements on environmental review will include quantifying greenhouse gas emissions and other climate impacts.

Proposal:

The Environmental Review Program in Minnesota is adding climate impact analysis to reviews completed starting in late 2022. This is a change to the existing program and has been in a pilot phase for 2022. The agency participates in, and/or leads environmental reviews for projects across Minnesota. To meet the upcoming demand for this analysis and ensure the maintained timeliness of reviews, the agency requests one FTE to support this component of work. In addition, the agency request funds to secure software to aid in the completion of the climate impacts analysis.

The agency completes approximately 20 Environmental Assessment Worksheet reviews annually as the responsible government unit (RGU) and provides comments on those overseen by other RGUs. This work is supported by a unit of 7 FTEs. The unit relies on subject matter experts to participate in the review. The additional climate impact analysis will require additional capacity and expertise that does not current staff do not have. Therefore, the agency is asking for a new FTE will serve as the subject matter expert for this topic area and will contribute to all reviews completed.

Impact on Children and Families:

Children and families benefit from access to clean air, land, and water. This legislative recommendation would benefit these communities by ensuring project proposers going through environmental review appropriately address adverse climate impacts on and from proposed projects. Work to ensure that climate impacts are addressed will result in a better environment for Minnesotans.

Equity and Inclusion:

Underrepresented communities located in EJ areas such as Tribal Nations, BIPOC and low income often have higher susceptibility to air health disparities and climate impacts. This legislative recommendation would benefit these communities by ensuring project proposers going through environmental review appropriately address adverse climate impacts on and from proposed projects. Additionally, other state agency RGUs and LGUs look to the MPCA as a leader in terms of air modeling, air risk assessments and climate assessments. Gaining additional resources to support climate impact assessments will not only benefit MPCA, but possibly other state RGUs and LGUs as they collaborate with MPCA for technical guidance and assistance on their environmental review projects.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This position will allow the agency to complete greenhouse gas quantification and other analyses for environmental review actions. This will provide a more complete review of projects and be inclusive of climate impacts. With the addition of the FTE, the work should be completed without additional time needed for the review.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Drinking Water Protection and PFAS Response

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	25,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	25,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$25M to the to the Minnesota Pollution Control Agency's (MPCA) Remediation Division from the General Fund for purposes of planning, designing, and bidding public water treatment systems to combat the widespread Per- and polyfluoroalkyl (PFAS) contamination in drinking water across the State of Minnesota. The funds will also be used for sampling and installing treatment on private wells in the areas surrounding the identified public drinking water impacts and for investigating sources of the PFAS contamination to the public water systems. Public water systems for this purpose are defined as both community and non-community water systems.

These general funds are to be available through FY2027.

This recommendation will increase by 10% the agency's biennial budget.

Rationale/Background:

PFAS are a group of man-made chemicals that do not break down over time, nicknamed “forever chemicals.” Many are hazardous to health at low levels. PFAS continue to be manufactured and used in industrial and commercial products today, and the chemicals are being found in drinking water, fish, soils, and surface water, as well as in human blood. As a result of the problems PFAS pose to Minnesotans, state agencies put together the Minnesota PFAS Blueprint that outlines challenges the state faces and the opportunities to address them. This recommendation is one of a number that state agencies are proposing to start addressing PFAS holistically across our agencies, programs, and state. The others include:

- Technical staffing to implement Minnesota’s PFAS Blueprint (MPCA)
- PFAS source reduction grants (MPCA)
- Drinking water protection and PFAS response (MPCA, MDH)
- Contaminants of emerging concern – risk assessment and laboratory capabilities (MDH)
- River and lake monitoring and assessment – incorporates targeted PFAS monitoring (MPCA)
- Clean water legacy fish contamination assessment -- incorporates PFAS (DNR, MPCA, MDH)

On June 15, 2022, the US Environmental Protection Agency (EPA) issued federal interim health advisories for two PFAS: PFOA (0.004 parts per trillion) and PFOS (0.02 parts per trillion). The Minnesota Department of Health (MDH) is currently reviewing EPA’s methods and analysis for these new health advisories and will conduct their own analyses of all relevant data to determine if the State of Minnesota needs revised health-based values (HBV) for PFOA (currently 35 parts per trillion) and PFOS (currently 15 parts per trillion). EPA is expected to release draft maximum contaminant levels (MCLs) for PFOA and PFOS soon; and finalize values by January 2024. MCLs are

regulatory, enforceable standards under the Federal Safe Drinking Water Act. In both cases, it is expected the updated HBVs and/or MCLs will be lower than the current state HBVs and potentially near the current laboratory method for reporting limits.

The MPCA and MDH have been working to understand what the impacts these new, lower HBVs and MCLs will have on public water supplies and private wells across the State of Minnesota. It is anticipated that once the MCLs are finalized by the EPA; many public water systems in Minnesota will have PFAS levels above the MCL and will have to implement treatment, operational changes, or find an alternative drinking water source. In these situations, the sites are turned over to MPCA's Remediation Division to assist cities with finding the responsible party (RP) for the contamination and have the RP address the drinking water issues. However, many times a specific RP is not found, or is not found until years into the future, but the cities need to provide safe drinking water now. The current funding levels available to MDH through the Public Facility Authority (PFA) are inadequate to address the statewide need for drinking water treatment for PFAS. Furthermore, the annual PFA funding process does not allow for the state to nimbly respond to imminent public health threats from PFAS in drinking water. Additionally, for these public water supplies, the MPCA will be required to begin investigations into potential source of the PFAS contamination and survey private wells that require sampling and potentially treatment.

The MPCA Remediation Division programs receive funding from the Remediation Fund to investigate and implement response actions at drinking water systems and contaminated sites where responsible parties cannot be found. The current funding levels will not be able to support the projected needs to investigate, design, and implement response actions such as enhanced drinking water treatment systems, operational changes, or alternative drinking water sources at sites impacted from PFAS chemicals across the State, while also sustaining critically important oversight and clean-up work at existing Superfund sites impacted from other hazardous substances. This additional requested funding will be needed for the Remediation Division programs to investigate and respond to PFAS releases.

Proposal:

The MPCA Remediation Division will use General Funds to establish a funding mechanism that will support both the Public Water Suppliers and the MPCA Remediation Division's expenses to begin to respond to PFAS impacts in drinking water and at contaminated sites. This funding will include costs associated with:

1. The planning and design of drinking water treatment or alternative drinking water sources;
2. The application of eligible drinking water construction projects to the Public Facilities Authority to leverage federal and/or state funding sources for addressing emerging contaminants in drinking water;
3. The completion of Phase I source investigations surrounding the above public water supply impacts;
4. The sampling of private drinking water wells surrounding the above public water supply impacts; and,
5. Potential treatment of private drinking water wells surrounding the above public water supply impacts.

The MPCA in coordination with MDH will prioritize establishing grants to reimburse local public water supply operators to address items numbered 1 and 2 above. The MPCA will use the funds directly to implement items numbered 3, 4, and 5 above. The work will be in accordance with the source investigations and sampling/treatment of the private drinking water wells will be conducted under the agency's authority to administer the Superfund Programs. The funding will include hiring contractors and providing reimbursements to local units of government to design treatment systems.

Increased staffing will be necessary to carry out the activities outlined above. A request for additional staff for the Remediation Division to carry out these activities is contained in the "Technical Staffing to Implement Minnesota's PFAS Blueprint" recommendation.

The funding will only be used to plan, design, and prepare for the public water suppliers drinking water treatment or alternative drinking water source to get these communities started. These funds will not cover bidding and

construction. Limited funds for these activities are available from the Public Facilities Authority through the State Revolving Fund which would maximize federal funds available through the Bipartisan Infrastructure Law. However, these funding sources are traditionally loans and only limited grants are available for the construction work related to PFAS. In the future, additional funds will be required to assistance public water suppliers, otherwise they and their residents will be required to cover the larger construction costs of treatment systems.

The MDH, MPCA, and PFA are reviewing processes and policy changes to assist public water suppliers to access limited existing and potential future state and federal funds.

Impact on Children and Families:

Pregnant people, developing fetuses, and infants/ children are at high risk for some adverse health effects associated with exposure to PFAS. PFAS often pass from a mother to their fetus through the placenta and have the potential to disrupt fetal growth and development. Additionally, PFAS are often present in breast milk, which could further elevate exposures to very young children. The MDH calculates that for many PFAS, the highest levels of exposure are seen in the youngest children and these exposures could impact the child's immune system throughout life. This recommendation will enable MPCA to react timely to the changing standards and ensure children and sensitive populations living near PFAS-contaminated sites are adequately protected.

Equity and Inclusion:

The Superfund process is designed to ensure human health and environmental risks are managed in an appropriate manner. Superfund sites are often located in former or current industrialized areas, which are often co-located within environmental justice areas. About 65% of all Superfund sites are located within 1 mile of an environmental justice area. This recommendation seeks to provide the resources needed to equitably respond to PFAS contamination sites throughout the State which will directly benefit tribal nations, people of color, children, women, and vulnerable populations that are more susceptible to human health impacts associated with PFAS, and communities across the entire state

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

In consultations, MPCA has heard feedback that they are generally interested in potential actions and partnership around PFAS. Specifically Leech Lake has expressed interest in addressing long-standing impacts from a local superfund site; Prairie Island has noted they have concerns on PFAS and potential impact to tribal members living on and off the community.

Results:

This is a new program. The metrics and measures to track success will include how many residents are protected by these systems and how many PFAS sources have been investigated with these funds.

Statutory Change(s):

This recommendation may require statutory changes. The MPCA, MDH, and PFA are reviewing possible changes to aid cities in applying for the limited state and federal dollars available to address any future PFAS exceedances.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Environmental Automation Modernization

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	18,250	16,750	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	18,250	16,750	0	0
FTEs	40	53	0	0

Recommendation:

The Governor recommends appropriation of \$35M from the General Fund for FY2024-25. The agency will use the funds to update data collection systems and partner with Minnesota's IT Services Agency (MNIT) to develop improved online services and replace outdated applications. The funds will also be used to contract for services and purchase off the shelf products to improve long term viability.

The recommended appropriation of \$35M is new and supports the agency's efforts to modernize its application and how it provides services to regulated parties, partners, and citizens of Minnesota. The appropriation will result in a 14% increase in the agency's overall budget.

Rationale/Background:

The agency is a data-rich department. Data is required for scientific analysis of our water, air, and land issues. Whether we seek to understand background information, permit issuance or meeting clean-up standards data is required. We cannot continue to store data in individual spreadsheets or on paper and serve Minnesotans.

The agency continues to fall behind in the use of technology to support its data collection, analysis, and visualization needs. In some cases, the applications being used assume the work is done on paper – which delays information sharing, good communication with regulated parties and citizens, or creates inefficiencies for agency staff. Applications built prior to 2005 no longer meet security and risk management standards. This request would address resource needs across the agency for automating our environmental work. Such efforts will improve data collection and modeling, develop online services, update application nearing failure causing a loss in data or inaccurate data, improving key applications for data and information delivery like What's in My Neighborhood (a nationally recognized system), and much more. Additionally, this will build capacity to respond to new needs such as data collected through drones for our monitoring and permitting programs.

Technology development and support investments are critical to meet 21st century service management expectations. Regulatory communities, citizens and staff expect that data is available quickly and reliable, data and document submittals are electronic not paper, and the tools to do our work allow for efficient and effective analysis and process management. We have heard these expectations expressed from internal and external individuals and businesses during our interactions with them. If we do not invest, we will continue to have inefficiencies and risks associated with our work. We have outdated applications that create risks of losing of data, resulting in inefficiencies and impacts the service provided to citizens from permit issuance to clean up programs to data requests. The agency is experiencing significant delays in modernizing its approaches to servicing

Minnesotans whether it is through online services, inspection or data applications on phones, or ability to report issues, data modeling, and records because of technical support gaps. The agency has applications that are at risk of no longer functioning, are not user friendly, and cause staff more work, and thus, cost citizens and agency staff in time and outcomes. MPCA has not received adequate funding to address application requirements for over a decade and cannot afford to continue to fall behind in this area of support for the agency and the citizens of Minnesota. Without basic systems operating efficiently, it will not be possible to innovate in the next level of technology as expected by external parties.

Proposal:

The Governor recommends this investment to meet present and future data systems needs in partnership with Minnesota IT Services to create an agile and responsive system to ever-changing needs that require updated technology solutions. Environmental work is often considered too specific for off the shelf options, but these will be part of the exploration process.

Expectations from this recommendation will be new, updated, and advanced technological solutions for work routinely done by the agency. Examples of the benefits of modernizing and automating functions are best understood by service recently completed and by expectations by consumers of our services. For instance, the agency was recently able to build online services for industrial stormwater permittees – everything was done by paper previously. As a result of the online services, permittees are now able to complete their application online and within 24 hours receive a permit coverage document specifically reflecting their facility – this results in the ability of the permittee to understand expectations and for agency staff to provide more assistance. Additionally, the applicants can submit annual reports and monitoring results online. The monitoring service automatically evaluates whether a permittee meets monitoring requirements and can stop monitoring – this ensures the permittee is compliant rather than guessing that they are compliant. Such services are needed across all permit programs, but also include other work besides permitting, such as training, licensing, and certification of wastewater operators.

The recommendation would provide for new FTEs in the agency's records management program, data analysis and reporting program, and online service and application support. The recommendation also provides for new IT specialists and nearly \$2M in contract dollars to ensure the technology solutions are not just developed but maintained and use current technology. To the extent possible, off the shelf solutions will be investigated as they offer the best opportunity to maintain current as technology changes. This effort will result in faster development time and support. Current application development times are approaching 4 to 5 years per application, and some are significantly longer. This is not sustainable in today's technology-oriented world. Expectations of Minnesotans cannot be met and by the time a service is developed program and data needs have changed thus, little efficiency and effectiveness is realized.

This recommendation will be deemed successful when critical applications are using current technology and routine application development time is reduced by at least 50 percent. Customer satisfaction (internal and external) will also be measured. Additionally, applications will reflect current solutions for security, accessibility, and usability.

Impact on Children and Families:

While this recommendation doesn't have a direct impact on children and families, it will allow for improved data collection, management, reporting and decisions. The results of those using data or submitting permits support positive results for children and families across the state.

Equity and Inclusion:

This recommendation will provide technology solutions for all Minnesotans relying on the agency for data and solutions. As the agency modernizes its tools, decisions will be more complete, timely and available for public input and use.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

IT Costs:

This proposal includes IT work and Minnesota IT Services has been consulted in the development of the proposal. The cost breakdown shown below represents the joint effort to assess the agency's needs and the best approach in meeting those needs. Note: costs are in 000s

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	\$6,468	\$6,748	\$9,122	\$9,122	\$9,122	\$9,122
Professional/Technical Contracts	\$1,784		\$1,756		\$1,756	
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$8252	\$6,748	\$10,878	\$9,122	\$10,878	\$9,122
MNIT FTEs	28	28	37	37	37	37
Agency FTEs	9	11	16	16	16	16

Results:

MPCA has development measures in place for online service development. The agency would expect these services to double in the next 3 years. The agency finds the current rate of development to be unsatisfactory given the need of over 400 services though we have steadily increased the number since FY15. The agency's online services allow users to apply for permits, close out permitted sites, submit regulatory data and information for compliance requirements, submit volunteer monitoring results, request property review service, apply and maintain licenses, submit report data, and pay fees and invoices. While 167 online services have been developed and implemented, about 250 more online services still need to be developed and implemented in addition to new methods to receive and collect data. Existing systems need to be upgraded and maintained to meet current technology standards.

The table below shows the increase of online services from Fiscal year 2014 of 10 service to expected 167 by the end of Fiscal Year 2023. With this recommendation, the agency expects to develop metrics on timeliness, rate of return on services, and customer satisfaction.

	FY14-15	FY16-17	FY18-19	FY20-21	FY22-23
Number of online services	10	20	70	123	167

Statutory Change(s): The recommendation requires no statutory changes.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Environmental Career Pathways

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	270	270	270	270
Revenues	0	0	0	0
Other Funds	0	0	0	0
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	270	270	270	270
FTEs	3	3	3	3

Recommendation:

The Governor recommends an appropriation of \$270,000 in FY2024 and each subsequent year from the Environmental Fund to establish five new student worker positions and one new recruiter position in the Minnesota Pollution Control Agency (MPCA). These positions will support current and future career pathways for underrepresented students while providing the MPCA with temporary workforce talent in Science, Technology, Engineering and Math (STEM) and other high-demand career fields. Student workers bring knowledge of the latest developments and trends in their field of study, diverse thought perspectives, and provide productivity boosts to the MPCA. The longer-term result is a cadre of graduates with Agency work experience applying for permanent positions in the MPCA and state government.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

The Governor's Council on Economic Expansion's (Council) *Roadmap for Equitable Economic Expansion* includes the following vision statement, "Minnesota invests holistically in its current and future workforce to remove systemic barriers to help everyone prosper and reach their full potential." The Council's *Phase I Report* lays out "investments in opportunity youth workforce" as one of five priority areas and recommends supporting paid internships and bolstering investments in career pathway programs as examples of investments to make toward that priority.

The Council's recommended solutions work. The MPCA currently partners with the Department of Natural Resources (DNR), the Board of Water and Soil Resources (BWSR), and the Conservation Corps of Minnesota and Iowa (CCMI) in the Increasing Diversity in Environmental Careers (IDEC) program. The IDEC is a career pathway program for unrepresented students pursuing post-secondary degrees in STEM fields. The program provides fellowships, mentorships, internships (student worker appointments), and services to help reduce barriers to a student's academic and employment pursuits. The MPCA has employed nine IDEC fellows in student worker appointments since 2021. One has been hired into a permanent position in the Industrial Division through a competitive process and another as a GreenCorps member.

Minnesota faces a workforce shortage. The MPCA must use innovative recruitment strategies to compete for workforce talent. Student worker positions provide hands-on work experience and are an effective recruitment strategy. About nine percent of the MPCA's current workforce served in a student worker appointment at some point in their state career.

A critical component of any college to career pathways program is providing students with hands-on work experience in their field of study. Funding would allow us to provide these work experiences through year-round or seasonal student worker appointments/internships. The number of student worker appointments in place at the MPCA are designated for specific and recurring program work.

Proposal:

This recommendation is made to support the MPCA's workflow demands and to drive the Council's vision of investing holistically in the current and future workforce. The five proposed student worker positions earmarked for career pathways programs allows the MPCA the flexibility to dedicate staffing resources to programs areas in students' field of study and where there are short-term staffing needs. Student Worker appointments are ideal for managing fluctuations in workflows across the MPCA's program areas and these positions could support any number of media area (air, land, water) or program areas. Over 50 students have worked on compliance and enforcement projects, water quality monitoring and sampling, data projects, creating interactive story maps, 401 water quality certification and rulemaking, and data analysis for subsurface treatment systems (i.e., septic systems) of concern.

One recruiter position is necessary to increase our ability to support current programs and pursue other partnership opportunities with organizations and educational institutions supporting underrepresented young adults and non-traditional students in their academic and employment pursuits. This position would reside in the Operations Division's Human Resources Section and would also support sourcing and recruitment of candidates to the MPCA's entry-level positions such as Environmental Specialist 1, Grad 1 Engineer, Hydrologist 1, Research Scientist 1, etc.

The intended results of these positions are to recruit for and build a diverse talent pipeline. Student worker appointments offer meaningful temporary work experiences that have the potential to lead these individuals to full-time permanent positions in the Agency.

Impact on Children and Families:

This recommendation has an indirect impact on Children and Families. Career pathway programs designed to support career entry and advancement of underrepresented populations (women, Black, indigenous, and people of color, people with disabilities) provides access to higher paying jobs with benefits that support their families.

Equity and Inclusion:

This recommendation has a direct impact on Equity and Inclusion. The student worker positions would be used to support current and new career pathways program for underrepresented populations.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

The recruitment position included in this recommendation would allow the Agency to explore the development of career pathways programs with the Tribal Colleges.

Results:

Progress with this recommendation will continue to be measured by the productivity gains and project results from the appointments, and by the number of student workers who obtain permanent employment with our Agency or state government.

Statutory Change(s):

This recommendation does not require statutory changes.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Technical Assistance for Environmental Review

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	620	140	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	620	140	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends an appropriation of \$620,000 in FY2024 and \$140,000 in FY2025 from the General Fund to the Minnesota Pollution Control Agency for Environmental Quality Board (EQB) staff support. The \$140,000 of the funds in FY 2024 and FY 2025 will be used to fund one full-time equivalent (FTE) responsible for the development of Minnesota-based greenhouse gas (GHG) sector and source-specific guidance for including climate information on the Environmental Assessment Worksheet (EAW) form.

The remaining \$480,000 in FY 2024 will need to be available through FY 2026 to contract with others to develop a Minnesota-specific GHG calculator tool. The recommendation will ensure accuracy and consistency of climate information on the EAW form, while reducing the time and cost for project proposers to provide information as well as state and local government agencies to assess applicable climate information.

This one-time appropriation will be used by the EQB. The appropriation represents less than 1% of the agency's biennial budget.

Rationale/Background:

In response to concerns raised by members of the public that climate information was not consistently included in Environmental Assessment Worksheets (EAW), and requests from project proposers and government agencies asking for clarity about the types of climate assessment should be included, the EQB proposed changes to the EAW form to provide greater certainty and predictability; and developed general guidance that identified options for GHG assessment approaches, existing tools and resources to respond to the proposed changes.

During an extensive engagement process on the proposed changes to the EAW form, EQB heard from local governments and project proposers about concern that the lack of Minnesota-based resources may result in additional time and cost for climate assessment in the EAW process. Additionally, EQB heard concerns that without Minnesota-based project-specific guides and tools, project proposers, government decision-makers and members of the public may not have consistently accurate information, necessary for making the best decisions for effectively reducing their GHG emissions. Additionally, MPCA recently faced a legal challenge for not including climate information, which increased the cost to the state for preparing the climate assessment and caused project delays.

The intended outcome of the recommendation will be effective decision-making for reducing GHG emissions across the state, and support for achieving reduction goals identified in the Minnesota Next Generation Energy Act. The deliverables will provide a Minnesota-based GHG source and sector-specific guidance as well as a Minnesota-based GHG assessment tool to support implementation of the EAW process.

The funds will allow EQB to hire one temporary, unclassified position with climate expertise to work with government agency experts on the development of Minnesota-based sector and source-specific guidance and to contract with others to develop a Minnesota-based greenhouse gas emissions (GHG) calculator tool for including climate information on the Environmental Assessment Worksheet (EAW) form. The recommendation will ensure accuracy and consistency of climate information on the EAW form, while reducing the time and cost for project proposers to provide information as well as state and local government agencies to assess applicable climate information. Also, if feasible to be developed within the time and cost of the project, the tool will include additional planning elements for project proposers to consider the effects of different types of mitigation and best practices for reducing their GHG emissions, based on specific GHG emission sources.

Proposal:

This recommendation is for one-time funds for a new initiative. It does require one temporary, additional FTE. It does not require equipment or supplies. This work will ensure accuracy and consistency of climate information for effective decision making, while reducing the time and cost for RGUs and project proposers to produce the climate assessments. In addition to quantifying a proposed project's GHG emissions, the tools developed could be used more broadly for planning, assessing potential GHG reductions from different types of technology, and inform options for effectively reducing GHG emissions. The tool will be available for all Minnesota businesses, even if they fall below the threshold requiring review.

Key recommendation features:

- There are approximately 80-100 EAWs each year in Minnesota. Whether through the assessment of potential GHG emissions from construction and operations and/or assessment of adaptation and resiliency planning, all these projects undergoing review will have some level of benefit from the GHG calculator and guidance developed.
- This recommendation is complementary to work being done by EQB member agencies to incorporate GHG assessment into their EAW processes. It is also complementary to efforts by state and local governments to better assess and reduce GHG emissions.
- EQB has worked extensively with staff and leadership at EQB member agencies to develop a sound approach for incorporating GHG assessment into environmental review. EQB would continue to get input from those agencies in the development and implementation of a GHG assessment tool and guidance.
- EQB is exploring options for keeping the GHG assessment tool updated over time based on experience at other agencies and in other states that have developed systems for updating similar tools.

Fiscal details and assumptions:

- Based on discussions with technical contractors that cost \$100,000 to develop a GHG calculator for the transportation sector, \$480,000 will be sufficient to build on this work and scope an appropriate Minnesota-based calculator tool for the most common GHG emission sources for all applicable sectors and project types considered in Minnesota rules chapter 441.4300 and 4410.44000.
- The requested funding is for a comprehensive set of resources and tools for climate assessment provided on the EAW form.

Impact on Children and Families:

Climate change has a disproportionate impact on the next generation of Minnesotans. They will bear the consequences of decisions we make today about development, GHG pollution, and climate change adaptation. Decisions today will also impact the health (including mental health), wellbeing, resilience, economic prospects, and access to a clean environment for young people for decades to come. Disclosing GHG emissions as part of an

EAW process helps ensure that young people have transparency around GHG emissions in their communities. EQB has consistently heard from young people, including through EQB's Emerging Environmental Leaders (EELs) members specifically spoke in support of incorporating climate information into EAWs in the state. This appropriation helps ensure that accurate GHG assessment is included in the EAW process so that Minnesota can make sound decisions.

Equity and Inclusion:

During EQB's engagement process, environmental justice advocates spoke in favor of including GHG assessment in environmental review. They expressed concern about the disproportionate impact of climate change on communities of color, Tribes, and low-income communities. They also expressed concern with a lack of transparency and accountability regarding the environmental and climate impacts of projects in their communities. Better tools and guidance for GHG assessment would have a potential positive impact for people of color, Native Americans and others who seek clear information about the potential climate effects of proposed projects so that they can better anticipate the impacts to their communities and meaningfully participate in decision making processes.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Results will be measured in at least two main ways: the development of a Minnesota-based GHG assessment tool and guidance on the timeline indicated; through feedback from users once the resources are publicly available.

- **Quantity:**
 - Did EQB build the GHG assessment tool for emission sources for all applicable sectors and project types?
- **Quality:**
 - Did the GHG assessment tool provide usable information for all applicable sectors and project types?
- **Result:**
 - Did Minnesotans, project proposers, Responsible Government Units (RGUs) gain usable information in EAWs from the GHG assessment tool?

The EQB will collect feedback from users on their evaluation of the tools once the resources are publicly available. Additionally, the EQB will communicate via regular updates at EQB meetings and via the EQB website.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - River and Lake Monitoring & Assessment

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	9,050	9,050	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9,050	9,050	0	0
FTEs	47	47	0	0

Recommendation:

The Governor recommends appropriation of \$9.05 million in each FY 2024 and in FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Environmental Analysis and Outcomes Division. This recommendation continues the systematic progress of monitoring and assessing lakes, rivers, and streams to detect long-term changes over time in water quality; and to identify waters to restore, those requiring protection from future degradation, and those that have been restored due to recent efforts. The monitoring data generated are foundational to other CWF-funded activities, such as targeting watershed restoration and protection plans to ensure effectiveness, supporting One Watershed-One Plan, and local implementation in each of the 80 watersheds. Additionally, monitoring data give the state a pulse on impacts of landscape uses as well as climate change. Monitoring needs to be capable of the increasing pressures of new pollutants such as PFAS and monitoring for delisting of impaired waters after restoration.

The recommended appropriation of \$18.1 million for FY 2024-25 is an increase from the FY 2022-23 appropriation. A portion of the increase is needed to maintain existing work, covering increases in costs realized over the past several biennia for personnel, supplies, and equipment for the agency and for local partners with whom the agency contracts. Some of the requested budget will allow for MPCA to conduct monitoring for per- and poly fluorinated alkyl substances (PFAS) a.k.a. "forever chemicals" into its watershed monitoring network using existing sites across the state. Finally, local partners are requesting the ability to sample lakes to determine if their restoration efforts are effective. This funding request will allow MPCA to start addressing this need.

This recommendation will be 3% of the agency's biennial budget.

Rationale/Background:

To fulfill the requirements of the state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA), Minnesota has a strategy to assess the condition of Minnesota's waters on a 10-year cycle via a combination of MPCA monitoring, monitoring by other local, state, and federal agencies and volunteer monitoring. An outcome of this monitoring is the identification of waters that are impaired (i.e., do not fully support uses, such as swimming and fishing and therefore need restoration) and those in need of protection to avoid impairment. As actions are taken, re-sampling of impaired waters is needed to determine if impaired waters have been restored. Over time, this monitoring also identifies trends in water quality. This helps determine whether water quality is improving or worsening; and identifies the overall effectiveness of management actions.

To be successful preventing and fixing water quality problems, Minnesota requires good information about the condition of the state's water resources, including problems and threats, options for addressing the problems and threats, and data on how effective management actions have been. The surface water monitoring and assessment program is focused on providing that critical information – it's foundational to all other steps in our state Watershed Approach.

Proposal:

The Governor recommends \$18.1million in FY2024-25 to continue surface water monitoring and assessment activities that are core to Minnesota's watershed management system, to restore lake monitoring at local partner request, and to allow sampling for PFAS at select locations. Robust coordination with other state agencies, Tribal nations, and with local partners within the watersheds where sampling will occur is a core activity of this work. Many local partners conduct the sampling.

Monitoring includes biological, chemical, and habitat monitoring at lakes, streams, and rivers. Data are evaluated to determine if waters are impaired, if previously impaired waters have been restored, and to inform solutions to watershed problems. Chemical monitoring is also conducted at watershed outlets to further inform implementation efforts and track changes over time. Additionally, the MPCA monitors a representative subset of surface waters for contaminants of new and emerging concern. Monitoring data are used to help prioritize and support the development of tools to evaluate the potential risk to human health and aquatic life posed by the presence of these contaminants in the environment.

This recommendation would fund monitoring in at least 17 major watersheds. Annual funding would support a continuation of MPCA monitoring and assessment staff, monitoring equipment and supplies, as well as providing funding to partners that conduct monitoring. If this request is not funded, our ability to provide the critical data needed to drive Minnesota's watershed management system will be compromised - we will be less effective at targeting restoration efforts, have no evaluation on whether restoration efforts are successful, and we will not be able to delist restored waters.

Increases in costs (staffing, analytical, and equipment costs, as well as contractor compensation expectations) over the past several biennia have reduced the ability to provide needed information. In recent years, we have had to make modifications to our monitoring program (remove parameters or reduce sites sampled, cut sampling that local partners have requested) to accommodate shrinking budgets, which means we have not been able to provide all the data that watershed managers need to target management actions most cost-effectively, and gage progress in meeting clean water goals. This recommendation for surface water monitoring funding includes sufficient budget and staffing to maintain and complete monitoring identified by local and state resource managers as critical to effective local implementation and will enable the MPCA to continue its work toward the goals of the Clean Water Land and Legacy Act.

PFAS is a family of compounds with more than 5,000 chemicals that pose a serious health threat, and do not readily break down in the environment. We are finding more and more drinking water sources contaminated with PFAS. While discrete studies have helped us understand some aspects of these pollutants, we have not sampled lakes and streams widely in Minnesota. Understanding the scope of PFAS in Minnesota's waters is important to target reduction activities. To this end, the requested funding will allow for PFAS monitoring within the watershed monitoring network using existing sites across the state.

Minnesota is home to more than 10,000 lakes. While we have retained sampling some lakes annually to determine condition, we have had to cut adding in additional lake sampling at the request of our partners due to budget constraints. The requested funding would allow us to restore some ability to meet partner requests who are trying to gage the effectiveness of management actions.

Impact on Children and Families:

This recommendation would ensure that data on water quality is collected and analyzed statewide. These data are critical to ensure that children and families enjoy the benefits of clean and healthy lakes and streams.

Equity and Inclusion:

The MPCA employs student workers and interns each summer to help conduct this monitoring effort, and actively recruits under-represented groups for these seasonal employees as well as for permanent employees. The lake and stream monitoring solicitation process includes eligible applicants from local units of government, tribes, non-profits, and educational institutions. Recruitment for the MPCA volunteer monitoring program includes reaching out to under-represented groups as participation in lake and stream monitoring helps build broad understanding of the value of quality water.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

MPCA regularly conducts formal consultations with Minnesota Tribal governments, and coordination meetings and discussions that involve Tribal technical staff. Minnesota Tribal governments are sent a formal letter prior to external meetings and communications regarding watershed efforts by MPCA. Engagement on all watershed monitoring and assessment is offered through meetings and communications. These activities impact waters in Reservations, other Tribal-owned lands, Tribal Trust lands, treaty hunting and fishing rights boundaries, etc. that exist within the watershed or in counties contiguous with the watershed. MPCA requests partnerships for monitoring, including funding to conduct monitoring.

Results:

With Clean Water funding, the MPCA and its partners have monitored and assessed the baseline water quality of Minnesota's major watersheds. Monitoring progress is routinely communicated via MPCA publications and web sites and through the biennial Clean Water Fund Performance Report. The 2022 Clean Water Fund Performance Report is available on the Legacy website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-1sy22.pdf>. Watershed-specific monitoring and assessment reports are available at: <https://www.pca.state.mn.us/water/watersheds>. Watershed Pollutant Load Monitoring Network results can be found at: <https://www.pca.state.mn.us/water/watershed-pollutant-load-monitoring-network>.

This recommendation provides funding for monitoring in at least 17 major watersheds and is critical to drive the other steps within the watershed management system – development of strategies to protect and restore waters, target practices for greatest effectiveness, and gage progress in meeting water quality goals. The MPCA will also deliver information on PFAS in those 17 watersheds for the first time ever, allowing us to begin to understand where to focus pollutant reduction efforts.

Local partners are requesting the ability to sample lakes to determine if their restoration efforts are effective and lakes are not succumbing to increased pressures on lakes. This funding will meet some of this need. This is a restoration of funding cut due to budget constraints that have been building over the last several biennia due to increased costs and reduced or stable funding. Approximately 75-125 lakes would be monitored annually with this funding.

Each biennium through this program, approximately 30 contracts are awarded to local units of government, colleges and universities, nonprofits, and tribal governments for local monitoring activities that contribute to the watershed monitoring approach. Our local partners are critical in understanding, protecting, and restoring Minnesota's waters. By allowing funding and support to our partners to conduct these activities we are preserving and increasing local capabilities for monitoring and participation in assessments.

Statutory Change(s):

Not applicable

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Wastewater/Stormwater TMDL Implementation

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	1,500	1,500	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	1,500	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends appropriation of \$1,500,000 in each FY 2024 and FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Municipal Division for Wastewater/Stormwater TMDL Implementation. This funding supports MPCA staffing and point source pollutant reduction implementation efforts related to wastewater and stormwater National Pollutant Discharge Elimination System (NPDES) permitting and provides support to local units of government and other permittees in accelerating their pollutant reduction efforts to achieve permit requirements.

For the purposes of increased efficiency and transparency, the recommended appropriation of \$3,000,000 for FY 2024-25 combines two former point source fund requests - National Pollutant Discharge Elimination Wastewater/Stormwater Implementation funds and Accelerated Enactment of Municipal Separate Storm Sewer Permit Requirements funds. The FY2024-25 recommendation is an increase of \$800,000 from the amount appropriated for these two programs in FY2022-23. The increase returns stormwater project funding to historic funding levels, provides funding to support increases in costs realized over the past several biennia to allow core work to continue, and adds 1 new FTE. The new position will be a Water Quality Trading Program Coordinator focused on building partnerships between municipalities and agricultural landowners to develop successful water quality trading projects that achieve pollutant reductions and the collective goals of the watershed in a more cost-effective way.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Stormwater and wastewater are significant contributors of pollutants to impaired waters. The MPCA oversees approximately 1,400 NPDES wastewater and 3,810 NPDES stormwater permits under the NPDES program, as enabled by the federal Clean Water Act. The stormwater program is implemented primarily through general permits, including the Municipal Separate Storm Sewer System (MS4) General Permit. Wastewater and stormwater NPDES permits must be written to include requirements consistent with applicable waste load allocations (WLA) included in Total Maximum Daily Loads (TMDLs) for impaired waters.

The accelerated completion of TMDLs and Watershed Restoration and Protection Strategies (WRAPS) made possible by the CWF has dramatically increased the available information that must be considered during issuance of wastewater and stormwater permits. Proper permitting and management of stormwater and wastewater is crucial to the successful implementation of TMDL requirements. In addition, achieving and sustaining pollutant reductions is increasingly complex, requiring the development and implementation of innovative and cost-effective solutions as well as coordination among state agencies and local partners working within Minnesota's Watershed Framework. This appropriation provides needed support for this work.

The MPCA regularly hears from wastewater and MS4 permittees, industry groups, local partners, and environmental advocates that there is a significant need for assistance in implementing permit requirements. Requests include creation of form templates, checklists, guidance documents, support in identifying and developing water quality trading proposals, and assistance visits. These activities ensure technical and scientific information is translated into more easily understood formats. After two previous permit cycles and traditional inspection and assistance activities, MPCA staff experience and program data demonstrate that MS4s permittees are not meeting some of the basic permit requirements, which reinforces the need for continued, targeted assistance. In addition, local partners (wastewater and stormwater permittees and local implementation organizations like Soil and Water Conservation Districts) have requested support in identifying and developing water quality trading projects that achieve the point and nonpoint source pollutant reduction needs in a watershed. These water quality trading projects can be more cost-effective for permittees and local partners and provide substantial water quality benefits within the watershed.

This appropriation supports the Clean Water Council's Strategic Plan goals 3 (Surface waters are swimmable and fishable throughout the state), and 4 (All Minnesotans value water and take actions to sustain and protect it). It also supports the Clean Water Council's Strategic Plan goal 1 (Drinking water is safe for everyone, everywhere in Minnesota) in cases where treated wastewater or stormwater flows to surface waters used for drinking water.

Proposal:

This appropriation provides critical support for point source implementation activities related to wastewater and stormwater permitting and support to municipalities subject to the MS4 permit requirements. The proposed funding for FY 2024-25 will support implementation of municipal, industrial, and construction stormwater permits, municipal and industrial wastewater permits, WQ trading coordination and project development, and provide technical assistance, guidance development, and direct outreach to accelerate MS4 permit implementation. The appropriation will also continue enhancements of the Stormwater Manual with state-of-the-art stormwater guidelines and tools, which any municipality - permitted or not - can use. Municipalities operating under MS4 permits vary in size, available resources, and status of the development of their stormwater program. MPCA staff collaborate with the regulated MS4s to determine the assistance needed and ensure they receive it.

Annually, this recommendation includes funding for 7 FTE at about \$140,000/FTE annually. The FTE supported by these funds conduct functions of permit writing, coordinating TMDL/WRAPs, analyzing GIS data, engineer review of total maximum daily load (TMDL) /watershed restoration and protection strategies' (WRAPS) effluent limits, grant and loan administration, unsewered coordination, coordination of TMDL/WRAPs permits, maintaining and updating the Stormwater Wiki Manual, WQ trading coordination and support in project development and the development of guidance. A crucial component of this work is the volume of water quality data points that are collected, stored, and utilized in the decisionmaking process, and distributed to the public in a user-friendly manner.

This request includes an \$800,000 increase from FY2022-23 appropriations to restore project funding that has steadily declined over recent biennia, provide an operational increase to cover costs that have increased over time, and to hire a Water Quality Trading Program Coordinator to connect point source with nonpoint source partners and develop project ideas that would mutually benefit these partners and support economic growth by allowing expansions while making net pollutant reductions. The project dollars will also ensure continued development of assistance, guidance, and design materials, along with customized materials for stormwater permittees.

Impact on Children and Families:

Water quality is important for children and families to have access to recreational uses and drinking water. Successful implementation of activities to maintain water quality are critical to ensuring water quality meets standards that allow children and families to enjoy these resources.

Equity and Inclusion:

This recommendation will benefit all Minnesota citizens, as regulated MS4s are distributed around the state. The current TMDL, WRAPS, and permitting implementation processes follow the procedures that have been developed under the Agency's Environmental Justice priorities. This recommendation ensures that consistent implementation occurs statewide, resulting in improved water quality for all citizens.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

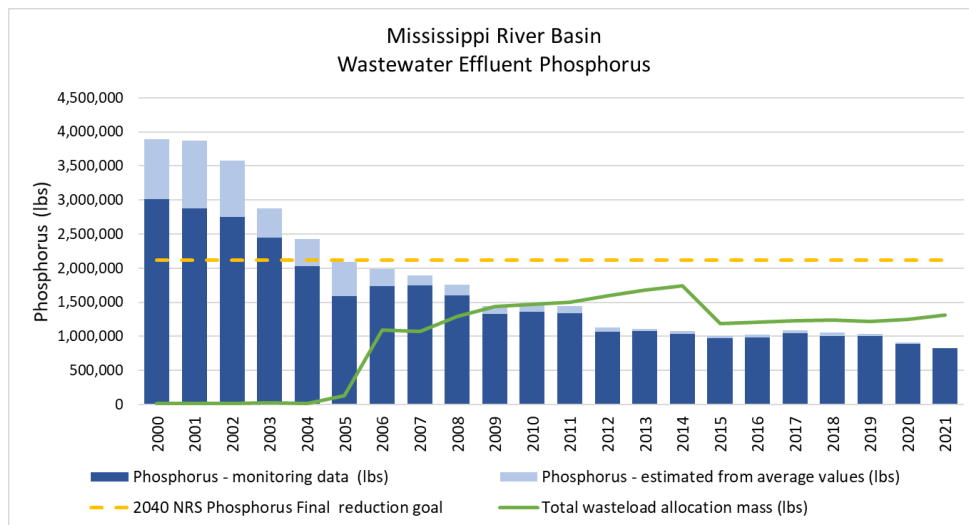
Results:

Staff supported with this appropriation oversee the incorporation of Total Maximum Daily Load (TMDL) wasteload allocations into permits and manage geospatial and hydrological data analysis that supports permitting and developing water quality trading in permits. Outcomes from past appropriations include:

- Incorporating the WRAPS and TMDLs requirements into permits
- Excess phosphorus in Minnesota waterbodies has been a major focus for the wastewater community with outstanding results, a 72% reduction from 2000 to 2021.
- Municipal stormwater permittees have reduced 26,284 pounds of phosphorus in their discharges.
- Incorporating the WRAPS and TMDL's point source requirements into permits
- Ensuring appropriate wastewater point requirements are factored into TMDL and WRAP development
- Execution of pollutant trading activities
- Many of the achievements are document in the Stormwater Manual wiki: [Stormwater Program for Municipal Separate Storm Sewer Systems \(MS4\) - Minnesota Stormwater Manual \(state.mn.us\)](https://stormwater.mn.gov/wiki/Stormwater_Program_for_Municipal_Separate_Storm_Sewer_Systems_(MS4)_-_Minnesota_Stormwater_Manual_(state.mn.us))
- Held monthly outreach and Q&A sessions designed specifically for the regulated community and other interested and affected stakeholders focused on basic compliance with reissued general MS4 permit compliance.
- Developed and implemented an electronic service for submittal of annual reports by the MS4 regulated community. This effort will result in data accuracy improvements, on-time submittals, and ultimately a decrease in MS4 non-compliance
- Completed the development of a modeling package to assist MS4 permittees in demonstrating progress toward achieving TMDL wasteload allocations

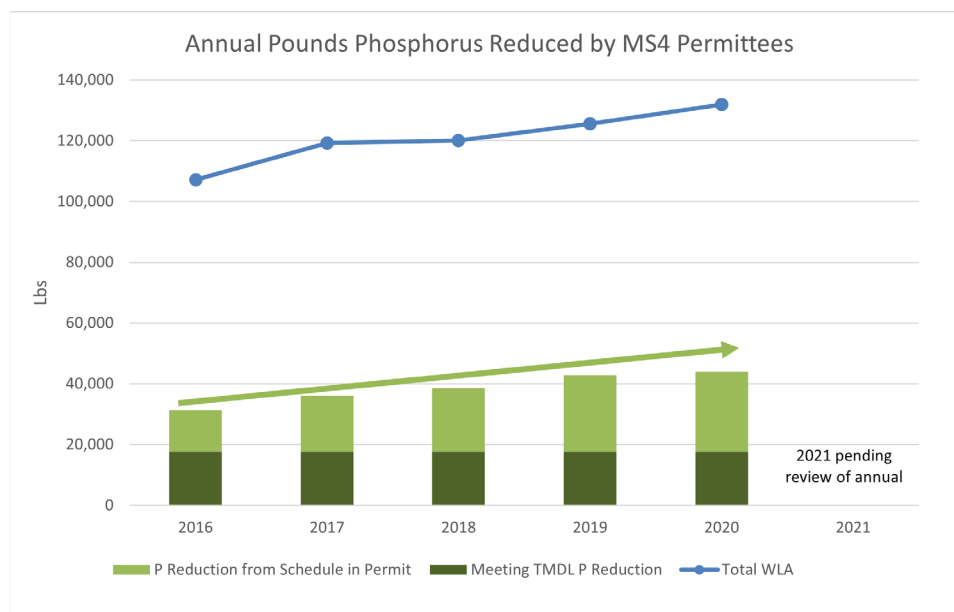
Wastewater Results:

The chart below reflects the phosphorus reductions achieved from wastewater treatment facilities that discharge to the Mississippi River Basin over time. Nitrogen loads to this basin have increased by 6.5% since 2014, reflecting work yet to be done



Stormwater Results:

The following graphic depicts the progress in phosphorus reduction from stormwater sources, and shows the magnitude of remaining work to be accomplished:



Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Groundwater Assessment

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends appropriation of \$1 million in each of FY 2024 and FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Environmental Analysis and Outcomes Division. This appropriation maintains the operation of Minnesota's groundwater monitoring network, ensuring continued assessment, monitoring, and protection of the state's groundwater.

The recommended appropriation of \$2 million for FY 2024 - 2025 represents a 5% increase from the amount appropriated in FY 2022 – 2023. That biennium's appropriation was a 19.6% decrease from the amount appropriated in FY 2020-21, and the current request remains 15.4% below prior years' appropriations. Staffing funded by this request will continue at current levels.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Clean Water Fund (CWF) monies are dedicated to protect, enhance, and restore water quality in lakes, rivers, streams, and groundwater; with at least five percent targeted to protecting drinking water sources. Most of Minnesota residents receive their drinking water from groundwater. To be successful in protecting and restoring groundwater quality requires reliable data concerning the status of Minnesota's groundwater resources. Groundwater monitoring and assessment helps the MPCA, and local and state partners understand groundwater quality and investigate potential sources of contamination.

The CWF provides support to the MPCA's groundwater assessment program, which includes monitoring of non-agricultural pollutants in groundwater, including contaminants of emerging concern; modeling the interaction between groundwater and surface water; and evaluating MPCA's progress protecting groundwater from contamination by non-agricultural chemicals. The MPCA's ambient groundwater monitoring network serves as an early-warning system of contaminants reaching groundwater. The program also operates a nine well Sentinel Lakes groundwater monitoring network, focused on the four lakes enrolled in the Department of Natural Resources' Sustaining Lakes in a Changing Environment program, as an offshoot of the much larger ambient network.

The program provides data and information to understand the quality of Minnesota's groundwater, including trends over time, and evaluate progress in protecting groundwater quality. Groundwater quality data, modeling, and information about surface water and groundwater interactions also inform restoration and protection strategies developed by the MPCA and its partners. The groundwater data generated through this appropriation provides essential information for decisions on other CWF-funded activities involving groundwater and drinking water protection.

Proposal:

The Governor recommends \$2 million for FY 2024 - 2025 for the continued operation of the monitoring network of about 270 wells across the state, with a slight increase to funding to cover operational increases. The program FTEs will remain at current levels.

The network targets aquifers that are most vulnerable to pollution by non-agricultural chemicals, typically shallow aquifers that underlie urban areas of the state. Monitoring data are analyzed to evaluate groundwater conditions and trends. This information is shared with state and local partners and the public to inform drinking water protection activities.

The network has been built out to the designed spatial and land use coverage. Other than periodic replacement of wells due to failures or loss of access, the only significant change planned at this time is to add five bedrock wells in the upper aquifer in SE Minnesota to assess water-quality conditions at depth in places that are vulnerable to contamination due to the unique geology. (This project utilizes matching funds from the US Geological Survey).

The program's main expenses are:

- Staff – To conduct field work, analyze data, complete groundwater modeling, and to provide data and information to state and local partners.
- Materials – The supplies and materials needed to conduct regular field work of gathering water from the wells for analysis or using sensors or other in-well tools that report pollutant results.
- Lab Analysis – The costs for labs to complete the analysis of the water samples and report the level of pollutants.

The program is regularly engaged in reviewing the sampling schedule to identify efficiencies that will reduce costs without impacting the network's ability to provide important information about pollution in Minnesota's groundwater. This will allow the program to add key analyses, such as measurement of per- and poly-fluoroalkyl substances (PFAS) – within the current budget; however, increases to staffing costs and the price of materials and lab analysis may soon begin to put pressure on the program's budget.

As an example, the National Groundwater Monitoring Network requires that each location needs a baseline of five years of annual sampling events. The program plans to accommodate increases in costs by evaluating the sampling frequency for wells that have reached this baseline. Wells with over 5 years of data will be evaluated and may be moved to a biennial sampling schedule if little change in pollutant levels has been found or is expected - this may include wells in forested settings that have shown no pollutant concentration changes/ trends to date. Some parameters may also be changed; for example, volatile organic compound (VOC) sampling may be discontinued at wells in forested settings where VOCs are not typically found. Other parameters may also be reduced. The program will prioritize data needed to calculate trends that support the agency-wide work (chloride and nitrate) and new and critical pollutants (such as PFAS).

MPCA staff also work with the US Geological Survey and others to better understand the relationships among groundwater recharge, precipitation, streamflow, and lake levels and water quality. This work informs protection efforts for both groundwater and surface water.

The funding will also continue to support the evaluation of potential sources of concern for groundwater contamination to ensure requirements and best management practices (BMPs) are protective of groundwater resources.

Impact on Children and Families:

This recommendation will ensure that data on groundwater quality are collected and analyzed statewide. Clean groundwater to supply drinking water needs is critical to all Minnesotans, especially to babies and children that can be more strongly impacted by pollutants like PFAS and nitrate.

Equity and Inclusion:

This recommendation will ensure that data on groundwater quality is collected and analyzed statewide. These data can be used by Minnesotans to plan for their communities' future, particularly in terms of what is needed to ensure clean and safe drinking water for all. The program annually determines the difference in nitrate levels between areas of potential environmental justice concern and other areas. In reducing sampling frequency or parameters, MPCA will consider a well's location in a potential area of environmental justice concern. The requested funding will not adversely impact racial or ethnic groups in any way.

Tribal Consultation:

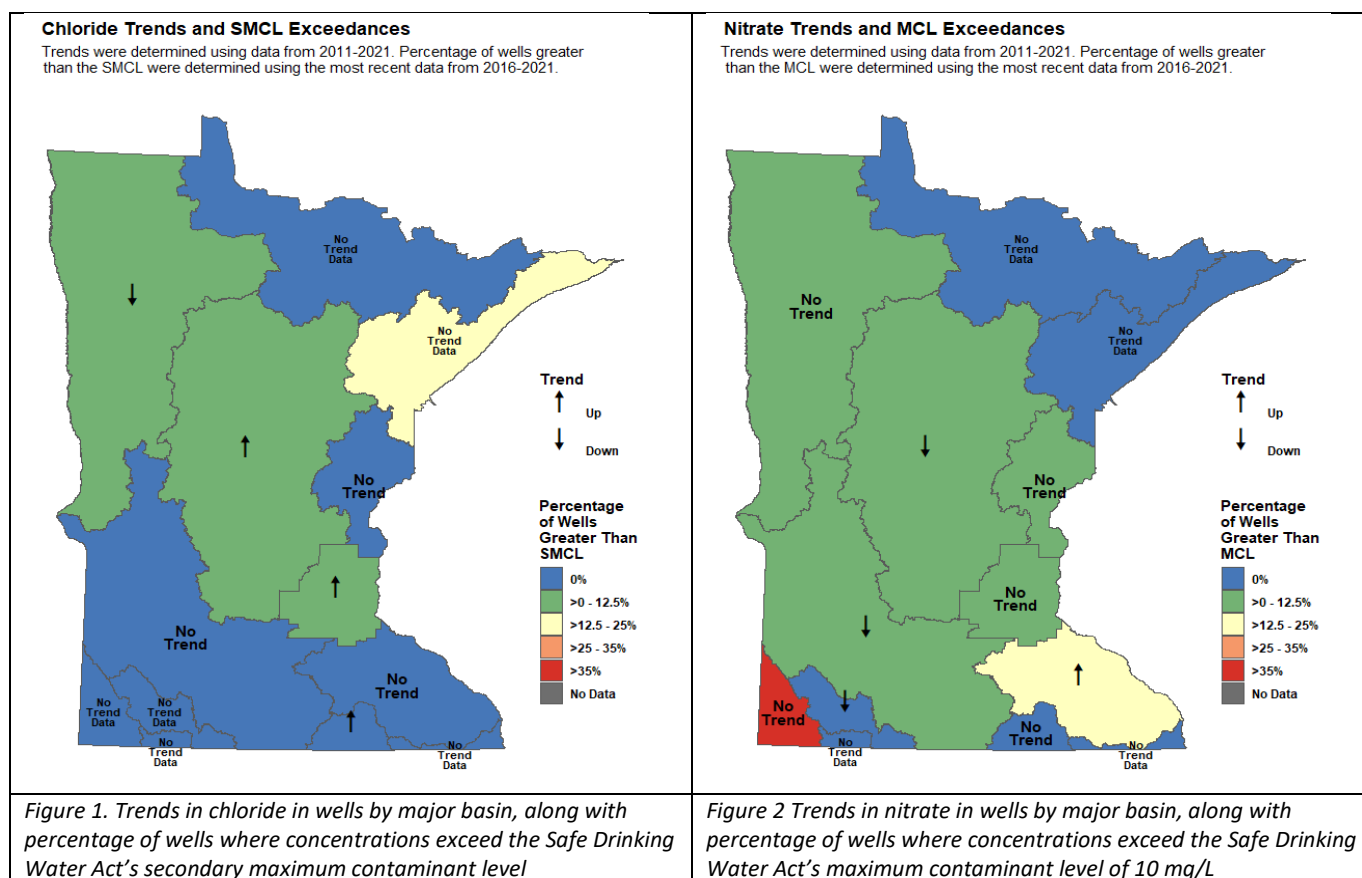
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Since the advent of the CWF, MPCA has established the groundwater quality monitoring network and is beginning to have sufficient data to calculate trends in groundwater quality for the vulnerable aquifers that our network targets. The program annually compiles information levels and trends of chloride and nitrate in our wells and reports those to the MPCA's water leadership.



In addition, the program regularly reports on the difference in groundwater nitrate conditions between areas of potential environmental justice (EJ) concern and other areas, to evaluate if there is the potential for disproportionate impacts. To date, no such concerns have been identified. The MPCA is committed to maintaining wells in EJ areas to continue to evaluate the potential for such impacts.

Monitoring results are routinely communicated via MPCA reports and web materials and through the biennial Clean Water Fund Performance Report available online at [2022 Clean Water Fund Performance Report \(state.mn.us\)](https://www.pca.state.mn.us/cwfr/2022-report).

Additional information about groundwater monitoring efforts and the data collected can be found in Appendix A to the Environmental Quality Board's 2020 State Water Plan, called the Five-year Assessment of Water Quality Trends and Prevention Efforts Report available online at <https://www.pca.state.mn.us/sites/default/files/lrwq-gw-1sy20.pdf>

Statutory Change(s):

Not applicable

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Watershed Restoration and Protection Strategies

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	6,350	6,350	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,350	6,350	0	0
FTEs	35	35	0	0

Recommendation:

The Governor recommends an appropriation of \$6.35 million in each of FY 2024 and FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Watershed Division to continue the systematic progress in developing and updating protection and restoration strategies for the state's watersheds. The funding will enable the identification of the most efficient and effective strategies to address point and nonpoint sources of pollution most appropriate to specific watersheds based on watershed science. This recommendation supports the agency's work with local partners and other state agencies to guide restoration of impaired watersheds and protection of unimpaired watersheds.

The recommended appropriation of \$12.7 million for FY2024-25 is about a 4 percent decrease from the amount appropriated in FY 2022-23, and a decrease of over 36 percent from the historic highest appropriation for the program, due to program operational maturity and efficiencies. Staffing funded by this recommendation will continue at current levels.

This recommendation will be 2% of the agency's biennial budget.

Rationale/Background:

This recommendation enables the MPCA to continue work toward the goals of the Clean Water Land and Legacy Amendment (CWLLA). The CWLLA law directs the MPCA to identify impaired waters and to complete total maximum daily load (TMDLs) studies and watershed restoration and protection strategies (WRAPS) reports. The initial development of TMDLs and WRAPS will be accomplished with WRAPS for all 80 watersheds completed by end of FY23, meeting the statutory deadline for this work. Building on the success that MPCA has had with the WRAPS process, the MPCA is set to enter a new phase, where subsequent TMDLs and WRAPS updates will be completed on an as-needed basis. This has already begun, with excellent coordination between MPCA project managers and local partners to ensure that their needs are met. The MPCA works with other state agencies on inter-agency teams to coordinate programs related to this effort, and with local partners to ensure local conditions are understood and local water implementation plans are properly targeted.

This is a long-standing program/approach and is not a new recommendation from the Governor's designated work groups on budget recommendations.

Proposal:

The Governor proposes continuation of funding for FY 2024-25 biennium for updating WRAPS reports, including TMDLs, to be developed with local partners to set strategies for restoring impaired waters and protecting unimpaired waters. The strategies include reviewing and setting reduction and protection goals and targets to guide state and local government water planning and implementation efforts. WRAPS and TMDLs are foundational to the development of science-based, efficiently targeted local water plans. The recommendation includes supporting 35 existing FTE and providing other operating costs and providing funds to pass-through to

local government units (LGUs) and contractors for their participation and assistance in accomplishing this work. Funding for this project also includes specific funding for the We Are Water civic engagement exhibit. Approximately 5.8% of this budget recommendation will be passed through for this exhibit, which helps to bridge scientific knowledge with human relationships with water.

This funding will enable the MPCA to continue its progress on the development and updating of WRAPS and TMDL studies, with several successes already achieved. By the end of the FY 22/23 biennium, there will be at least 42 of the 80 major watersheds that have been or will be part of the intensive watershed monitoring cycle 2 (IWM2). This second cycle of monitoring provides information for targeting restoration efforts, indicating whether restoration efforts have been successful as well as providing data needed to delist restored waters. The WRAPS update process relies heavily on this information to work with local partners to determine the next steps of protection and restoration efforts and begin them. Within the WRAPS update process are many different components including, but not limited to updating stressor identification reports, further model calibrations and extensions based on the latest monitoring data, more in-depth water characterization monitoring and enhanced studies (including monitoring equipment to complete this work), additional TMDL studies, and WRAPS report updates.

This recommendation is very complimentary to other programs being implemented by sister state agencies. Work that the MPCA completes in WRAPS is integrated with the important work completed by the DNR, including hydrology (DNR flow gauging stations at key locations in each watershed) and lake Index of Biotic Integrity (IBI) work. The MPCA work complements the Minnesota Department of Health work that they complete for groundwater resources. Understanding both the groundwater and surface water interactions provides a full picture of the watershed water quality health. Finally, much of the information collected through the MPCA, TMDL and WRAPS products in a specific watershed provide the foundation for the 1W1P discussion and plan creation for BWSR.

Impact on Children and Families:

All Minnesotans have a right to quality water to be used for recreational uses and drinking waters. The studies and strategies completed with this funding allow implementation activities to be completed in an efficient and effective manner to ensure our waters are stored and maintained for those uses, providing children and families a quality of life expected by all Minnesotans.

Equity and Inclusion:

WRAPS are developed with robust public participation opportunities, inclusive of all watershed citizens that choose to participate. The MPCA Watershed Program Plan revision of 2022 includes approaches to enhance environmental justice, including the MPCA's Environmental Justice Framework with 19 strategy areas the Agency is working towards integrating into program processes and procedures. Within that framework, future WRAPS reports will provide information on water quality concerns in identified environmental justice communities/areas in WRAPS watersheds. By working diligently to involve all watershed citizens in the WRAPS updates, the product produced will reflect what local partners want to see in their watersheds.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

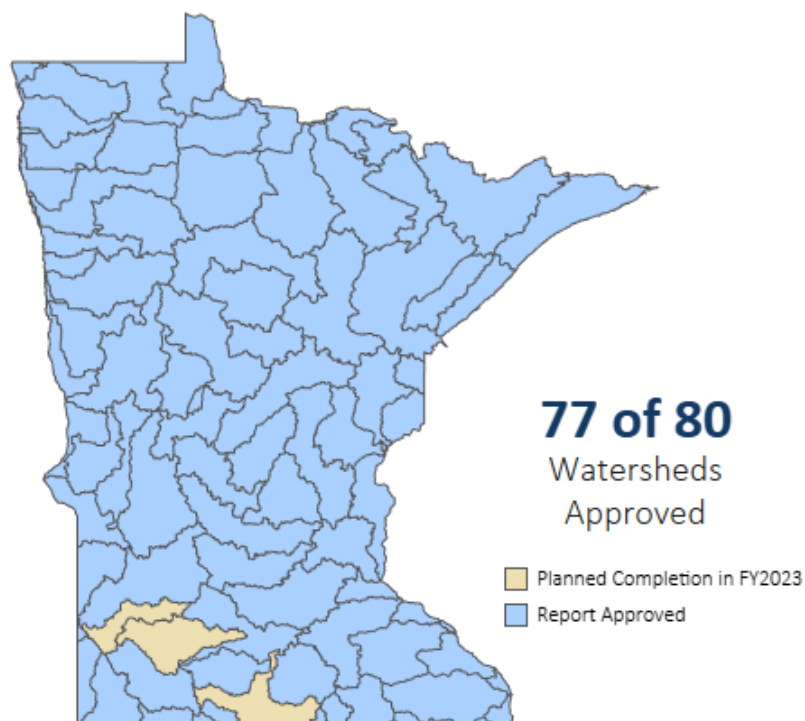
The MPCA provides notifications and invitations to Tribal governments at the beginning of WRAPS efforts, inviting their participation. Tribes have chosen to participate at varying levels in the past, from direct, high, continued involvement, to little or no involvement. This level of outreach and coordination will continue, with project

managers communicating to Tribal governments at the very beginning of the update WRAPS cycle in the watershed.

Results:

The MPCA will continue its progress on the development and updating of WRAPS and TMDL studies. These studies provide watershed information to local water planners and state agencies to help guide planning priorities and targeting of implementation efforts to improve and protect water quality in Minnesota's lakes, rivers, and drinking water. To measure the effectiveness of our WRAPS documents in helping local water partners in developing local water quality plans called 1 Water 1 Plan (1W1P), surveys were sent annually for the past three years upon local planning completion. In the most recent survey sent, for 2021 1W1P approved plans, 88.1% of survey respondents agreed that the water quality elements of the 1W1P were consistent with the WRAPS. This is consistent with the previous two annual surveys and demonstrates that the specific actions and practices targeted in the WRAPS are carried forward to local planning which is the Agency's hope and goal. Furthermore, BWSR completed a 1W1P Program Evaluation in May 2022 which reported that local water planners found the WRAPS reports to be helpful documents in their local water planning efforts.

EPA has approved over 1,800 conventional pollutant TMDLs and over 1,200 mercury TMDLs to date, and all Minnesota watersheds have WRAPS development projects completed or underway. All the 80 watersheds' WRAPS are on track to be completed by the end of FY23, achieving the statutory deadline for completion. Eighty-three lakes and streams have been restored from being impaired to meeting water quality standards to date.



The MPCA reports projects and funding on the Legislative Coordinating Commission's website, <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds. The 2022 Clean Water Fund Performance Report is available on the MPCA website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-1sy22.pdf>. This performance report uses Outcome, Action, and Financial Measures to gauge progress on protecting and restoring the state's water resources. The MPCA has also developed an on-line reporting tool, called Healthier Watersheds, to share progress on what is being done in Minnesota's watershed to protect and improve water quality; see <https://www.pca.state.mn.us/business-with-us/healthier-watersheds-tracking-the-actions-taken>

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	USEPA-approved TMDLs (non-mercury)	1,580	1,886	January 2021; January 2022
	Watersheds with completed WRAPS	60	77, 80 by end of FY23	January 2021; June 2023

Core activities in the FY24/25 biennium include:

- The We Are Water exhibit will work with five new community sites per calendar year.
- The MPCA will be extending and refining the calibration of about 35 models.
- The MPCA anticipates there will be 15 updated WRAPS and 11 Stressor Identification reports completed.
- The MPCA is committed to producing a TMDL report for 70 impaired waters listings from FY23/FY24. Additional TMDLs will also be produced for FY25 but started in the FY23/24 biennium. This is a conservative estimate, and the Agency anticipates there will be more.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Enhanced SSTS Program Support

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	3,550	3,550	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,550	3,550	0	0
FTEs	1.4	1.4	0	0

Recommendation:

The Governor recommends appropriation of \$3,550,000 in FY 2024 and \$3,550,000 in FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Municipal Division. This appropriation supports technical assistance and county implementation of the subsurface sewage treatment system (SSTS) program requirements, including issuing permits, conducting inspections, and resolving non-compliant systems.

The recommended appropriation of \$7,100,000 in FY 2024 - 2025 represents about a 25% increase from the amount appropriated in FY 2022 - 2023. The FY2024-25 recommendation builds back a reduction in grant funds from FY2020-21 levels and adds additional funds for grants to families with low income whose failing septic systems need to be upgraded or replaced. MPCA staffing funded by this recommendation will continue at current levels.

This recommendation will be 1.4 % of the agency's biennial budget.

Rationale/Background:

Nearly 30% of Minnesotans use septic systems to treat their household wastewater. When these systems are not functioning properly, they release untreated sewage into the ground where it can contaminate groundwater and nearby surface waters.

Successful protection of groundwater and human health from untreated septage requires the implementation of Minnesota Statutes, sections 115.55 and 115.56. Clean Water Fund monies appropriated to the MPCA's SSTS program are used to implement strategies that protect groundwater and adjacent surface waters. These strategies include managing SSTS activities such as permitting and inspection programs, resolving disputes between SSTS professionals and developing local SSTS ordinances and administering low-income grant programs.

The MPCA distributes CWF monies to 86 of Minnesota's 87 counties (Ramsey County does not operate an SSTS program) through two grant opportunities:

- SSTS Base Grants
- SSTS Low-Income Grants

SSTS Base Grants are distributed to counties that administer an SSTS program with the following criteria: have ordinances that meet state rules and complete an annual report. Each county that meets the criteria receives \$18,600 (\$1,500 of this money is Environmental Fund money and the remainder is CWF money) per year to enhance county-level implementation of the SSTS program.

Additionally, SSTS Low-Income Grants provide funding to counties through a competitive process for which counties apply for each fiscal year. The grants are used by county programs to provide funding opportunities to homeowners with low-income that have failing SSTS that need to be upgraded or replaced.

Currently, there are approximately 620,000 SSTS in Minnesota, of which an estimated 107,000 systems are non-compliant and about 26,000 of those non-compliant septic systems belong to households with low-income.

The cost to upgrade or replace a septic system is between \$7,000 and \$20,000, depending on septic system size and complexity. Households with low-income are typically unable to afford this cost, and as a result, the failing systems remain in place and continue to pose a risk to the landowner, the neighbors, and anyone who encounters contaminated surface or groundwater.

The SSTS Low-Income Grant is sought after. Each year 60 percent of the 86 counties with SSTS programs in the state request these grant dollars from the MPCA and each year requests exceeds the amount of money available.

Proposal:

The Governor recommends continued support for the SSTS Base Grants to all 86 participating counties. In addition, the Governor recommends an increase for SSTS Low-Income Grant dollars in FY 2024 - 2025.

Counties and local units of government across the state will continue to receive \$18,600 (\$1,500 of which is Environmental Fund money) per year to enhance county-level implementation of the SSTS program so long as they have ordinances that meet state rules and complete an annual report.

The MPCA will collect annual report data, including SSTS permitting and compliance trends for the previous calendar year and make them available to participating counties, local units of government and the public. The information collected helps the MPCA with long-range planning efforts and program development.

Similarly, the SSTS Base Grant process and implementation will not change. The grants are awarded through a competitive application process to provide monetary support to some of the most vulnerable populations and resources in the state. Counties can use these grants to fund all or part of an upgrade or replacement of a septic system that has been determined to be an imminent threat to public health or safety or failing to protect groundwater. The grant dollars must be used on low-income households or duplexes as determined by the county. Counties that are awarded low-income grants are required to track projects funded by the program.

It is estimated that with the increase of low-income grant dollars available in the FY 2024 - 2025, approximately 100 additional SSTS upgrades or replacements will be completed.

Impact on Children and Families:

Non-compliant septic systems put children and families' health at risk by creating unsanitary conditions through possible groundwater and drinking water contamination and worse, the direct contact with the sewage. The absence of working sewage treatment has public health implications in the very populations that are most vulnerable. This recommendation allows counties to ensure children and families in households with low-income have safe and effective septic systems.

Equity and Inclusion:

This recommendation will ensure that counties across the state have access to money that can be distributed to families with low-income to address the direst non-compliant septic systems. The SSTS Low-Income Grant program requires an annual application by Minnesota counties. This provides local units of government and those working with low-income households, owners of multi-family housing and community opportunities to assess the need, plan and apply for the grant funds necessary for addressing septic systems that pose an Imminent Threat to Public Health or Safety or Failing to Protect Groundwater.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

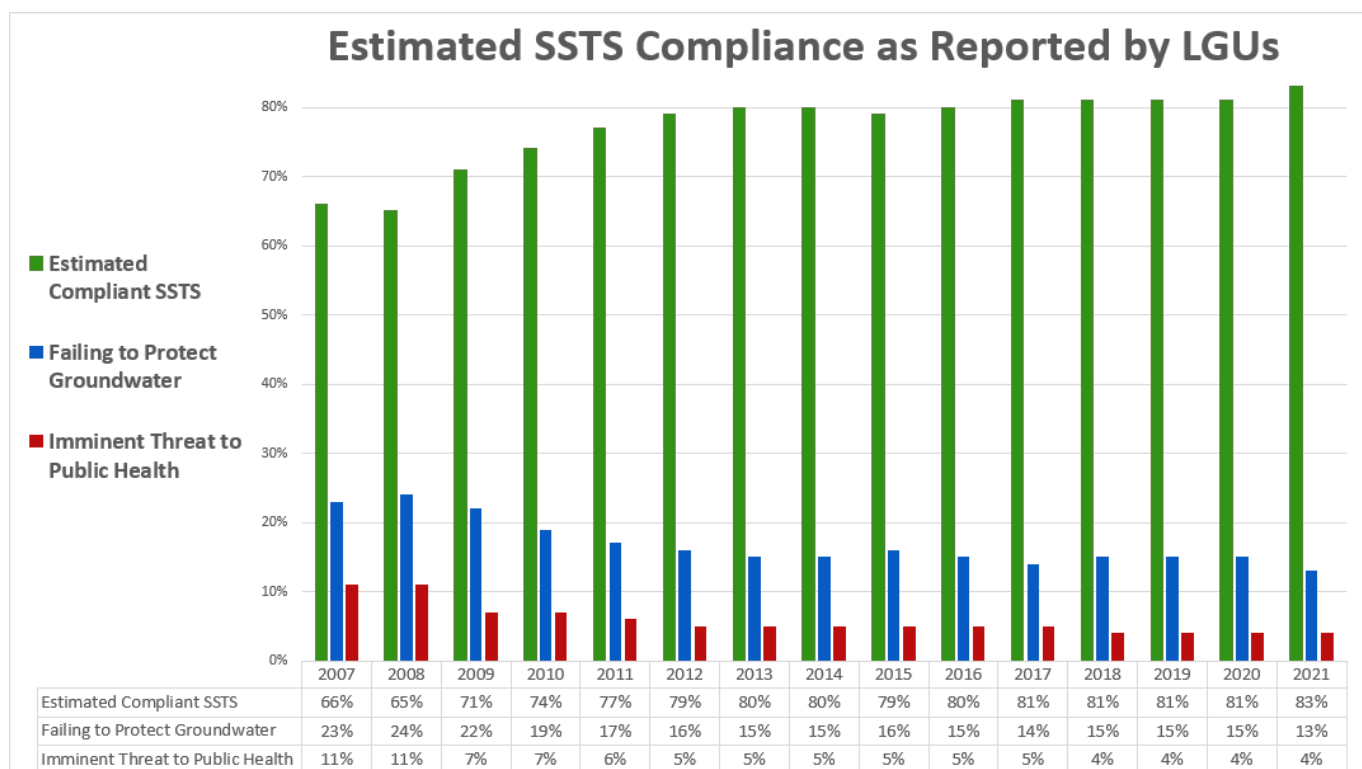
☐ Yes

☒ No

Results:

MPCA has collected SSTS compliance data to evaluate trends for many years. More specifically, the number of SSTS systems determined to be compliant, an imminent threat to public health or those septic systems failing to protect groundwater have been tracked by local units of government.

Septic systems across Minnesota are increasingly compliant with fewer systems determined to be a threat to human health and the environment decreasing year after year. The estimated percentage of compliant SSTS as reported by local units of government has increased from 66 percent in 2007 to 83 percent in 2021. Compliance rates increased rapidly from 66 percent in 2007 to 80 percent in 2013 which has remained steady at this rate. From 2007 to 2021, the estimated number of SSTS which are failing to protect groundwater has decreased from 23 percent in 2007 to 13 percent in 2021. Similarly, the number of SSTS considered imminent threats to public health and safety has decreased from 11 percent in 2007 to 4 percent in 2021.



Additionally, counties that award low-income grants are required to track projects funded by the program. Over the last 11 years, the SSTS Low-Income Grant program has distributed \$14.4 million with the average distribution of \$26,113 and 1,403 replacements through June 30, 2021. The MPCA will continue to collect this data for reporting purposes.

The MPCA SSTS program summarizes annual SSTS compliance data collected from local governments with SSTS program. That annual report is found on our website: <https://www.pca.state.mn.us/business-with-us/ssts-annual-report>.

Finally, a report detailing how the CWF money enhances county SSTS program and the outcomes of the appropriations is found on the MPCA website: [Clean Water Fund Appropriations for SSTS Programs in Minnesota \(state.mn.us\)](https://state.mn.us/clean-water-fund-appropriations-for-ssts-programs-in-minnesota).

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Great Lakes Restoration Project

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	750	750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	0	0
FTEs	2	2	0	0

Recommendation:

The Governor recommends appropriation of \$750,000 in FY 2024 and \$750,000 in FY 2025 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Remediation Division for implementation of the Great Lakes Water Quality Agreement priority actions identified in the St. Louis River Area of Concern (SLRAOC) Remedial Action Plan (RAP). This work will leverage federal money to restore the SLRAOC located in the lower reaches of the St. Louis River Watershed in the Lake Superior Basin to improve water quality in the River and Lake Superior. The SLRAOC is a source of drinking water and economic development for the City of Duluth and other communities in the region, in addition to being an important ecological resource for the state.

The recommended appropriation of \$1.5 million for FY 2024-25 is equal to the amount appropriated in previous biennia. The amount will be utilized to continue implementation of the federal Environmental Protection Agency (EPA) approved management actions listed in the RAP. A slight increase to staffing has been added in this recommendation to account for increased coordination and data archival as the program wraps up projects.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

The SLRAOC was designated by the U.S. and Canada in 1987 as one of 43 such areas that experienced significant environmental degradation before environmental regulations existed. The SLRAOC has operated under several RAPs since its listing and all were prepared with the assistance of the 4 Coordinating agencies (the Minnesota Pollution Control Agency, MN Department of Natural Resources, WI Department of Natural Resources, and the Fond du Lac Band of Lake Superior Chippewa), along with the designated Citizen's Action Committee, and public input.

The SLRAOC RAP describes the State of Minnesota's commitment to meet the goal of restoring this Area of Concern as called for by the 2012 Great Lakes Water Quality Agreement and the current federal Great Lakes Restoration Initiative Action Plan. Major actions in Minnesota address reducing risk from contaminated sediments at 12 sites and restoring approximately 1,700 acres of aquatic habitat to support the recovery of fish and wildlife populations. Importantly, these actions are needed to ensure drinking water resources remain available for surrounding communities.

Continued implementation of the SLRAOC RAP will ultimately result in the removal of the five (5) remaining beneficial use impairments. Once the management actions are completed, an application for formal delisting can occur.

Proposal:

This is a continuation of an existing program, and the operating funds will maintain our current level of administrative and technical capacity to complete the identified work remaining in the remedial action plan.

Funds will be used for design work and post construction monitoring of restored locations. The general coordination activities of staff have remained consistent for several years and will increase in this biennium due to the sheer number of projects being implemented during these fiscal years. Through the years, over 70 local, state, federal, and tribal partners have cooperated in the execution of this program. The staff will support the increased coordination of active projects and to aid in archival of program records to prepare for delisting.

Impact on Children and Families:

All work completed under the Great Lakes Restoration Initiative is intended to remediate, restore, and revitalize Areas of Concern (AOC)s. Like other AOCs, the Twin Ports of Duluth, MN and Superior, WI were seriously impacted by the unregulated discharge of contaminants to the SLRAOC and loss of habitat that have had a lingering effect on the region's economy. In particular, the neighborhoods in West Duluth bore a disproportionate share of the effects of unregulated industrialization and will be a primary beneficiary of restoration and revitalization in that area of the city. The St. Louis River estuary is part of the ancestral homeland of the Chippewa bands that will also benefit from this work. Environmental restoration has already had and will continue to have a direct benefit on water quality, along with access to the river for recreation and food gathering (i.e., wild rice harvesting, fishing, and hunting).

Equity and Inclusion:

Although the Great Lakes Restoration Initiative does not have a specific goal of reducing or eliminating inequities, the AOCs, including the SLRAOC, are generally located in economically depressed areas disproportionately populated by protected classes. Therefore, the remediation, restoration, and revitalization activities in the SLRAOC will have a lasting benefit to the communities that populate the SLRAOC, which includes neighborhoods with people of color and Native Americans.

The benefits from the SLRAOC work have an especially important benefit to those groups that rely on subsistence foods (wild rice harvesting, hunting, and fishing) and as these resources will improve. The reduction of environmental and health risks and the restoration of a more ecologically stable aquatic ecosystem will ensure that the benefits will be sustained into the future.

The SLRAOC work includes a strong connection to the Fond du Lac tribal nation, with representatives on both staff and director level committees and coordination across remedial and restoration activities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

The coordination work included in the staff time in this recommendation will include engagement with the Fond du Lac tribal nation. It is not a significant portion of the work of the funded positions.

Results:

The performance measures reported to the Environmental Protection Agency at the end of each federal fiscal year are the number of management actions completed and number of beneficial use impairments removed.

As of September 2022, 50 of 80 management actions have been completed. The remaining 30 management actions are in process, include 10 remediation projects and 9 restoration projects. This funding will support post construction monitoring for the in-process actions.

When the Great Lakes Water Quality Agreement was executed by the U.S. and Canada, they identified fourteen Beneficial Use Impairments (BUIs) that applied to AOCs. The St. Louis River AOC has nine BUIs to address before it can be proposed for delisting. As can be seen in the chart, four of them have been removed, with one being removed in 2022.

BUI Removal Timeline	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Degradation of Aesthetics (BUI 8)	x											
Fish Tumors and Deformities (BUI 3)						x						
Excessive Loading of Sediment & Nutrients (BUI 6)							x					
Degraded Fish and Wildlife Populations (BUI 2)									x			
Beach Closings and Body Contact Restrictions (BUI 7)												x
Restrictions on Dredging (BUI 5)												x
Loss of Fish and Wildlife Habitat (BUI 9)												x
Degradation of Benthos (BUI 4)												x
Fish Consumption Advisories (BUI 1)												x

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Clean Water Council

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	337	338	0	0
Net Fiscal Impact = (Expenditures – Revenues)	337	338	0	0
FTEs	2.0	2.0	0	0

Recommendation:

The Governor recommends appropriation of \$337,000 in FY 2024 and \$338,000 in FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Operations Division for Clean Water Council operations. The recommended appropriation of \$675,000 for the biennium will cover two FTEs (Council Administrator, 0.85 for administrative support, and 0.15 for communications support), costs of meetings, necessary travel for members, communications, and the production of the Council's biennial report.

In FY 2024-25, this appropriation will represent less than 1% of the MPCA's biennial budget, if funded.

During FY 2024 -25, the Council will build upon changes made in FY 2022-23 to better meet its mission in M.S. 114D.30.

- Review of Strategic plan: The Council approved its first strategic plan in early 2020. This plan will guide the Council's activities and funding recommendations through 2034 when the Legacy Amendment expires, with periodic reviews to adapt to changing circumstances.
- Interagency communications plan: The Council is coordinating an interagency communications strategy to provide better accountability to taxpayers on the outcomes of the CWF as required in M.S. 114D.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

The Council was established in 2006 to advise the Legislature and Governor on the administration and implementation of the Clean Water Land and Legacy Act (CWLLA), Minn. Stat. Ch. 114D. The CWLLA requires the Council to submit a report to the Legislature and Governor that includes recommendations for CWF appropriations for the purposes stated in Article XI, Section 15 of the Minnesota Constitution and Minn. Stat. 114D.50. The CWLLA requires this report to include an evaluation of progress related to the CWF and future funding needs. The 28-member Council represents organizations with a major role in achieving clean water, enabling consensus building and coordination on a wide array of issues critical to the people of Minnesota. The Council, and its Policy Committee and Budget and Outcomes Committee, hold public meetings monthly to discuss a variety of water topics and conduct Council business.

Proposal:

The Governor recommends funding for Clean Water Council operations in FY 2024-25. Appropriations from the CWF may only be authorized as one-time funding. The report also fulfills the CWLLA requirement for the Council to recommend to the Governor and the Legislature the way money from the Clean Water Fund should be appropriated for the purposes stated in Article XI, Section 15, of the Minnesota Constitution and Minn. Stat. 114D.50.

Impact on Children and Families:

The Council through its recommendations helps address Minnesota's surface waters that don't meet water quality standards and drinking water sources that don't meet federal drinking water standards or Minnesota health-based guidance. Many impairments and drinking water contaminants create disproportionate impacts on children, especially infants, and expectant or nursing mothers such as nitrates, manganese, and mercury.

Equity and Inclusion:

The Clean Water Council Staff has completed Tribal-State Relations Training and reaches out to the state's four ethnic councils. Staff has also catalogued programs supported by the CWF that have an equity component, such as grants for low-income households to replace non-compliant septic systems. The Council is also working with BWSR on a small grants program (Clean Water Legacy Grant Program) with an existing \$1 million appropriation to seek out new partners for clean water programs. The Council made sure that Minnesota's tribal governments would be eligible.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

In accordance with M.S. 114D.30 (as amended in 2022), the Clean Water Council is required to submit a biennial report to the Legislature by January 15th of each odd-numbered year on the following:

- the activities for which money has been or will be spent for the current biennium;
- the activities for which money is recommended to be spent in the next biennium;
- the impact on economic development of the implementation of efforts to protect and restore groundwater and the impaired waters program;
- an evaluation of the progress made in implementing the CWLA and the provisions of Article XI, Section 15, of the Minnesota Constitution relating to clean water;
- the need for funding of future implementation; and
- recommendations for the sources of funding.

The report also fulfills the CWLLA requirement for the Council to recommend to the Governor and the Legislature how the money from the Clean Water Fund should be appropriated for the purposes stated in Article XI, Section 15, of the Minnesota Constitution and M.S. 114D.50.

Statutory Change(s):

No statutory changes are required.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - Chloride Reduction Efforts

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	650	650	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	650	650	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends appropriation of \$650,000 in each FY 2024 and FY 2025 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for implementation of actions to reduce chloride in our state waters. The funds will be used to support one FTE training coordinator and the remainder will be used for a grant program to support municipalities implementing chloride reduction activities described in their Chloride Pollutant Reduction Plans.

This recommendation will be less than 1 % of the agency's biennial budget.

Rationale/Background:

Chloride is a permanent pollutant toxic to aquatic life and does not break down or change over time. The chloride water quality standard designed to protect aquatic life is 230 mg/liter (about 1 teaspoon in 5 gallons of water). Once chloride enters our lakes, streams, wetlands, and groundwater, it is extremely expensive and impractical to remove it. Chloride levels continue to increase in Minnesota's surface waters and groundwater. The only way to address this pollutant is reducing it at the source. The primary sources of chloride impacting water quality are de-icing salt used in winter and salt used for water softening systems. This appropriation supports the Clean Water Council's Strategic Plan goals 3 (Surface waters are swimmable and fishable throughout the state) strategy 4 to invest in activities and research that can accelerate improvement in water quality through new approaches (e.g., perennial crops and other landscape drivers, chloride management or alternatives).

More than 200 communities in Minnesota are identified having elevated chloride in their wastewater discharge, due to water softening. Since most wastewater treatment plants are not designed to remove chloride and retrofitting the plants with available chloride treatment is prohibitively expensive, creative approaches are needed to reduce chloride entering wastewater treatment plants and ultimately discharged to lakes and streams. This proposal seeks to provide funding for those municipalities with elevated chloride levels and an approved Chloride Pollutant Reduction Plan for implementing identified activities to reduce chloride levels.

Proposal:

This proposal is an increase of \$530,000 from previous CWF appropriations for chloride reduction activities. This proposal would maintain an existing FTE (\$140,000 per year) to support Smart Salting training efforts, and the remaining funds would be distributed via a competitive process to municipalities.

The increase is specifically intended to provide additional grants funds to municipalities for chloride reduction activities. The grants would be targeted to municipalities with National Pollutant Discharge Elimination System (NPDES) permits and intended to implement actions identified in the municipality's Chloride Pollutant Reduction Plan. Currently, six municipalities have chloride limits on their wastewater discharges, and NPDES permits that will have chloride limits for another eighteen municipalities are in process. Ultimately, over 200 municipalities across Minnesota will likely be required to meet chloride limits in their wastewater discharges. Funding that will help them implement their Chloride Pollutant Reduction Plan is critical support these communities, many of which are quite small, require. The Plans are comprehensive in their scope and include activities that will reduce the application of road salt within communities as well as incentives to reduce chloride sent to wastewater plants. A large range of activities would be allowable, including but not limited to completing chloride source investigation and minimization, evaluating feasibility of water treatment, encouraging efficient softeners through public education, sampling to determine "hot spots, promoting chloride reduction in residential softener salt use through public education and mailers, and installing reverse osmosis units.

Success will be determined based on number of chloride pollution reduction activities completed and reductions in chloride concentration realized at awarded municipalities over time.

Impact on Children and Families:

Having quality water is important to all children and families of Minnesota. Minnesota's lakes, streams and groundwater are used not only as drinking water sources but also for recreational uses. Because chloride persists in the water environment it is discharged into resulting in negative impacts, it is important for Minnesota's children and families to have programs like the Chloride Reduction Program that serve as preventative effort.

Equity and Inclusion:

Grants are targeted to municipalities across Greater Minnesota with a chloride limit or anticipated chloride limit. A portion of eligible municipalities are in areas that are identified as areas of disproportionate impacts.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Current measures are targeted towards number of individuals who have attended training courses for road salt application. Performance measures for the new funding will include the number and percent of grants were awarded to eligible entities and a count of practices were implemented from their Chloride Pollution Reduction Plans. These measures will be tracked at the program level and be included as grant reporting requirements. A longer-term measure will also include tracking of chloride concentration from municipal wastewater effluent; with the implementation of practices, the concentration should be reduced over time. This will be tracked by the agency utilizing required data submittals from facilities.

Public and Stakeholder Engagement:

The Clean Water Council supports this work in its Strategic Plan. A significant number of cities, counties and private companies are interested in receiving grant funds to upgrade their winter maintenance equipment to achieve lower salt or not salt options. These are supporters that generally supportive of MPCA's chloride reduction work. Precision Landscape Inc. (private snow & ice contractor), the cities of Edina, Shoreview, Bloomington, Waconia, and Rochester, Freshwater Society, Friends of the Mississippi River, Crow Wing SWCD, Bassett Creek WMC, Nine Mile Creek WD, Mississippi WMO, Riley Purgatory Bluff Creek WD, Richfield–Bloomington WMO, Elm Creek WMC, Shingle Creek WMC, West Mississippi WMO, Stop Over Salting (citizen group).

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Air Compliance Equipment Maintenance

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	40	40	40	40
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	40	40	40	40
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$40,000 in FY2024 and each subsequent year thereafter from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Industrial Division. This appropriation maintains existing air monitoring equipment with ongoing calibration and/or certification, renewal of digital opacity software license, and allows for purchasing of additional and necessary air monitoring equipment.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

In FY2022 and FY2023, the MPCA Air Compliance Unit was granted a one-time appropriation for \$180,000 and \$4,000 respectively, to purchase air monitoring equipment that would be used to determine compliance with air quality regulations at air emission point-sources. Current air monitoring equipment will need ongoing calibration and certification to be used for compliance demonstration purposes. Until recently, MPCA air quality inspectors have had to rely on recordkeeping done by the facility and stack test report data that was competed by third-party consultants (hired by the facility) to ensure compliance with certain permit requirements. Permit requirements ensure that emissions meet the National Ambient Air Quality Standards/Minnesota Ambient Air Quality Standards, New Source Performance Standards, and National Emission Standards for Hazardous Air Pollutants. Air monitoring equipment that is operated by the MPCA ensures results in faster compliance determinations.

The current digital opacity compliance software agreement will expire in June of 2024 and will cost approximately \$20,000 to renew. A single forward-looking infrared (FLIR) camera, certification, and calibration package costs approximately \$16,000 every two years. In addition, calibration gases are needed for the flame ionization detector, \$1,000 per year. Additional equipment such as hydrogen sulfide monitors, noise monitors, and FLIR cameras will need to be purchased if the Agency is to remain on-par with other Environmental Protection Agency (EPA) region 5 states. Demand for this equipment is necessary with increasing complaints received by MPCA staff.

The MPCA is the only Minnesota state government agency that conducts air monitoring for compliance purposes and this equipment allows the MPCA to independently verify that air emissions limits are being met. Without the equipment, the MPCA must rely on third parties hired by the facility to demonstrate compliance. This can take more time and does not give the public assurances that the air emissions facility always complies with emission limits.

Proposal:

The Governor proposes continued operation and maintenance of air monitoring equipment. This recommendation is to maintain the current monitoring equipment so that it can be used for regulatory purposes, as described above. If funding stops, the equipment purchased in FY2022 and FY2023 cannot be used for regulatory purposes by the MPCA or local units of government. Without air monitoring equipment, the state will rely on third-party compliance verification and the facility will be aware of when monitoring is occurring.

This recommendation includes equipment maintenance expenses in the next two fiscal years, including:

- Renewing the digital opacity software license totaling approximately \$20,000 in FY2024.
- Calibration and recertification of two FLIR cameras totaling approximately \$35,000 to FY2025.
- Calibration gases for the flame ionization detector, estimated at \$1,000 in FY2024 and FY2025.
- Additional equipment such as noise monitors and hydrogen sulfide monitors in FY2024 and FY2025.

The MPCA receives a high volume of noise complaints. Additional noise monitors will allow the MPCA to better support additional local government units' efforts to address concerns from citizens. Due to limited staffing, the noise monitors are made available to local units of government to verify compliance with noise rules at facilities that are not permitted by the MPCA. Hydrogen sulfide monitors dedicated to the air compliance program will also help ensure that the MPCA is addressing concerns in a timely manner. The program is currently asking the facility to conduct testing or is borrowing a monitor from the emergency response program. Noncompliance with the hydrogen sulfide limit is increasing at facilities.

Impact on Children and Families:

Continued funding of air compliance monitoring equipment helps ensure facilities accurately follow air emission limits. This equipment will be prioritized for use in environmental justice areas and will help determine if communities across the state are being disproportionately subjected to pollution. The ability for the MPCA to conduct these types of compliance verifications will result in the ability to act sooner to a noncompliant situation. This recommendation helps ensure that children and families that live near air emissions facilities are protected from unsafe air. The MPCA has historically relied on the EPA or third-party consultants that are hired by regulated facilities to perform these types of measurements. Because the Agency has not been funded for this equipment, it has caused delays in MPCA's response to compliance verification. The MPCA is working hard to bring its air compliance and enforcement program up to date with the latest technology so that all Minnesotans have clean air.

Equity and Inclusion:

This recommendation is requested to ensure that all Minnesotans breath clean air. The MPCA prioritizes inspecting facilities that are in environmental justice areas and will continue to do so. However, supporting and expanding our monitoring equipment will allow us to more accurately do so and respond faster to noncompliance thereby reducing the likelihood to prolonged exposure by citizens of environmental justice areas that could include people of color, indigenous people, people with disabilities, people in the LGBTQ community, or other people sensitive to air pollution.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The air monitoring equipment will be used on all full compliance inspections (approximately 150 per year) and when responding to complaints. As previously stated, this equipment allows the MPCA to determine compliance faster and during operations when the facility is unaware that monitoring is occurring to ensure that pollutants measured are during a typical operating scenario. The EPA has utilized this equipment for over five years and has had much success identifying and addressing emissions that were not historically identified. FLIR cameras identify hydrocarbons such as benzene, hexane, methanol, and xylene (hazardous air pollutants (HAPs) and/or volatile organic compounds (VOC)). Health effects associated with HAPs include cancer, asthma and other respiratory ailments, birth defects, reproductive effects, and neurodevelopmental defects. VOCs can also cause a variety of health effects and contributes to formation of ground-level ozone.

To summarize, this equipment will increase the MPCA's ability to ensure compliance more accurately, timely, and to elicit tangible reductions in air emissions that are affecting environmental justice communities and children and families. Compliance rates will continue to be tracked and focused industry sectors may be selected depending on the trends identified in the field.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Increase Joint Initiative Funding

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Pollution Control Transfer Out	400	400	400	400
Health Transfer In	400	400	400	400
Health Expenditures	400	400	400	400
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	400	400	400	400
FTEs	2.5	2.5	2.5	2.5

Recommendation:

The Governor recommends an appropriation of \$400,000 in FY2024 and each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency's (agency) Environmental Analysis and Outcomes Division. This appropriation will increase joint initiative funding for biomonitoring and address other environmental health risks posed by contaminants in the air. The increased funding will be transferred to the Minnesota Department of Health (MDH) to support additional toxicology work to develop and review health benchmarks, for additional epidemiology work for health tracking, and communications support in the areas of air pollution and climate.

This recommendation will be less than 1% of the Minnesota Pollution Control Agency's biennial budget.

Rationale/Background:

Cumulative impacts, air toxics and environmental justice continue to be major concerns for Minnesota, the agency, MDH, and the Environmental Protection Agency (EPA). At the state level, these concerns are addressed through a joint state agency effort. The agency's effectiveness depends on its ability to estimate air toxic-related health impacts, which informs better understanding of human health risk, and improved communication to address disproportionate health impacts. The MDH support is foundational to the success as they maintain the functional expertise and authority to review and develop health benchmarks, a critical feature of risk assessment and integral to Minnesota's air toxics risk-screening tool (MNRISKS) development. Increasingly, MDH is tasked with defending these benchmarks as facilities question the need for emission reductions. These areas of expertise are currently understaffed at MDH.

Currently, funding for this joint initiative between the agency and MDH is provided from the Environmental Fund (2021, 1st Special Session, Chapter 6, Article 1, Sec. 2, Subd. 2g), which provides \$926,000 each year to continue biomonitoring in higher risk communities, as recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel, and to address other environmental health risks, including air quality. The agency passes \$689,000 of this appropriation annually to the MDH to fund the work. Approximately \$239,000 is used to fund 1.5 positions at the MDH to support development and communication of air toxics. These staff review and develop air toxics health benchmarks for the agency to then use in its work. Health benchmarks are used to calculate risks and help drive risk reduction, particularly in designated areas of concern. MDH staff also created partnerships and communications, particularly around health impacts from air toxics. The MDH does not have dedicated funding for this work and the agency does not currently have the expertise or resources to develop and review air health risk benchmarks. The current funding has not been increased for multiple years while costs have continued to increase. Additional funding would allow MDH to provide additional and faster air toxic pollutant reviews and in turn allow the agency to better estimate risk and protect vulnerable communities. Additional funds

would also provide the MDH resources to better partner to create advice, messaging, reports, and community outreach regarding the impacts of climate change and air toxics on human health.

Funding would also support the recently released Climate Action Framework. Climate change is the biggest health threat facing humanity. Some of the known direct health impacts of climate change include more heat-related illnesses due to heat waves; injuries, deaths, and contaminated drinking and recreational waters from extreme precipitation and flooding; increases in disease transmission from animals and vectors; increased and exacerbated respiratory and cardiovascular diseases, such as asthma attacks from wildfire smoke and pollen; food insecurity from crop failures and rising food prices; mental health impacts from experiencing extreme weather events, climate-related instability, and other changes to the places we call home; and increasing societal and healthcare costs from more emergency department visits, hospitalizations, and premature deaths. Without additional funding through this recommendation, MDH has limited ability to confront the impacts of a changing climate.

This recommendation did not directly originate in one of the Governor's designated work groups. However, the recommendation supports the Governor's Executive Order 19-37 on climate change action and is recommended by specific priority actions in Goal 5 of the Climate Action Framework that was developed through feedback from the public, the Healthy Lives and Climate Equity Workgroup, and the Governor's Advisory Council on Climate Change.

Proposal:

This recommendation is for additional funding to support joint agency work to address environmental health risks, including air quality. Funding will allow the agency to pass additional funding to MDH for an additional 2.5 positions to provide increased and faster reviews of air toxic pollutants, allowing for better estimation of risk and protection of vulnerable communities. MDH would also have the resources to better partner in the creation of advice, messaging, reports, and community outreach regarding the impacts of climate change and air toxics on human health. The proposed positions include an additional toxicologist to develop/review health benchmarks, a partial FTE for supervisory oversight, and an epidemiologist for health tracking and communications support in the areas of air pollution and climate.

Impact on Children and Families:

Air toxics benchmark development includes a focus on early childhood development. MDH's focus on children helps the agency to better understand and respond to the risks of air pollution, particularly in vulnerable communities.

Also, having an additional MDH staff person to focus on the human health impacts of climate change would help improve resources and better support children and families. Climate change impacts everyone, but some people are more susceptible to climate change, particularly children. Studies have shown that children are more impacted by extreme weather events and are more sensitive to heat stress and air pollution. Research also shows that our youth are already being impacted by mental health issues associated with climate change. Additionally, low-income families will struggle with keeping their families safe and recovering from increases in extreme weather, such as keeping their homes cool in extreme heat, abating mold growth from flooding and extreme precipitation, and ensuring that their indoor air is safe when wildfire smoke makes outdoor air unhealthy to breathe.

Equity and Inclusion:

The agency has focused its efforts on reducing risk from air pollution on areas with current disproportionate impacts. Often MDH support is needed to understand and communicate risk. Additional resources would allow for more comprehensive and on-going support.

Additional support is also needed around human health impacts from climate change. Social, economic, historical, and political factors shape the ability of some communities to prepare for, cope with, and recover from climate change impacts. Existing inequities based on race, age, gender, geography, economic status, existing health conditions, and more place some communities at greater risk. Black, Indigenous and people of color have demonstrably poorer health due to unequal access to health care, biased housing practices that placed them closer to sources of pollution, and other factors. Climate change amplifies these existing health disparities. For example, American Indian and African American middle and high school-aged kids are more likely than other students to have been diagnosed with asthma. Asthma is exacerbated by poor air quality and wildfire smoke. Historically racist housing policies (such as redlining) are associated with urban heat islands and lack of tree canopy in low-income neighborhoods of color, which suffer more from extreme heat as a result. Communities that already lack resources are burdened by the costs of preparing for and recovering from climate-related events.

Tribal Consultation:

- ☒ Yes
- ☐ No

Tribal Nations are considered by the agency as within environmental justice areas of concern and bear disproportionate impacts of pollution. MDH and MPCA consult with each respective tribal nation on potential health and environmental impacts. Biomonitoring has been done in partnership with some tribal nations. The data and information gathered from this recommendation would be of interest to tribal nations as they have tribal/community members that reside throughout the state.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	# of Health Based Values developed for chemicals in ambient air	2-3 per year	FY2022	2-3 per year	4-6 per year	FY 2025
Quantity	# of health, exposure, climate, and equity indicators developed for and integrated with Air and Health Initiative projects	1	FY2022	0-1 per year	2-3 per year	FY 2024

Statutory Change(s):

This recommendation does not require statutory changes.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Accelerating Pollution Prevention at Small Businesses

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,790	70	70	70
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,790	70	70	70
FTEs	0.5	0.5	0.5	0.5

Recommendation:

The Governor recommends appropriation of \$1.79M in FY2024 and \$70,000 in FY2025 and each subsequent year from the General Fund to the Minnesota Pollution Control Agency's (agency) Resource Management and Assistance Division to expand the Small Business Environmental Improvement Loan fund and support 0.5 FTE to administer the loans. This provides additional funding for zero interest loans to phase out high polluting equipment, products, and processes and replace it with new, lower emitting equipment, products, and processes. This would add the ability to loan 26 additional awards with a \$75,000 maximum amount projected for each loan.

This change represents less than 1% of the agency's biennial budget.

Rationale/Background:

This recommendation seeks additional funds for the Small Business Environmental Improvement Loan Program to reduce pollution by providing more small businesses with access to capital. Small businesses can use these funds to purchase capital equipment and conduct investigation and cleanup of contaminated sites to reduce air, water, and land pollution, including greenhouse gases.

This recommendation is being proposed through the Thriving Economy and Workforce work group.

Proposal:

Small businesses are Minnesota's top employer. They face unique challenges in terms of complying with Federal and State environmental laws and regulations. The agency will never have enough non-repayable, competitively awarded grant funds to support all of Minnesota's small businesses. In recent years, the Agency has amended the small business loan program to allow for zero interest loans and to expand the program's eligibility requirements. Small businesses are facing newly emerging issues that will demand access to financial resources to make capital improvements. Examples include the phaseout of greenhouse gases, such as hydrofluorocarbon (HFC)-based refrigerants, and new manufacturing processes that avoid the use of per and polyfluoroalkyl substances or PFAS chemicals in raw materials.

This recommendation adds funds to an existing loan program. It is a revolving loan account, so the money is paid back and used again for new projects. Loans are provided to a wide range of small businesses such as dry cleaners, auto body shops, road salt applicators, and manufacturers seeking equipment upgrades. Loans are offered at zero interest for up to a 7-year term. Loan awards are from \$1000 to \$75,000. They are provided to established businesses with up to 100 employees and a profit of less than \$500,000 that can demonstrate the ability to repay

the loan. The loan program is also available for investigation and clean-up of contaminated sites, although its use for this purpose is rare.

This would add the ability to loan 26 additional awards with a \$75,000 maximum per loan. The recommendation requests 0.5 FTE to manage the funds.

Impact on Children and Families:

Children and families benefit from access to clean air, water, and land. These projects help businesses upgrade their equipment and reduce their environmental impact to surrounding communities.

Equity and Inclusion:

The loan funds are available to all eligible small businesses, including minority and women-owned businesses. The agency will also consider environmental justice criteria when awarding loans. When loans are made to small businesses, reductions in pollution that benefit community residents are anticipated, but the scope and scale of the benefits will be determined by the type of project being funded. This is a long-standing revolving loan program that has been utilized by many different small businesses and has resulted in pollution reductions that have are beneficial to human health.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

To track results, the MPCA will track the number of loans, dollar amount awarded, and amount of pollution reduced.

Statutory Change(s):

There is no statutory change required for this recommendation.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Above Ground Storage Tank Fees

Fiscal Impact (\$000)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	770	770	770	770
Revenues	770	770	770	770
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	5.5	5.5	5.5	5.5

Recommendation:

The Governor recommends the creation of a fee system for the Above Ground Storage Tank (AST) program. The fee revenues would cover the existing 2.5 FTE in the program that carries out the permitting of major AST facilities and a very limited number of facility inspections, while also increasing the program by 3 FTE to allow for adequate inspection frequency to prevent spills to protect human health and the environment.

Rationale/Background:

The AST program has insufficient resources to meet state rules designed to protect human health and the environment. The AST program is broken down into two sections: major facilities and non-major facilities. Major AST facilities are facilities where the total tank storage capacity is 1,000,000 gallons or more. The non-major AST facilities have less than one million gallons of product at a single facility and cover all other above ground tanks used to contain or dispense substances. There are approximately 6,677 AST sites across Minnesota, 77 of which are considered major aboveground tank facilities, and 6,600 of which are considered non-major aboveground storage tank facilities.

The major facilities pose the greatest risk to the environment and human health in the event of a release to groundwater, lakes, rivers, or the air. The 77 permitted AST major facilities in Minnesota represent just three percent of AST facilities in the state but comprise 15 percent of Minnesota's aboveground storage tanks and 85 percent of the total liquid storage capacity (more than a billion gallons). Major AST facilities are found in petroleum refining and marketing, chemical manufacturing and storage, public power production, ethanol plants, mining, sugar beet production, soybean processing, and pulp and paper mills.

The materials stored in the major AST tank facilities contain; gasoline, aviation gas, hazardous materials, crude oil, diesel, jet fuel, asphalt, soybean oil, and many others liquid chemicals in quantities totaling over a million gallons in one location. With current AST program staff, these locations are currently inspected once on a twenty-year cycle.

The major AST program currently has only 2.5 FTEs to perform the regulatory work associated with these 77 large facilities. The program is currently managing a 30% backlog of expired permits, delays in construction permits, and has limited capacity to perform compliance inspections. Staffing constraints also mean that the program is unable to conduct needed training and outreach for the AST regulated community.

Proposal:

The Governor recommends new statutory language to require major AST permit fees and annual fees to meet statutory and rule obligations, increase customer service, permit issuance timeliness, permit backlog reduction, and compliance evaluations to prevent critical failures at major AST facilities.

The addition of permit application fees, permit modification fees, and annual fees for major AST facilities would fund the existing 2.5 FTEs and an additional three FTEs. These major AST facilities are paying nothing in permit fees. The three additional FTEs would mean that the major AST facilities would have an annual inspection versus one every 20 years currently. In addition, a complaint-driven compliance inspection system would be created for non-major AST facilities.

This recommendation will begin to address the resources needed to implement an environmental permitting and compliance program for major facilities across Minnesota, which in the event of a spill or catastrophic failure pose the greatest risk by creating a fee structure for major AST permits.

Impact on Children and Families:

Communities and families need assurance that facilities of this size and volume are operating within the bounds of permit requirements and are maintaining compliance with appropriate regulations. Their continued safety and protection from leaks or releases at major AST facilities is important to ensure their health and environments are protected.

Equity and Inclusion:

People of color, people living in poverty, and people living in environmental justice (EJ) areas are inordinately affected by the location of the major AST facilities across Minnesota. This means that people in these groups have more large tanks holding greater than 1 million gallons of potentially hazardous materials in the vicinity of their homes, with a greater potential for impact in the event of a spill or catastrophic failure.

The positive impact of a fee system would allow for the MPCA to begin establishing a program that is able to fund existing activities and allow for increased compliance evaluation to ensure that spills and catastrophic failures are prevented at every opportunity through adequate oversight.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The major AST program is evaluated by permits issued and compliance evaluations completed per year. On average 6 – 8 major AST permits are issued, and 4-5 compliance evaluations are completed each year. In FY22 the major AST program issued 5 permits, issued 7 permit modifications, and conducted 4 compliance evaluations. The addition of 3 FTEs would increase our major permits issued and compliance evaluations completed resulting in the projected values below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current Value</i>	<i>Date</i>	<i>Projected Value (without)</i>	<i>Projected Value (with)</i>	<i>Date</i>
Quantity	Major AST Permits Issued	5	FY22	5	12	FY24
Quantity	Major AST Permit Modifications	7	FY22	7	7	FY24
Quantity	Compliance Evaluations	4	FY22	4	25	FY24

Statutory Change(s):

New MPCA Major AST Fee Statutory Language.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Cumulative Impacts

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	715	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	715	200	200	200
FTEs	1	1	1	1

Recommendation:

The Governor recommends an appropriation of \$715,000 in FY2024 and \$200,000 each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency (MPCA) Environmental Analysis and Outcomes Division to support work implementing cumulative impacts analysis into the work of the MPCA, including the development a Cumulative Impacts Framework.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

The MPCA is committed to further developing our cumulative impact efforts, particularly in areas where Black, Indigenous, people of color, and low-income residents live and are already more impacted by pollution than other communities. This recommendation will statutorily clarify the importance of considering cumulative analysis in MPCA's permitting decision and will direct the agency to undertake a rulemaking effort to design the cumulative impacts analysis process and develop a Cumulative Impacts Framework to help facilitate its long-term work to minimize cumulative impacts of pollution.

A full-time staff is needed to lead and coordinate this work. Since the work involves many agency programs, it is important to have a coordinator to create the Framework timely, and respond to staff recommendations, leadership direction and community input to ensure the final framework has Agency support and reflects meaningful community involvement. Additional funds are also being requested to hire contractors to assist with internal and external facilitation and document development. Additionally, EPA has shown continued interest in working in concert with the MPCA to develop meaningful cumulative impact policies and processes.

This recommendation was not directly recommended by a Governor's designated work group.

Proposal:

This recommendation is in support of a two-pronged cumulative impacts initiative. The first prong will be to implement a new law, and corresponding rulemaking, to consider cumulative impacts in the agency's permitting decisions. The second prong will allow MPCA to hire one FTE to coordinate the development of a Cumulative Impacts Framework and to lead implementation and program development. The recommendation also allows contractors to be hired to assist with facilitation and implementation needs. The development and implementation of the Cumulative Impacts Framework. The recommendation includes \$515,000 in FY2024

funding allotment to support the implementation of a cumulative impacts policy proposal, including rulemaking. The funding will support one new FTE (\$140,000) to lead and coordinate framework development, coordination, and implementation of cumulative impacts analyses. The remaining \$60,000 would be used to hire contractors to assist with internal and external facilitation and document development. The staffing and contract work will be an ongoing need of \$200,000 for each subsequent each year.

Impact on Children and Families:

Children can be particularly vulnerable to the impacts from pollution and the combined factors that can result in disproportionate impacts from environmental impairments. Additional capacity to consider the effect of cumulative impacts on children will better prepare the MPCA to focus on the most significant issues facing children and implement effective interventions.

Equity and Inclusion:

Studies from across the country and MPCA’s own data indicate that people of color and those in lower income areas face disproportionate risk from environmental pollution as well as other non-pollutant stressors. A focus on cumulative impacts will better inform MPCA’s efforts to decrease inequity and focus on reducing the most impactful sources of pollution.

Tribal Consultation:

- ☒ Yes
- ☐ No

Tribal Nations are within environmental justice areas of concern and bear disproportionate impacts of pollution. Over the past few years, the MPCA has shared in consultations with each respective tribal nation an interest in working with them on cumulative impacts. All have indicated an interest in this work. Consultation with each respective tribal nation will occur to discuss any potential concerns. Following consultations, as agreed upon by each respective nation, the agency will continue to coordinate with each respective nation’s Government Affairs/Administrators and respective tribal environmental directors/managers to ensure concerns are addressed and feedback is incorporated.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Date</i>
Quantity	Complete Implementation Plan for Cumulative Impacts Framework	12/31/2023
Quantity	Initial implementation of Cumulative Impacts Framework; identify measures for risk inequity progress	12/31/2024
Quantity	Sustained support of Cumulative Impacts studies and reduction efforts	On-going
Quality	Cumulative impacts studies implemented	On-going
Results	Measurable reduction in risk inequity between EJ and non-EJ communities	12/31/27

Statutory Change(s):

Revise 116 to incorporate cumulative impacts and environmental justice into agency permitting decisions.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Minnesota GreenCorps Investment

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	650	650	650	650
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	650	650	650	650
FTEs	1	1	1	1

Recommendation:

The Governor recommends an appropriation of \$650,000 in FY2024 and each subsequent year thereafter from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division to expand the Minnesota GreenCorps program. The program will expand by 20% and increase the number of community partner organizations served and Minnesota residents engaged in service from 46 to 56. The MPCA would hire 1 FTE to oversee the growth of the program. The reach of this budget change is statewide. An emphasis will be placed on communities in areas of environmental justice (EJ) concern.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Minnesota communities often lack the capacity, including time, people power, and resources to carryout environmental projects. Minnesota GreenCorps members provide the energy and expertise to implement locally designed environmental projects to help communities improve environmental conditions and build their capacity and resilience to a changing climate. This change item will increase assistance to communities experiencing environmental injustices.

Minnesota GreenCorps members serving at partner organizations will build capacity and implement environmental initiatives, yielding positive local impacts. Minnesota GreenCorps member initiatives will reduce carbon emissions and wastes that are landfilled, conserve energy, improve water quality and habitat, educate community residents, and build healthier and more resilient communities.

Proposal:

The Minnesota GreenCorps program is an existing program that currently partners with 46 host site organizations and engages 46 members. MPCA's current year state Environmental Fund match is \$430,000, which leverages approximately \$1M in Federal AmeriCorps funding. This budget change item request enables the program to support 56 host site organizations and engage 56 members. It will contribute to longstanding goals of increasing member stipends to a livable rate, and provide additional training focused on diversity, equity, and inclusion (DEI). Additional staff would focus on creating intentional partnerships with host site organizations serving communities of EJ concern, increasing diversity in member recruitment, and developing a more robust training program to better support member professional development and post-service job placement in green careers.

Minnesota GreenCorps has shown the power of community-based service can be leveraged to build capacity at partnering organizations to protect and improve the environment. Training and engaging a new generation of

Minnesotans in the program will reduce carbon emissions, accelerate the transition to renewable energy, engage community residents, and build healthier and more resilient communities.

In addition to 10 additional partner organizations served and 10 additional members engaged, expansion is anticipated to result in more tons of waste diverted from the waste stream, acres of habitat and waters improved, community members educated about environmental stewardship, and energy conserved. Minnesota GreenCorps already has processes to collect, aggregate and analyze data on program outputs and outcomes. The first round of GreenCorps members utilizing these monies would be onboarded in FY2025.

Impact on Children and Families:

By focusing partnerships on 10 additional organizations with projects focused on or in EJ areas of concern, this recommendation helps address the higher exposure to environmental risks that socio-economic disadvantaged children, youth, and families may experience.

This recommendation will increase the knowledge, skills, and abilities of the next generation to address environmental and climate challenges through local partnerships.

Equity and Inclusion:

By focusing partnerships on 10 additional organizations with projects focused on or in EJ areas of concern (including lower income, rural, and tribal communities), this recommendation helps address the higher exposure to environmental risks that families with low income, people of color, and Native Americans may experience.

Environmental justice projects focused on building climate resiliency will positively impact residents by, for example, reducing vehicle miles traveled in vulnerable neighborhoods through biking and walking initiatives, helping facilitate the equitable distribution of tree canopy through community planting events, capturing and re-distributing food to community members in need, and promoting environmental best practices through community education campaigns.

Past and current host sites are regularly solicited for input into program design, administration, and future initiatives.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

All tribal communities are currently encouraged to apply to host Minnesota GreenCorps members. Tribal communities that are selected to host a member will benefit from increased capacity to implement local environmental initiatives. For example, over the past decade, the six Minnesota GreenCorps members that have served at Leech Lake Band of Ojibwe have helped outline sustainable guidance, install solar PV and EV chargers, promote food sovereignty, coordinate Green Team meetings, and implement their Guaranteed Energy Saving Program (GESP) project, which resulted in building retrofits that saved the Tribe \$276,000 annually. In the 13 years of operation, Minnesota GreenCorps has partnered with four tribal communities: Prairie Island Indian Community (1 year), Upper Sioux Community (2 years), Fond du Lac Band of Lake Superior Chippewa (5 years), and Leech Lake Band of Ojibwe (6 years). The program surveys project sites each year, gathering feedback for continuous program improvement.

It is unclear if this is a priority for the Tribes listed. Engagement with the tribes would be coordinated with our Tribal Affairs Director.

Results:

Minnesota GreenCorps has existing metrics to track the environmental results of the various projects. Below is a comparison of current results versus estimated increases under the recommendation.

	Current result:	Estimated increase if recommendation is funded:
Individuals receiving education or otherwise engaged in program activities	10,000 individuals	11,700 individuals
Energy conservation: number of public buildings weatherized or retrofitted to improve energy efficiency	15 buildings	17 buildings
Waste reduction: Tons of material collected, recycled, composted, or otherwise diverted or prevented from entering the waste stream	100 tons	150 tons
Water quality & Habitat improvement: acres of parks or public land treated and improved	75 acres	83 acres

In addition, Minnesota GreenCorps initiatives align with, and outputs are tracked for a few MPCA strategic goals.

Minnesota GreenCorps contracts with MMB Management Analysis and Development each grant cycle to perform a program impact evaluation, links to the most recent evaluation reports are below:

Program Impact Evaluation for Service Years 2013-2017: Full report

Synopsis: Assessed the Minnesota GreenCorps program's impacts within the framework of environmental stewardship, with a focus on the following components: environmental impact and climate adaptation capacity impact, employment impacts, organizational and community capacity impacts.

Program Impact Evaluation for Service Years 2017-2020: Full report

Synopsis: Examined to what extent public buildings demonstrate reductions in energy usage from member support and if members build capacity at host site organizations.

Statutory Change(s):

Not Applicable

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: 3M Settlement Legislative Report Change

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Remediation Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changes in the reporting requirements for the 3M Settlement Agreement, required of the Minnesota Pollution Control Agency (MPCA) and Department of Natural Resources (DNR) by law, in two ways. This recommendation changes the frequency of the report from semi-annually to annually and changes the due date to allow more time for agencies to obtain needed financial information. In addition, the recommendation includes a change in the due date of a related report on private well sampling in the impacted area to allow for more time for compiling the data. This change will save \$1,000 in future year costs.

Rationale/Background:

Current law (115B.52, subd. 4) requires the MPCA and DNR to submit semi-annual reports to the Legislature detailing expenditures from the 3M Settlement Fund on February 1 and August 1 of every year. In addition, the August 1 report includes anticipated expenditures for the current fiscal year. Following three years of extensive public engagement efforts with the 14 East Metro communities impacted by 3M's historic disposal of Per- and Polyfluoroalkyl substances (PFAS) waste in area landfills, the MPCA and DNR announced in August 2021 a Comprehensive Drinking Water Supply Plan (Plan) for the 14 East Metro communities. The Plan details the long-term drinking water supply plan for each community, which includes the construction and modification of six water treatment plants, the construction of treatment at 33 municipal wells, the connection of over 300 individual homes to municipal systems, and installation of in-home treatment systems for hundreds of homes. As the MPCA and DNR move to the implementation phase of the work, design and construction projects will begin by the cities and progress will be more in line with an annual reporting requirement.

In addition, current law (115B.171) requires the MPCA to report by January 15 on the PFAS sampling results from the previous calendar year of private wells in the East Metro communities. It is difficult to pull this information together in two weeks, when sampling may be done right up to the end of the previous calendar year.

Proposal:

This recommendation will change the semi-annual reporting requirements to one annual report due October 1 of each year. The new annual report will cover the previous fiscal year's expenditures, status of projects/settlement fund expenditures, and anticipated expenditures for the current fiscal year and following construction season of the annual report. This consolidation allows focused discussion of expenditures through previous fiscal year closeout, provides more appropriate project updates based on speed of construction, and is a more efficient use of staff and stakeholder time.

This recommendation also changes the due date for the report on PFAS sampling of private wells from January 15 to February 15.

Impact on Children and Families:

This recommendation does not have a significant impact on children and families.

Equity and Inclusion:

This recommendation is not intended to address equity and inclusion goals.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results: N/A

Statutory Change(s):

Revise 11B.171, Testing for Private Wells; East Metropolitan Area

Revise 115B.52, subd. 4. Reporting

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Greater Minnesota Recycling and Composting Grant Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a change to Minn. Stat. 115A.565 to include waste reduction and reuse components as eligible expenses for the existing Greater Minnesota Recycling and Composting Grant Program.

Rationale/Background:

Minn. Stat. 115A.565 establishes a competitive grant program to support community waste management programs. Currently, projects related to recycling and composting are eligible for the grants but projects with waste reduction and reuse components are not eligible. This recommendation updates statutory language so that waste reduction and reuse efforts can be funded. This brings the eligibility criteria into better alignment with Minnesota's waste hierarchy, in which waste reduction and reuse are considered environmentally preferable to other disposal options.

An example of an eligible project could be installing freezers at a local food bank so that they can accept edible surplus merchandise from local grocers and divert it to families in need.

In a series of meetings earlier this year, over 80% of county solid waste officials in attendance indicated an interest in executing more source reduction programming. These officials identified lack of funding and staff capacity as a barrier, particularly in Greater Minnesota. This recommendation meets this need that they identified.

This recommendation is supported by life cycle analysis modeling data that calculates the full environmental impacts of the production, use, and disposal of any product. Life cycle analysis has consistently demonstrated that most environmental impacts of a product come from upstream (production, procurement, use) stages of its life cycle. Consequently, extending a product's useful life has a much greater impact than recycling or composting the product.

Proposal:

This is a change in eligible grant funded activities for an existing grant program. It does not increase available funding. These grants award up to \$250,000 in funding, with counties or cities providing match for at least 25% of project cost.

Eligible applicants are limited to political subdivisions outside the 7-county metro area and tribal governments. It also does not allow cities with populations over 45,000 to apply. The statute lays that out and will not change under our recommendation.

Impact on Children and Families:

Reuse and waste reduction projects often have co-benefits for children and families living in underserved communities because they redirect usable resources to places where there is a demand. Examples can include activities such as clothing swaps, fix-it clinics, tool lending libraries, food banks supplied by restaurant and agricultural surplus, construction material reuse, and more.

Equity and Inclusion:

This recommendation is primarily intended to address a disconnect in current statute that does not support use of grants under this program for the activities that are highest on Minnesota's waste hierarchy. Managing waste with the least impact on environment and climate benefits all Minnesotans. Some of the projects will benefit those who experience economic inequities because they create opportunities for usable items to be reused or redirected to those in need.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Federally recognized tribes are eligible for grants enabled by this section of law, and so they would stand to benefit from an expansion of eligibility in the same way as other eligible parties.

Results:

Minnesota has statutory goals around waste reduction and greenhouse gas emission reduction. This recommendation will support efforts to achieve these goals.

Each grant agreement contains specific metrics to measure success. These metrics can vary, and can include tons of recyclables/organic diverted, number of recycling carts distributed, and/or members of the public receiving outreach.

Statutory Change(s):

Minn. Stat. 115A.565

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Paint Product Stewardship Updates

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a change to Minn. Stat. 115A.1415 to clarify the plan amendment procedure and approvals by the Minnesota Pollution Control Agency (MPCA) required for the product stewardship plan for paint waste disposal. It also clarifies the appropriation of funds collected to cover MPCA's oversight activities.

Rationale/Background:

Product stewardship programs are important tools to help ensure proper disposal of materials that otherwise might create problems in our normal waste streams. In general, this involves forming a product stewardship organization (representing all the companies that sell the product) that assesses a fee that covers reuse, recycling, processing, and disposal as part of the up-front cost of the product. In this case, that product stewardship organization is called PaintCare. Overall, this has been a successful program.

Modifications to the Paint Stewardship Program language (Minn. Stat. 115A.1415) are needed to clarify specific areas that remain open to interpretation by some parties. Those include: 1) the plan amendment procedure needs clarification due to lack of parallel and consistent language in the statute, and 2) clarification is needed regarding required fee approvals by the MPCA. In addition, a maximum reserve level for the program would also ensure clarity for all parties in terms of what constitutes reasonable costs of the program. This type of oversight is critical to ensure that consumers are not overpaying, and that any changes that the product stewardship organization makes to their overall plan are consistent and appropriate.

Proposal:

This is a change to statute language for an existing product stewardship program. Minor changes to statute language will provide clarity about approvals for fee changes and the plan amendment process. The recommendation sets a maximum reserve level for the program at 75% of annual expenditures to ensure clarity in terms of what constitutes reasonable costs of the program. Based on current projections, the program's reserve is expected to be 84% of annual expenditures. As a result, a re-examination of the fee levels would be needed after the recommendation's enactment.

In addition, the recommendation clarifies how the funds collected by the MPCA to cover its oversight expenses are appropriated to the MPCA.

Impact on Children and Families:

This type of change is important as it ensures there is oversight over fees that impact Minnesotans, particularly families who are purchasing paint to make home improvements.

Equity and Inclusion:

This recommendation does not have a direct impact on equity and inclusion.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

PaintCare currently reports on performance annually, according to statutory requirements. Reports include convenience criteria for collection opportunities, collection volume and processing methods (including reuse and recycling numbers), financial audit information, and a listing of educational efforts and any special projects conducted that year.

The product stewardship program provided enough collection opportunities to ensure 94.4% of the state's residents have access to a drop-off site within 15 miles of their home. In 2021, 9% of latex paint collected was reused, 41% recycled and the remaining 50% was used as alternative daily landfill cover. Nine percent of oil-based paint was reused, 73% was processed for energy recovery, and 18% was incinerated.

Statutory Change(s):

Minn. Stat. 115A.1415

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Uniform Tools for Brownfields Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Remediation Fund				
Revenues	(95)	(95)	(95)	(95)
Other Funds (VIC Revolving Fund)				
Expenditures	95	95	95	95
Revenues	95	95	95	95
Net Fiscal Impact = (Expenditures – Revenues)	95	95	95	95
FTEs	1	1	1	1

Recommendation:

The Governor recommends the creation of an administrative revolving fund for the Minnesota Pollution Control Agency's (MPCA) Voluntary Investigation and Cleanup Program (VIC) with program receipts as the revenue source. The recommendation would shift \$95,000 in non-dedicated revenues from the Remediation fund into the revolving fund on an annual basis based on receipts collected for the fee-based Brownfields Program.

This recommendation represents less than a 1% change in the MPCA's biennial budget.

Rationale/Background:

The MPCA Brownfield Program consists of two complementary units, the Voluntary Investigation and Cleanup (VIC) Unit and the Petroleum Brownfield (PB) Unit. The two units are authorized and operate under two different state statutes: the VIC Unit under 115B and the PB Unit under 115C. Both provide technical assistance and statute-based liability assurance letters to promote the investigation, cleanup, and redevelopment of contaminated properties. Users of the service pay an hourly rate to cover the expense and time agency staff work on their projects. The PB Unit has an administrative revolving fund that directs a portion of these revenues to support program administrative costs. The VIC Unit does not have an administrative revolving fund.

The VIC Unit has experienced exceptional growth over the program's 30-plus year history. The increased demand for program services, combined with a growing list of environmental considerations related to brownfield redevelopment, has resulted in the VIC Unit being unable to meet critical timeliness goals of responding to applicants within 30 business days. Since property transactions and redevelopment schedules at brownfield sites are highly dependent on the timely receipt of VIC Unit services, a delay in VIC oversight can have a direct negative economic impact on the stakeholders involved with redevelopment projects. While efficiencies have been implemented, the increasing ratio of active sites to staff is no longer sustainable to meet expectations of brownfield customers or program enhancement needs. This revolving account would allow the VIC program to better meet the expectations of brownfield customers and pursue program enhancements.

Through the mid-1990s, the VIC unit received fewer than 100 applications per year. That number has steadily and substantially increased, and since 2011 the program has typically received 350 or more applications per year (with a few exceptions). The steadily increasing number of brownfield site applications reflects the success of the VIC Unit as a key partner in brownfield redevelopment in Minnesota. The temporary reduction in the number of applications from 2007 to 2009 (recession) and 2019 to 2021 (economic downturn due to Covid-19) reflects how closely the VIC Unit is tied to Minnesota's economy and reinforces the need for the program to be able to react and adjust staffing levels in tandem with changing economic conditions.

The relative annual contribution of VIC receipts into the Remediation Fund is small, less than 2% of the total fund contributions. If a portion of these receipts were instead reinvested into a VIC Unit revolving fund, the receipts would provide a funding source that would allow the program to react and adjust staffing resources to meet outside customer demand.

Use of the special revenue fund to partially support the VIC program will shift some of the financial burden to program users instead of taxpayers, while still maintaining a level annual contribution to the Remediation Fund.

Proposal:

This recommendation would create an administrative revolving fund for the VIC Unit by directing a portion of annual invoiced revenues to a revolving fund to support program administrative costs. The first \$350,000 in collected program receipts will be deposited annually into the Remediation Fund. Any subsequent receipts would then be deposited into the state treasury and credited to an account in the special revenue fund. Money in this account would be annually appropriated to the Commissioner for administering the program. This is consistent with the existing PB Unit revolving fund, thus providing uniformity in the tools available to both parts of the Brownfields Program.

Communities across Minnesota have experienced the economic, environmental, and resource benefits gained through brownfield redevelopments. This process, however, relies on the MPCA's ability to provide the critical oversight and liability assurance services offered through the MPCA VIC Unit in a timely manner. This change will enable the VIC Unit to better meet the needs of its customers, by providing a critical funding source needed to meet the demand for MPCA brownfield services.

Impact on Children and Families:

Providing the VIC program with a mechanism to increase staff based on external program demand will help ensure that contaminated brownfield sites are adequately managed in a timely manner that is protective for Minnesota's children, families, and other sensitive populations. Applications for program assistance originate throughout Minnesota for projects such as affordable housing, community centers, and small family-owned businesses, providing a direct benefit to Minnesota's children and families throughout the state.

Equity and Inclusion:

The Brownfield Program is designed to ensure human health and environmental risks are managed in an appropriate manner at contaminated sites undergoing redevelopment. Cleanup of brownfields can improve neighborhood livability by removing blight, adding quality affordable housing, creating green space, and supporting small local businesses. Brownfield sites are located within virtually every community in Minnesota and are often located within communities that experience disproportional impacts from contamination. This recommendation will provide the necessary funding to increase the program's operating capacity based on external customer demand to advance these sites through the brownfield process in a timelier manner.

Many VIC sites are in disadvantaged communities. To further illustrate this, 72% of Minnesota's VIC sites are located within 1 mile of a designated environmental justice area. Increasing the VIC Unit's ability to support investigations/projects will result in improvements to the air, water, and soil quality in these target neighborhoods and reduced exposure to environmental contamination. It will also provide an economic benefit to small businesses owned or proposed by people in the groups identified above that need an environmental assessment of their property to grow their business.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

Some of the performance measures for the VIC Unit include the number of brownfield site applications received annually; the percentage of site assurance letters issued within 30 business days; and the number of acres returned to productive use because of the environmental oversight provided by the VIC Program.

Statutory Change(s):

115B.17 Subdivision 14(b)

Proposed language for the necessary statutory change is based on existing statute language (115C.03 Subdivision 9(d)) for the Petroleum Brownfields Program.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Update Capital Assistance Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	17	0	0	0
Revenues	0	0	0	0
Environmental Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	17	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a direct appropriation from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for the cost of a good clause rulemaking for the Capital Assistance Program (CAP). This rulemaking would provide greater flexibility for dollars allocated and type of projects funded.

This recommendation will increase the biennial General Fund appropriation by less than 1% and will be less than 1% of the agency's biennial budget.

Rationale/Background:

The funding ceiling (\$2 million per project per county) under the CAP program was first established in 1985 and has not been updated since. Per the United States Bureau of Labor Statistics, if the funding ceiling were keeping pace with inflation, the current figure would be approximately \$5 million. Raising the funding ceiling provides an immediate boost to the program and directly impacts Cities and Counties in Minnesota who have large capital investment needs but are unable to apply due to current cost of infrastructure and equipment.

This recommendation seeks to allow at least \$5 million per project per participating county partner for future CAP appropriations. These projects invest in Minnesota's materials and solid waste infrastructure for more sustainable management and develop alternatives to land disposal and new manufacturing through waste reduction, reuse, recycling, composting, and resource recovery. However, the cost to manage materials, build, expand, and equip such facilities has increased significantly. Equipment, including artificial intelligence such as robotics and other technologies, provides an alternative to labor shortages and quality control but exceeds the current percentage and availability of capital investment funding. The purpose of this recommendation is to meet the demands of today's costs.

This recommendation also raises the types of solid waste and materials management infrastructure considered eligible under the CAP program. Changes include clarifying and prioritizing projects that prevent or reduce waste, including infrastructure for food rescue and projects that promote reuse. Additionally, projects that prevent, reuse, or recycle waste from construction, deconstruction, or demolition projects would also be eligible. Thus, this recommendation intends to widen the eligibility of projects to clearly encourage deconstruction, prevention, and reuse rather than disposal of items in landfills.

Proposal:

Capital Assistance Program grants are awarded to local government units (i.e., counties). This recommendation would provide an increase in the grant award – allowing counties to receive up to \$5M. It also expands the use of the funds to include and prioritize projects that prevent or reduce waste expanding the scope from municipal waste to also include construction, deconstruction, and/or demolition waste. When the Legislature amends the program statutes, the MPCA will need to amend the rules govern the program to ensure they conform with the new statutory changes. The recommendation requests the ability to use the cause rulemaking authoring to make the necessary rule changes.

Costs of the recommendation are limited to good cause rulemaking. These costs are provided by the Office of Administrative Hearings.

- 4 hours staff for the Office of Administrative Hearings (\$215/hour; \$860)
- 6 hours legal staff (\$148/hour; \$888)
- 210 hours program and rules staff (\$64/hour; \$13,400)
- Fees and costs associated with rulemaking: \$1,443

Good cause rulemaking will need to occur for the grant program to be changed.

Impact on Children and Families:

By expanding eligibility to include “prevention of wasted food,” this recommendation will increase the amount of edible food that goes to food shelves thus benefiting food insecure families statewide. Higher grant amounts will accelerate reuse efforts thus reducing adverse health impacts associated with landfilling such as greenhouse gas emissions (methane) and contamination of groundwater/drinking water. The faster we build a re-use economy; the faster Minnesotans will see environmental and social benefits including green jobs.

Equity and Inclusion:

This recommendation establishes environmental justice areas as a priority for the CAP program, thus achieving the agency’s goal to address equity in all our work.

Reuse programs and food recovery initiatives directly serve communities by providing a resource or service. Climate change disproportionately impacts underserved and Black, Indigenous, and People of Color (BIPOC) communities. Reuse and waste prevention are climate change solutions because they minimize the greenhouse gas emissions associated with materials and waste. Reuse also creates new opportunities for skills training, particularly with repair, and job creation.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

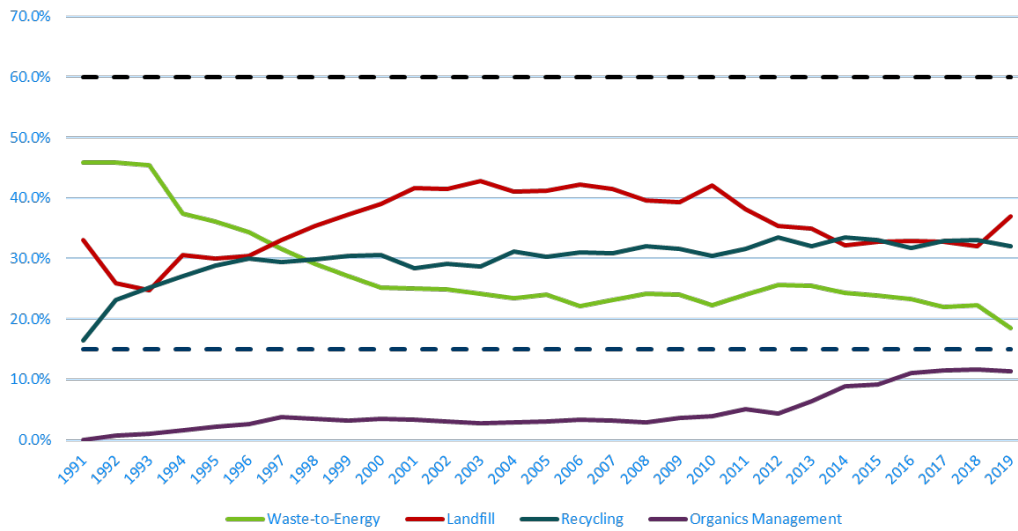
☐ Yes

☒ No

Results:

Minnesota has a legislative goal of achieving 60% of recyclable materials and 15% of organic waste to be recovered or composted instead of disposal into landfills or waste to energy by 2030. Minnesota is not on track to meet the 2030 goals. Overall reductions in waste generation have also not been realized.

Below is a chart that shows the progress since 1991 on waste-to-energy, landfill, recycling, and organics management.



Statutory Change(s):

If the recommendation will require statutory changes, include the statute number here.

Chapter 115A.03 DEFINITIONS

Chapter 115A.49 – 115A.54 CAPITAL ASSISTANCE PROGRAM

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Budget Technical Change Item

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends the realignment of appropriations for the Minnesota Pollution Control Agency (MPCA) to better reflect the current organizational structure. The MPCA's appropriation follows its structure (i.e., appropriations are made at the Division level). Thus, when a change in structure is made to better align the work, changes in the funding alignment are necessary.

This recommendation does not increase or decrease the funding to the MPCA but merely aligns existing funding and FTE to the proper Division for transparency and accuracy on where the spending occurs. The source funds do not change under this recommendation.

Rationale/Background:

Periodically, the MPCA shifts its structure to better align work and create efficiencies in managing its work. Realignment of staff and funding for administrative staff that support our external training unit is desired to allow for better connections between program, administrative staff, and operators. This will align services, support, and leadership over this function.

Additionally, due to restructuring, funding no longer aligns for our assistant division directors. This change will ensure that the correction funding is applied to their respective work areas.

Additional staff shifts were made to align the work location to the divisional funding. This includes the Agency Climate Unit (Resource Management and Assistance Division to Environmental Analysis and Outcomes Division) and PFAS staff (Environmental Analysis and Outcomes Division). Small adjustments were also made to other staff to ensure the funding aligns with the work by division.

With the individuals shifting, it seems appropriate that the spending authority as represented in appropriations be adjusted as well. This recommendation is only intended to make the spending alignment changes, with no increase or decrease to actual spending in the individual units or sections.

Proposal:

The following table shows how the funding shifts would be made to align the proper spending and FTE to the proper Division based on the movement of units and sections:

Div	Fund	Appr	Appr Name	FY24	FY25	FY24 Adj	FY25 Adj	Adj FY24 Budget	Adj FY25 Budget	FTE EACH FY
EOA	1000	R32EXX1	LG Wtr Infrastructure Prepare	-	-	250	250	250	250	1.00
EOA	2800	R32D141	Flame Retardant Prohibitive	141	141	(141)	(141)	-	-	(0.50)
EOA	2800	R32D162	PFAS in Food Packaging	144	144	(144)	(144)	-	-	(0.50)
EOA	2800	R32E109	EACM Program Operations	974	974	380	380	1,354	1,354	2.20
EOA	2800	R32E111	Solid Waste Admin	74	74	(74)	(74)	-	-	(1.00)
EOA	2800	R32E112	Haz Waste Admin	120	120	44	44	164	164	0.50
EOA	2800	R32E113	Water Program Operations	4,602	4,602	(99)	(99)	4,503	4,503	(0.75)
EOA	2801	R32E117	Closed Landfill Admin	76	76	(53)	(53)	23	23	(0.30)
EOA	2801	R32E118	Voluntary Invest & Cleanup	56	56	(40)	(40)	16	16	(0.20)
EOA	2801	R32EXX2	Petroleum Remediation Admin	-	-	61	61	61	61	0.70
Industrial	2800	R32H100	Air Program Operations	8,979	8,979	(75)	(75)	8,904	8,904	(0.50)
Industrial	2800	R32H101	EACM Program Operations	100	100	98	98	198	198	0.25
Industrial	2800	R32H103	Solid Waste Admin	-	-	104	104	104	104	0.95
Industrial	2800	R32H105	Water Program Operations	4,058	4,058	(22)	(22)	4,036	4,036	0.30
Industrial	2801	R32H106	Petroleum Remediation Admin	1,001	1,001	58	58	1,059	1,059	0.60
Industrial	2801	R32HXX1	Superfund Admin	-	-	85	85	85	85	0.90
Municipal	2800	R32B105	Solid Waste Admin	194	194	74	74	268	268	1.00
Municipal	2800	R32B107	Water Program Operations	6,937	6,937	196	196	7,133	7,133	1.25
Operations	2800	R32F103	Air Program Operations	714	714	75	75	789	789	0.50
Operations	2800	R32F104	EACM Program Operations	1,740	1,740	(75)	(75)	1,665	1,665	-
Operations	2801	R32F109	Superfund Admin	722	602	141	141	863	743	0.95
Operations	2801	R32F112	Voluntary Invest & Cleanup	32	32	36	36	68	68	0.45
Remediation	2801	R32G100	Superfund Admin	4,032	4,032	(327)	(327)	3,705	3,705	(2.90)
Remediation	2801	R32G102	Closed Landfill Admin	2,552	2,552	53	53	2,605	2,605	0.30
Remediation	2801	R32G107	Petroleum Remediation Admin	3,198	3,198	(102)	(102)	3,096	3,096	(1.10)
Remediation	2801	R32G110	Voluntary Invest & Cleanup	990	990	4	4	994	994	(0.25)
RMAD	1000	R32D160	LG Wtr Infrastructure Prepare	250	250	(250)	(250)	-	-	(1.00)
RMAD	2800	R32D104	Air Program Operations	1,488	1,488	(117)	(117)	1,371	1,371	(0.40)
RMAD	2800	R32D106	EACM Program Operations	7,159	7,159	(125)	(125)	7,034	7,034	(0.90)
RMAD	2800	R32D110	Solid Waste Admin	4,099	4,099	(83)	(83)	4,016	4,016	(0.75)
RMAD	2800	R32D111	Haz Waste Admin	397	397	(44)	(44)	353	353	(0.50)
RMAD	2800	R32D113	Water Program Operations	991	991	(58)	(58)	933	933	(0.40)
RMAD	2800	R32D141	Flame Retardant Prohibitive			141	141	141	141	0.50
RMAD	2800	R32D162	PFAS in Food Packaging			144	144	144	144	0.50
Watershed	2800	R32R100	Water Program Operations	6,693	6,693	(75)	(75)	6,618	6,618	(0.80)
Watershed	2800	R32R101	EACM Program Operations	402	402	(103)	(103)	299	299	(0.75)
Watershed	2800	R32R102	Solid Waste Admin	122	122	(21)	(21)	101	101	(0.20)
Watershed	2801	R32R104	Superfund Admin	43	43	101	101	144	144	1.05
Watershed	2801	R32R105	Petroleum Remediation Admin	122	122	(17)	(17)	105	105	(0.20)

Impact on Children and Families:

This proposal does not have a direct impact on children and families.

Equity and Inclusion: Not applicable.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

This recommendation will not change the results of the agency, each program area will continue to track its results.

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Increased Transfer from Environmental Fund to Remediation Fund

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Transfer Out	5,000	2,000	2,000	2,000
Remediation Fund				
Transfer In	5,000	2,000	2,000	2,000
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that the transfer from the Environmental Fund to the Remediation Fund be increased. This change increases the transfer to \$24 million dollars each year. The increase will ensure that the Remediation Fund has sufficient funding required to complete existing mandatory projects managed by the Minnesota Pollution Control Agency's (MPCA) Remediation Division.

Rationale/Background:

The MPCA ensures the Environmental and Remediation Funds are balanced and available funding effectively supports the required work. The review is completed each fiscal year in relation to the anticipated work and recommend management options. The Remediation Fund receives an annual transfer from the Environmental Fund to support work at contaminated sites to reduce and eliminate risks to human health and restore contaminated sites to productive uses. Annual transfers are required based on work to be completed. This recommendation is a technical change to complete the transfer transaction.

Proposal:

This recommendation recommends increasing the transfer from Environmental Fund to the Remediation Fund. This increased transfer will allow continuation or completion of cleanup work at contaminated sites and active mitigation of risks proposed by these sites. This recommendation will not harm the stability of the Environmental Fund and ensures financial solvency of the Remediation Fund.

Impact on Children and Families:

Hazardous substances contamination can cause significant negative developmental health effects which can disproportionately impact young children, woman in their childbearing years, and family's residing near contaminated sites. This recommendation is protective of children and sensitive populations living near contaminated sites as it ensures proper funding for the programs that reduce these sites and associated risks.

Equity and Inclusion:

Remediation programs are designed to ensure human health and environmental risks are managed in an appropriate manner that benefits all Minnesotans. However, a large number of sites are located in environmental justice areas. For example, 65% of all Superfund sites are located within 1 mile of an MPCA defined environmental justice area, which places an additional burden on communities residing near contaminated sites. Program actions oftentimes result in revitalizing a contaminated property to productive reuse that can benefit the overall quality of life for disadvantaged communities throughout Minnesota.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This recommendation will not change existing measures regarding projects completed, efforts to protect human health and the environment, and increased acres of land available for economic development. The recommendation ensures that the Remediation Fund is solvent and projects currently underway are continued and sites move from discovery, problem identification, to resolution timely.

Statutory Change(s):

No statutory change is required for this recommendation.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Pollution Report Change

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends elimination of Minn. Statutes 116.011, the requirement to submit the Pollution Report every even-numbered year. This cost-savings recommendation will save approximately \$1,000.

Rationale/Background:

The requirement to submit the Pollution Report is contained in Minn. Statutes § 116.011, entitled Pollution Report, which reads “A goal of the Pollution Control Agency is to reduce the amount of pollution that is emitted in the state. By April 1 of each even-numbered year, the Pollution Control Agency shall report the best estimate of the agency of the total volume of water and air pollution that was emitted in the state in the previous two calendar years for which data are available. The agency shall report its findings for both water and air pollution: (1) In gross amounts, including the percentage increase or decrease over the previously reported two calendar years; and (2) In a manner which will demonstrate the magnitude of the various sources of water and air pollution.” The requirement was first established in 1995 as an annual requirement; in 2001 the April 1 date was added and a reference to the MPCA’s annual performance report was removed. The requirement was changed to a biannual report in 2012.

The requirement for the report is broadly written (estimating gross amounts and magnitude of pollution) and time-consuming to prepare and submit. The data requested (total volume of water and air pollution emitted in the state) are not meaningful for understanding the risk of pollution or prioritization of pollution reduction activities and there has been no known legislative interest in the report in recent years. The individual data provided in the report is available in alternate formats that can be more readily updated and interactive. MPCA also currently provides data not required in the report that is more helpful in understanding the risks posed by pollution and can work with stakeholders to develop new data visualizations to satisfy any concerns with elimination of the report. The MPCA can continue to ensure that key data from this report – air emissions inventories, water discharger data – is presented and readily available.

Proposal:

This recommendation is to eliminate the Legislative charge, laid out in Minn. Statutes 116.011, to submit the Pollution Report every even-numbered year. This would be a change to existing statute. There would be a net cost savings since we would no longer need to use staff time and resources to develop and submit the report. The CY2022 report was estimated to cost \$1,000 to produce and at least that amount would be expected to be saved each biennium. Eliminating this report will reduce duplication of effort and allow staff to focus on more strategic efforts.

Impact on Children and Families:

This effort is primarily a reporting reduction exercise and does not have a direct impact on children and families.

Equity and Inclusion:

This effort is primarily a reporting reduction exercise. Identified groups may have interest if data and information directly in the report form are used by these groups. However, data will still be available in alternate formats.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The results of this recommendation are direct savings in staff time and resources not needed to complete the report.

Statutory Change(s):

This recommendation will require statutory changes through elimination of Minn. Statutes 116.011, entitled Pollution Report

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Chloride Training Fee Authority

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	400	400	400	400
Revenues	400	400	400	400
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends fee authority to be granted to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division to support the cost of the Smart Salting Training Courses and ensure a sustainable funding source for these popular training events.

This recommendation is revenue neutral.

Rationale/Background:

Chloride is a permanent pollutant and does not break down or change over time. It is toxic to aquatic life. The primary sources of chloride causing water quality problems are de-icing salt and salt used for water softening systems. The chloride water quality standard to protect aquatic life is 230 mg/liter (equivalent to 1 teaspoon in 5 gallons of water). Once chloride enters our lakes, streams, wetlands, and groundwater, it is extremely expensive to remove it. Recent monitoring of shallow groundwater and surface water shows increasing chloride concentrations across the state. The Smart Salting Training Courses are in demand and are increasingly incorporated as required actions on cities' Chloride Pollutant Reduction Plan, but funding to support these courses is unsustainable. Currently available funding is slated to end in June 2023.

The policy change will create a long-term, sustainable funding source to fund the Smart Salting Training courses offered by the MPCA.

Proposal:

Currently, the MPCA offers a variety of trainings to reduce chloride impacts due to road salt application. Historically, the agency has used federal grant funding, clean water fund, and Environment & Natural Resources Trust Fund funding to support the costs of training, but these funding sources are not sustainable long-term. This recommendation puts a fee authority in place to charge participants to take the course. This is in line with other training and certification programs that MPCA administers. Without this fee authority, the number of trainings offered will decrease or be eliminated at a time when municipalities increasingly need this training to meet the requirements of their Chloride Pollutant Reduction Plan.

The fee covers the costs of the training program, inclusive of training material development, instructors and the cost of venues and materials. This funding would support 50 classes per year, with 30 participants per class.

Impact on Children and Families:

The authority to charge a fee to support continued delivery of chloride reduction training will benefit all Minnesotans by providing training that will yield in less chloride released into Minnesota's waters. Chloride is a permanent pollutant and does not break down or change over time. It is toxic to aquatic life.

Equity and Inclusion:

It neither increases nor reduces existing disparities. However, expanding the training and offering classes and materials in non-English languages will provide new opportunities to those audiences to participate in our Smart Salting program.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This would maintain the existing program and thus, the agency will continue to monitor attendees and results from the training.

Statutory Change(s):

Sec. 115.03 MN Statutes (k) should be amended to provide chloride reduction training, and charge such fees therefor as are necessary to cover the agency's costs. All such fees received shall be paid into the state treasury and credited to the Pollution Control Agency training account.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Financial Planning and Analysis: Governance, Risk, and Compliance Management

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Environmental Fund				
Expenditures	360	360	360	360
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	360	360	360	360
FTEs	3.5	3.5	3.5	3.5

Recommendation:

The Governor recommends appropriation of \$360,000 in FY2024 and each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division to support financial planning and analysis, with emphasis on risk and compliance management across the MPCA's program and financial system. This recommendation will expand staffing capacity using part-time student workers and permanent staff to manage risks and report on financial management across the agency.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

The agency's budget has become more complex resulting from major settlements (i.e., VW and 3M) and additional federal funding opportunities. The agency's fiscal staff currently have very limited capacity to ensure risks are managed and sound data management and process documentation are in place for financial planning and internal control assessment and testing. The influx of funding made available to the State of Minnesota through federal legislation focusing on infrastructure and inflation reduction related to clean energy activity will create new opportunities but will also create a substantial additional workload for an already lean fiscal team. Thus, it is important that financial planning, budgeting, and reporting operations are current, risks are reviewed, and systems are effectively managed, specifically in terms of data processing and reporting.

The ongoing and increased demand for accurate and real-time financial reporting remains a business priority to ensure appropriate and efficient use of government resources. The more effective enterprise agencies are in identifying risk correlation between outcomes and resources expended the greater the ability to meet changing statutory obligations and partner with the public in continuous improvement to solutions needed for the environment and human health.

The ongoing and increased demand for accurate and real-time financial reporting remains a business priority to ensure appropriate and efficient use of government resources. The more effectively agencies can identify risk correlation between outcomes and resources expended, the better they will be at meeting changing statutory obligations and ultimately achieving their mission.

Proposal:

This recommendation will increase the level of staffing in financial assistance and budgeting section to prepare the agency to research, request, receive, and manage the opportunities provided by the anticipated influx of Federal opportunities through federal legislation. With new federal opportunities through the Infrastructure

Investment and Jobs Act and the Inflation Reduction Act of 2022, additional staff will be needed to provide the support to the grant services unit. The student workers and grants support position will assist agency program staff in researching opportunities, writing proposals, and applying for grant opportunities to ensure Minnesota maximizes these funding opportunities to support work across the state.

Sound fiscal management is critical to the success and integrity of the agency. Expanded internal audit capabilities ensure process documentation is developed and current and agency control assessments provide decision-support information for all levels of leadership. Finally, additional support is needed to help agency programs meet the requirements of the State of Minnesota regarding budget and grant management included detailed risk prioritization aligned with budget allocations. This recommendation will ensure that the budgeting, risk management, grants administration, and reporting needs of the agency are met.

Impact on Children and Families:

This recommendation will not have a direct impact on children and families, but the positions support will help ensure that the agency's goals are met and the funding opportunities are compliant with sound risk management practices.

Equity and Inclusion:

This recommendation will provide support to agency programs that address human health and environmental risks.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

MPCA will have the capacity to expand our financial reporting capabilities and reduce risk across the agency and be able to measure these improvements when established.

Statutory Change(s):

There is no statutory change required.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Lead and Cadmium in Children's Products

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Environmental Fund				
Expenditures	0	150	150	150
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	150	150	150
FTEs		0.5	0.5	0.5

Recommendation:

The Governor recommends appropriation of \$150,000 in FY2025 and each subsequent year from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for reducing lead and cadmium in children's products.

This recommendation will be less than 1% of the agency's biennial budget.

Rationale/Background:

Lead disrupts normal neurological development in children leading to chronic effects such as behavioral issues and lowered IQ. Acute effects can include death, as occurred when a Minnesota child ingested a high-lead charm in 2006. While less lethal than lead, cadmium is also a powerful neurotoxicant, which can cause a variety of illnesses in children such as impeded bone development. Unfortunately, there is no way to tell if a product has lead or cadmium in it just by looking at it. Doctors do not universally monitor for lead or cadmium in children's blood. Lead negatively affects brain development in children, and new findings indicate that cadmium could similarly affect child development. Many cases of lead poisoning are subtle, and often only show up later in life in the form of delayed learning, lower IQ and other developmental problems. In pregnant women, there is evidence that exposure to lead can result in adverse effects to the fetus, including reduced fetal growth, low birth weight, and delayed puberty. These problems are not reversible but are preventable.

The Chemicals in Products Interagency Team (CPIT: MPCA, Health and Commerce) has found violations of limits on lead and cadmium in children's jewelry (§325E.389, §325E.3891) and on toxics in products in the Safe Toys Act (§325F.08) every time it tested kids' products with metallic parts. The CPIT's latest study in 2022 found likely violations of current law and concerning levels of lead and cadmium in products which could be ingested, mouthed, or otherwise harm children and families.

The recommendation, originating from the Chemicals in Products Interagency Team, has been submitted as to the Governor's Children and Families Interagency Workgroup as it relates to their efforts to reduce lead exposure among Minnesota's children.

Proposal:

CPIT and MPCA recommend to expand current limits on lead and cadmium to a broader range of products, at low levels, across a wider age range, using more protective testing, compliance and enforcement.

Specifically, the recommendation attempts to reduce the possibility of exposure by broadening the number of regulated product types beyond children’s jewelry to several other types which previous studies have found can contain lead and/or cadmium. The expanded list of products includes items used by children and pregnant women such as dishes, cosmetics, personal care products, school supplies and other products.

The recommendation applies a single concentration limit for each toxic metal, mirroring other states’ limits: 90 parts per million (PPM) for lead and 75 PPM for cadmium. In doing so, it drops the less-protective test method referenced in current lead and cadmium in children’s jewelry statutes and does not simulate the actual exposure experience in a child’s digestive tract.

Without this monitoring and enforcement, children who put these products in their mouths or breathe in the dust released from normal wear and tear can face long-term health problems, including developmental delays. This work protects children and families from these dangers and supports the Governor’s Executive Order 19-34, focused on Healthy Beginnings.

This is an expansion of MPCA’s Green and Safer Product Chemistry program. The request includes 0.5 FTE to develop oversight projects, purchase products for testing, pre-screen products with MPCA instruments, contract with external labs to test products of concern during screening, review lab results and refer possible non-compliant products to enforcement, and engage companies on voluntary withdrawal and improvement. Funds would be used for education and outreach to impacted communities.

Implementation of this recommendation will reduce the chance that children and families are exposed to these health threats by regulating a broader range of products, and of ages they are intended for.

Impact on Children and Families:

Children and women of child-bearing age or expecting are particularly at-risk from the neurological and developmental effects of lead and cadmium.

This recommendation is more protective than current Minnesota statutes, reducing the chances of impeded child development and subsequent constraints on health, productivity and happiness.

This recommendation has been submitted as part of the Governor’s Children and Families Interagency Workgroup.

Equity and Inclusion:

Based on CPIT’s findings, greater prevalence of lead and cadmium in inexpensive jewelry and other products suggests greater exposures among children in lower-income families. This may be compounded by additional exposures to lead in substandard or older housing due to paint or lead water supply pipes, and to other environmental stressors relating to location and/or income.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes
☐ No

This matter would likely be of interest to most of Minnesota’s Tribal Nations. Tribal nations are included in the agency’s definition of environmental justice areas of concern. Tribal nations and Indigenous communities are disproportionately impacted by pollution, and would benefit from this recommendation.

Results:

Based on current rates of noncompliance found, MPCA would expect around 25% of products purchased to have at least one component lab-tested; around 5% could require follow-up with companies resulting in withdrawals from sale or enforcement action(s). Therefore, we expect around 10 products per year to be acted on, resulting in countable (if companies produce the data needed) numbers of product sales avoided. Our goal would be for the number of actionable products to decrease over time, and/or for concentrations of lead and cadmium being found, to drop. Trends in these data will be tracked and published.

MPCA and CPIT anticipate continuing and expanded (more products, annual oversight projects) collection of this kind of results data. In addition, we are working to preserve purchase records as well, so correlations between lead and cadmium and purchase price and source may be made more systematically.

Statutory Change(s):

- Add a new section in statute (325E.3892).
- Repeal existing sections 325E.389 Lead in Children's Jewelry, and 325E.3891 Cadmium in Children's Jewelry.
- Define products covered as a specific list.
- Prohibit actions by persons which expose Minnesotans to concentrations: of lead above 90 parts per million, and of cadmium above 75 parts per million.
- Give authority for enforcement to the CPIT agencies (MPCA, Commerce) and/or the Attorney General, under their existing authorities.
- Set effective dates for the new section and for repeal of the existing sections.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Solar Energy Equipment End of Life Management Study

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	420	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	420	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriation of \$420,000 in FY2024 from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division to contract for the development of a report to develop options for collection, reuse, and recycling of solar energy equipment.

This recommendation will increase the biennial General Fund appropriation by 3% and will be less than 1% of the agency's biennial budget.

Rationale/Background:

Minnesota currently has about 3.6 million solar modules installed (1.2 gigawatts) and is forecast to install millions more in the next decades under Minnesota's renewable energy goals. They will all eventually reach the end of their useful life and need management if they cannot be reused or refurbished. Minnesota's Climate Action Framework calls for aggressively increasing the energy transition away from fossil fuels. At the same time, Minnesota has a goal to divert waste from landfills and solar panels contain valuable materials and embedded energy that are resources for future renewable energy equipment. Solar modules may also contain toxic components that need to be managed properly. There are also county and local government concerns for end-of-life management in the absence of a statewide program.

The report will help with the development and implementation of a consensus recommendation that establishes a statewide solar panel end of life management program with funding.

Proposal:

The recommendation will result in a report with data that informs decisions and with options for solutions based on the best information available. The report will provide options to collect, reuse, and recycle solar photovoltaic modules and installation components at end of life that is convenient and accessible throughout the state, recovers 100 percent of discarded components, and maximizes value and materials recovery. Funds will be used to hire a third-party contractor to research the issues and create the report.

The intent of the report is to develop options for a solar equipment end of life management system and funding mechanism that will have broad agreement and can be implemented in the state.

Impact on Children and Families:

Reuse and recycling are well-documented to conserve resources, enhance resource and energy efficiency, protect human and environmental health by reducing all forms of waste, reduce cost of living, and create more jobs, compared to disposal of products and resources. All of these improve the lives of future generations. Solar panels contain critical minerals and embedded energy that can be conserved or recovered.

Equity and Inclusion:

The proposed study will include measures to maximize in-state employment and economic development, particularly to provide benefits to and minimize negative impacts on environmental justice, energy justice, and tribal communities.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Many tribal nations have either installed solar or are pursuing solar projects and therefore would be very interested in this initiative. The MPCA will consult with each respective Minnesota Tribal Nation and will engage with the Minnesota Tribal Environmental Council regarding the legislative recommendation and the scope of the study to ensure that the interest of Tribal Governments and communities are addressed in the proposal and in the study and its recommendations.

Results:

The recommendation will be considered successful if the report is completed on time and addresses the requirements of the report: include a survey of solar photovoltaic modules and installation components coming out of service now and projected into the future in Minnesota, including a description of how they are currently being managed at end of life, and how they would likely be managed in the future without the proposed reuse and recycling system.

Statutory Change(s):

No statutory changes are needed for this proposal.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Annual Wastewater Report Change

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying Minn. Stat. 115.44 to eliminate subdivision 9, which requires the Minnesota Pollution Control Agency (MPCA) to submit an annual wastewater report:

Minn. Stat. 115.44 subdivision 9 (a) By January 15 each year, the commissioner shall post on the Pollution Control Agency's website a report on the agency's activities the previous calendar year to implement standards and classification requirements into national pollutant discharge elimination system and state disposal system permits held by municipalities. The report must include:

- (1) a summary of permits issued or reissued over the previous calendar year, including any changes to permitted effluent limits due to water quality standards adopted or revised during the previous permit term;*
 - (2) highlights of innovative approaches employed by the agency and municipalities to develop and achieve permit requirements in a cost-effective manner;*
 - (3) a summary of standards development and water quality rulemaking activities over the previous calendar year, including economic analyses;*
 - (4) a summary of standards development and water quality rulemaking activities anticipated for the next three years, including economic analyses;*
 - (5) a process and timeframe for municipalities to provide input to the agency regarding their needs based on the information provided in the report; and*
 - (6) a list of anticipated permitting initiatives in the next calendar year that may impact municipalities and the agency's plan for involving the municipalities throughout the planning and decision-making process. The plan must include opportunities for input and public comment from municipalities on rulemaking initiatives prior to preparation of a statement of need and reasonableness required under section 14.131. The commissioner must ensure the agency's plan under this clause is implemented.*
- (b) For the purposes of this section, "economic analyses" must include assessments of the potential costs to regulated municipalities associated with water quality standards or rules proposed by the agency.*

The savings from not doing this report would allow the staff member assigned to develop the report to work on other assistance efforts with municipalities.

Rationale/Background:

In the 2015 session, Minn. Stat. 115.44 was changed to add subdivision 9, which requires MPCA to report annually on a variety of NPDES wastewater permitting and water quality standards development and rulemaking activities. The report is titled National Pollutant Discharge Elimination System/State Disposal System Permits, Water Quality

Standards, and Municipalities. This was a new requirement that came to the MPCA with no new resources. With this recommendation to eliminate this reporting requirement, the MPCA is trying to reduce redundancy in reporting and to reduce costs.

This required report contains information that is redundant with other information the MPCA reports to the legislature. The MPCA already provides to the legislature an annual inventory of water quality standards work (Laws of Minnesota 2015, chapter 4, section 100, paragraph (b)), along with an annual rulemaking docket report (Minn. Stat. 14.116). The MPCA is also required to survey wastewater operators and report out on infrastructure needs to the legislature every two years (Minnesota Stat. 115.03, subd. 9). Together, these reports cover many aspects of what is required by Minn. Stat. 115.44, subd. 9. There are other ways that the MPCA can communicate program advancements and accomplishments not covered in other required reports (i.e., wastewater webpages and newsletters).

The National Pollutant Discharge Elimination System/State Disposal System Permits, Water Quality Standards, and Municipalities report requires a great deal of coordination within the Agency to generate the necessary information, such as developing data- and information-tracking tools and tracking various metrics. The current average annual cost is \$6,150 per year in staff hours. Further, the opportunity costs, which are not measured, but should be considered, are important as well, because while staff are completing this report, they are not at work on other important projects and activities.

The MPCA has submitted six of these annual reports to the legislature, received no feedback or questions, and are unaware of anyone using the information in the National Pollutant Discharge Elimination System/State Disposal System Permits, Water Quality Standards, and Municipalities Report.

MPCA has brought this recommendation twice before, with support of the Governor's Office, and was heard in committee. However, it did not make it into the final omnibus bill.

Proposal:

The Governor recommends changing the existing requirement by modifying Minn. Stat. 115.44 to remove subdivision 9 and eliminate this required report. The MPCA estimates removing this duplicative, unnecessary reporting effort will save \$1,000.

This recommendation will have no direct impact on children, families, or environmental justice areas. This is a housekeeping measure to remove a required report that came with no additional resources and is duplicative with other information the MPCA is already required to report.

Impact on Children and Families:

No direct impact on children and families.

Equity and Inclusion:

This recommendation will have no impact on the MPCA's efforts to include all Minnesotans in its work.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

The savings from not doing this report would allow the staff member assigned to develop the report to work on other assistance efforts with municipalities.

The MPCA already provides to the legislature an annual inventory of water quality standards work (Laws of Minnesota 2015, chapter 4, section 100, paragraph (b), [Inventory of water quality standards projects, 2021 – 2023, with status as of November 2021 \(state.mn.us\)](#)), along with an annual rulemaking docket report (Minn. Stat§ 14.116, [2021 Legislative Report-Rulemaking \(state.mn.us\)](#)). The MPCA also provides an Annual Permitting efficiency Report (Minn. Stat. §116.03, subd. 2b, [Annual Permitting Efficiency Report \(state.mn.us\)](#)), Annual Pollution Report (Minnesota Stat. §116.111, [2022 Pollution Report \(state.mn.us\)](#)), and surveys Publicly Owned Treatment Works (POTW) bi-annually and provides a legislative report on POTW infrastructure needs (Minnesota Stat. §115.03, subd. 9, [Future Wastewater Infrastructure Needs and Capital Cost \(state.mn.us\)](#)).

Statutory Change(s):

Not applicable.

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Clean Water Legacy - National Park Water Quality Protection Program

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends an appropriation of \$1,000,000 in each FY 2024 and FY 2025 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Municipal Division for restoration of water quality in Voyageurs National Park through sanitary sewer projects.

In FY 2024-25, this appropriation will represent less than 1% of the MPCA's biennial budget, if funded.

Rationale/Background:

Protection of water quality in Voyageurs National Park is dependent, in part, upon the functionality of wastewater and SSTS infrastructure in communities surrounding the Park. A comprehensive study indicates 64 percent of the septic systems are noncomplying or failing in the Namakan basin area, which includes thousands of septic systems. The Voyageurs National Park Clean Water Joint Powers Board (Board) was created to implement a Comprehensive Plan for this area. This Plan describes wastewater collection and treatment system (including centralized and decentralized treatment) projects needed to ensure the areas surrounding Voyageurs National Park meet state wastewater treatment standards.

Proposal:

The Governor recommends continuation of funding for activities overseen and coordinated by the Board. The initiative of \$2,000,000 is for the purpose of planning, design, permitting, and constructing wastewater projects. Grants will be awarded to local government units for these projects, as approved by the Board. Grant awards must be matched by at least 25% from sources other than the Clean Water Fund.

The Board will report the following results:

- names and types of projects within grant-funded communities
- numbers of septic systems certified as passing County inspections
- anticipated changes in water quality through installation of systems supported by grants

Impact on Children and Families:

Voyageurs National Park is one of America's treasures. All Minnesotans should be able to visit and recreate in the Park without fear of a public health concern due to wastewater and septic system discharges that do not meet standards. This recommendation will ensure those living in the area and those visiting will have access to quality water.

Equity and Inclusion:

The Board will ensure that community meetings and processes for selecting projects are open to all.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes

☒ No

Results:

This appropriation provides for sanitary sewer projects that are included in the updated Voyageurs National Park Clean Water Project Comprehensive Plan to restore the water quality in Voyageurs National Park. Grants must be awarded to local government units for projects approved by the Voyageurs National Park Clean Water Joint Powers Board and must be matched by at least 25 percent from sources other than the clean water fund.

Statutory Change(s):

Not applicable

Minnesota Pollution Control Agency

FY 2024-25 Biennial Budget Change Item

Change Item Title: Legalizing Adult-Use Cannabis

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Cannabis Management Office Expenditures	15,430	14,841	13,980	13,711
DEED Expenditures	10,400	6,700	0	0
Health Expenditures	8,115	8,115	8,115	8,115
Public Safety Expenditures	4,175	2,662	2,662	2,662
Revenue Expenditures	3,673	3,118	3,138	3,153
Human Services Expenditures	2,260	6,476	6,476	6,476
Cannabis Expungement Board Expenditures	921	844	844	844
Pollution Control Expenditures	607	496	70	70
Supreme Court Expenditures	545	545	0	0
Higher Education Expenditures	500	500	500	500
Agriculture Expenditures	411	411	338	338
Natural Resources Expenditures	338	0	0	0
Education Expenditures	180	120	120	120
Labor and Industry Expenditures	132	132	132	132
Commerce Expenditures	75	283	569	799
Corrections Expenditures	(177)	(345)	(407)	(458)
Tax Aids, Credits, and Refunds Revenues	5,800	31,000	79,300	130,800
Cannabis Management Office Revenues	1,996	3,330	4,000	6,000
State Government Special Revenue Fund				
Health Expenditures	(3,424)	(3,424)	(3,424)	(3,424)
Health Revenues	(7,411)	(10,879)	(12,973)	(19,223)
Trunk Highway Fund				
Public Safety Expenditures	5,608	1,668	1,668	1,668
Outdoor Heritage Fund				
Tax Aids, Credits, and Refunds Revenues	(3)	96	330	594
Arts and Cultural Heritage Fund				
Tax Aids, Credits, and Refunds Revenues	(2)	57	198	356
Clean Water Fund				
Tax Aids, Credits, and Refunds Revenues	(3)	96	330	594
Parks and Trails Fund				
Tax Aids, Credits, and Refunds Revenues	(1)	41	142	257
Net Fiscal Impact = (Expenditures – Revenues)	49,393	19,401	(36,546)	(84,672)
FTEs	92	98	104	104

Recommendation:

The Governor recommends funding for the safe and responsible legalization of cannabis for adults in Minnesota. A new Cannabis Management Office will be responsible for the implementation of the regulatory framework for adult-use cannabis, along with the medical cannabis program, and a program to regulate hemp and hemp-derived products. This recommendation also includes funding for grants to assist individuals entering the legal cannabis market, provides for expungement of non-violent offenses involving cannabis, and implements taxes on adult-use cannabis.

Rationale/Background:

Prohibiting the use of cannabis in Minnesota has not worked. Despite the current prohibition, marijuana is widely consumed across Minnesota. The most recent Minnesota Survey on Adult Substance Use conducted in 2014-2015 found that nearly half (44%) of Minnesota adults reported using marijuana at some point during their lives. The maturation of the market for hemp-derived cannabinoid products following the 2018 Farm Bill culminating in the 2022 legislation authorizing hemp-derived THC edible cannabinoids have created urgency for comprehensive regulation and reform at the state level.

Regulating cannabis for use by adults will replace the abundant illicit market with a tightly regulated system with controls similar to those currently accepted for the sale of alcohol. This proposal will allow for the monitoring and regulation of its cultivation, processing, transportation and sale, activities currently occurring to the profit of drug cartels and criminals and without consumer protection guardrails.

Importantly, this proposal will begin to address racial inequities our current system has created. Despite survey data suggesting that Black and white Minnesotans use cannabis at similar rates, in 2021 Black Minnesotans were over four times more likely than their white counterparts to be arrested for marijuana according to data from the Bureau of Criminal Apprehension.

Marijuana prohibition additionally leaves potential tax revenue uncollected and furthers an opportunity for economic growth in the underground market. This proposal will bolster amounts available the General Fund for policymakers to prioritize while grant programs administered by DEED and the Office of Cannabis Management will further ensure Minnesotan entrepreneurs have the best opportunity to become the new adult-use market.

Finally, this approach is now well-tested across the country. Nineteen states and the District of Columbia have passed laws to legalize and regulate cannabis for adults. In Colorado, the first state to adopt this approach, legal sales began in January 2014 so there is now nearly a decade of implementation experience in other states to help craft this proposal for Minnesota.

Proposal:

This proposal creates a new agency, the Cannabis Management Office, which would be responsible for the implementation of a new regulatory framework for adult-use cannabis. The Office of Medical Cannabis will also move from the Department of Health to join this new agency. The office will be headed by a director appointed by the Governor and receive advice from a Cannabis Advisory Council with representatives from experts, local governments, the cannabis industry and relevant state agencies. The core duties of the office will include:

- to develop, maintain, and enforce an organized system of regulation for the lawful cannabis industry
- to establish programming, services, and notification to protect, maintain, and improve the health of citizens.
- to prevent unauthorized access to cannabis by individuals under 21 years of age.
- to establish and regularly update standards for product testing, packaging, and labeling.
- to promote economic growth with an emphasis on growth in areas that experienced a disproportionate, negative impact from cannabis prohibition.
- to issue and renew licenses.
- to impose and collect civil and administrative penalties.
- to authorize research and studies on cannabis, cannabis products, and the cannabis industry.

Adult-use cannabis will be subject to a new 15% gross receipts tax and state sales tax with retail sales beginning January 1, 2025. A new 15% gross receipts tax would also be imposed on the retail sale of edible cannabinoid products with retail sales beginning October 1, 2023.

The proposal authorizes three grant programs to support the establishment of cannabis businesses in Minnesota. Cannabis grower grants administered by the Office of Cannabis Management will provide farmers with assistance

navigating the new industry and regulations along with subsidized loans for expanding into legal cannabis. Administered by the Department of Employment and Economic Development industry navigation grants and industry training grants will assist individuals in setting up a legal cannabis business through technical assistance and navigation services while providing grants to organizations and individuals for training on cannabis jobs.

The proposal provides for automatic sealing of dismissals, exoneration, convictions, or stayed sentences of petty misdemeanor and misdemeanor marijuana offenses by the Bureau of Criminal Apprehension, which will provide notice of the expungement to local law enforcement agencies as well as the Judicial Branch for compliance purposes. It also provides for the establishment of a Cannabis Expungement Board to review other cannabis convictions to consider eligibility for expungement or resentencing.

The proposal authorizes the Governor to enter into compacts with Minnesota Tribal governments on issues related to medical cannabis and adult-use cannabis.

The proposal finally provides significant resources to address substance use disorders. The proposal includes initial funding for grants directed by the advice of a Substance Use Disorder Advisory Council convened by the Department of Human Services. Five percent of the revenue from the cannabis gross receipts tax would flow into this fund to support these grants into the future.

Appropriations necessary for its implementation include:

- \$30,271,000 in FY2024/2025 and \$27,691,000 in FY2026/2027 to establish and begin operations of a new Cannabis Management Office responsible for the implementation of the new regulatory framework.
- \$822,000 in FY2024/2025 and \$ 676,000 in FY2026/2027 to the Department of Agriculture for food safety and pesticide enforcement lab testing and rulemaking related to changes in cannabis laws.
- \$1,765,000 in FY2024/2025 and \$1,688,000 in FY2026/2027 for a newly created Cannabis Expungement Board for staffing and other expenses related to reviewing criminal convictions and issuing decisions related to expungement and resentencing.
- \$358,000 in FY2024/2025 and \$1,368,000 in FY2026/2027 for the Department of Commerce for staffing and other expenses to complete scale, and packaging inspections.
- A reduction of \$522,000 in FY2024/2025 and \$865,000 in FY2026/2027 to the Department of Corrections' base budget to account for an expected reduction in marijuana-related incarcerations.
- \$300,000 in FY2024/2025 and \$240,000 in FY2026/2027 for the Department of Education to support schools and districts in accessing resources on cannabis use and substance use.
- \$17,100,000 in FY2024/2025 for the Department of Employment and Economic Development for cannabis industry navigator and startup grants.
- \$16,230,000 in FY2024/2025 and \$16,230,000 in FY2026/2027 for the Department of Health for education of women who are pregnant, breastfeeding, or who may become pregnant; data collection and reports; and youth education.
- \$8,736,000 in FY2024/2025 and \$12,952,000 in FY2026/2027 for the Department of Human Services to implement the substance use disorder treatment and prevention grant program and process background studies relevant to the work of the Cannabis Expungement Board.
- \$264,000 in FY2024/2025 and \$264,000 in FY2026/2027 for the Department of Labor and Industry to identify occupational competency standards and provide technical assistance for developing dual-training programs.
- \$338,000 in FY2024/2025 for the Department of Natural Resources for training of DNR Conservation Officers relating to the new cannabis regulatory system and requirements, recognition of impairment, and for the enforcement of the purposed environmental standards adopted by the Cannabis Management Office.
- \$1,000,000 in FY2024/2025 and \$1,000,000 in FY2026/2027 for the Office of Higher Education for Dual Training Competency Grants to employers in the legal cannabis industry.

- \$1,103,000 in FY2024/2025 and \$140,000 in FY2026/2027 for the Pollution Control Agency for rulemaking to establish of water, energy, odor, and solid waste environmental standards for cannabis businesses and provide technical assistance for small businesses.
- \$6,837,000 in FY2024/2025 and \$5,324,000 in FY2026/2027 for the Department of Public Safety Bureau of Criminal Apprehension for identifying and sealing records, forensic science services, and investigations.
- \$7,276,000 in FY2024/2025 and \$3,336,000 in FY2026/2027 for the Department of Public Safety Minnesota State Patrol from the Trunk Highway Fund for additional Drug Recognition Expert (DRE) troopers, crash reconstruction specialist troopers, and replacement drug detection canines.
- \$6,791,000 in FY2024/2025 and \$6,291,000 in FY2026/2027 for the Department of Revenue to collect and administer the tax requirements.

Impact on Children and Families:

The current widespread underground market for marijuana provides no controls against the sale and access to children. This proposal provides age restrictions to prevent the sale of cannabis to those under 21.

Additionally, the biannual Healthy Kids Colorado Survey found no increase in the use of marijuana from 2011 to 2015 in the period where legal sales initiated in the state, a finding that has been consistent in Washington, Oregon, Alaska, California, Massachusetts, Maine, and Nevada. The proposal additionally provides funding for MDH to conduct a long-term, coordinated education program to raise public awareness about and address adverse health effects associated with the use of cannabis or cannabis products by persons under age 21.

Equity and Inclusion:

This proposal seeks to begin to address the inequities the current system of marijuana prohibition has created, beginning with the expungement of nonviolent marijuana offenses. A Division of Social Equity at the Office of Cannabis Management will work to further promote the consideration of equity and inclusion in the development and implementation of cannabis regulatory systems. The proposal additionally requires the prioritization of social equity applicants in cannabis license selection along with the cannabis grower and industry training and navigation grant programs.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☒ Yes

☐ No

Minnesota tribal governments, in particular the Red Lake Nation and the White Earth Nation, have raised significant concerns about the current interactions between their medical cannabis programs and current restrictions in statute. This proposal will provide broad authority for the Governor or designated representatives to negotiate compacts with an American Indian tribe regulating cannabis and cannabis products including medical cannabis.

Results:

The proposal requires Department of Health to engage in research and data collection activities to measure the prevalence of cannabis use and the use of cannabis products in the state by persons under age 21 and persons age 21 or older.

Statutory Change(s):

13.411, by adding a subdivision; 13.871, by adding a subdivision; 152.02, subdivisions 2, 4; 152.022, subdivisions 1, 2; 152.023, subdivisions 1, 2; 152.024, subdivision 1; 152.025, subdivisions 1, 2; 181.938, subdivision 2; 181.950, subdivisions 2, 4, 5, 8, 13, by adding a subdivision; 181.951, by adding subdivisions; 181.952, by adding a subdivision; 181.953; 181.954; 181.955; 181.957, subdivision 1; 244.05, subdivision 2; 256.01, subdivision 18c;

256D.024, subdivision 1; 256J.26, subdivision 1; 273.13, subdivision 24; 275.025, subdivision 2; 290.0132, subdivision 29; 290.0134, subdivision 19; 297A.67, subdivisions 2, 7; 297A.99, by adding a subdivision; 297D.01, subdivision 2; 297D.04; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09, subdivision 1a; 297D.10; 297D.11; 609.135, subdivision 1; 609.531, subdivision 1; 609.5311, subdivision 1; 609.5314, subdivision 1; 609.5316, subdivision 2; 609.5317, subdivision 1; 609A.01; 609A.03, subdivisions 5, 9; 624.712, by adding subdivisions; 624.713, subdivision 1; 624.714, subdivision 6; 624.7142, subdivision 1; 624.7151; proposing coding for new law in Minnesota Statutes, chapters 3; 17; 28A; 34A; 116J; 116L; 120B; 144; 152; 289A; 295; 604; 609A; 624; proposing coding for new law as Minnesota Statutes, chapter 342; repealing Minnesota Statutes 2020, sections 152.027, subdivisions 3, 4; 152.21; 152.22, subdivisions 1, 2, 3, 4, 5, 5a, 5b, 6, 7, 8, 9, 10, 11, 12, 13, 14; 152.23; 152.24; 152.25, subdivisions 1, 1a, 1b, 1c, 2, 3, 4; 152.26; 152.261; 152.27, subdivisions 1, 2, 3, 4, 5, 6, 7; 152.28, subdivisions 1, 2, 3; 152.29, subdivisions 1, 2, 3, 3a, 4; 152.30; 152.31; 152.32, subdivisions 1, 2, 3; 152.33, subdivisions 1, 1a, 2, 3, 4, 5, 6; 152.34; 152.35; 152.36, subdivisions 1, 1a, 2, 3, 4, 5; 152.37; 297D.01, subdivision 1; Minnesota Rules, parts 4770.0100; 4770.0200; 4770.0300; 4770.0400; 4770.0500; 4770.0600; 4770.0800; 4770.0900; 4770.1000; 4770.1100; 4770.1200; 4770.1300; 4770.1400; 4770.1460; 4770.1500; 4770.1600; 4770.1700; 4770.1800; 4770.1900; 4770.2000; 4770.2100; 4770.2200; 4770.2300; 4770.2400; 4770.2700; 4770.2800; 4770.4000; 4770.4002; 4770.4003; 4770.4004; 4770.4005; 4770.4007; 4770.4008; 4770.4009; 4770.4010; 4770.4012; 4770.4013; 4770.4014; 4770.4015; 4770.4016; 4770.4017; 4770.4018; 4770.4030.

Program: Environmental Analysis and Outcomes Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Develop water quality standards and evaluate 80 major watersheds against those standards.
- Monitor and track air quality, surface water quality, and ambient groundwater conditions.
- Provide resources to local water management organizations for lake and stream monitoring.
- Partner with hundreds of volunteers to monitor lake and stream clarity.
- Provide air quality forecasts for the state and five tribes to inform public of unhealthy air quality days.
- Estimate and track pollutant emissions to air and discharges to water.

PURPOSE AND CONTEXT

The Environmental Analysis and Outcomes (EAO) Division monitors and evaluates the physical, chemical, and biological conditions of Minnesota's environment; identifies environmental threats and impacts to human and ecosystem health; establishes environmental goals and measures progress in achieving them; supports regulatory programs (such as permitting); and makes environmental data broadly accessible. The division's efforts support human health, aquatic life, and a strong economy.

We provide leadership to implement the federal Clean Air Act by monitoring and evaluating air quality conditions, supporting air quality permitting and environmental review, and assisting other state agencies with energy and transportation projects.

We help implement the Clean Water Act and portions of Minnesota's Clean Water Legacy Act by monitoring surface water and groundwater resources; evaluating water quality data; communicating lake, stream, wetland, and groundwater conditions; and developing water quality standards that protect the health of water resources. Water data and assessment results support the development of permit limits to protect water quality and inform local planning, restoration, and protection activities.

SERVICES PROVIDED**Air Assessment**

- Monitors for the air quality index and compliance with air quality standards and health benchmarks at 54 sites statewide.
- Supports community air modeling, focusing on areas of concern for environmental justice.
- Provides technical assistance and quality assurance at five locations operated by tribal governments, five federal PM2.5 speciation sites, one national multi-pollutant monitoring site (NCore), one ozone precursor measurements site (PAMS), and nine National Atmospheric Deposition Program (NADP) sites.
- Collects and analyzes annual air emission inventories for more than 2,200 companies.
- Estimates state-wide emissions from all sources every three years.
- Supports facility air dispersion modeling to estimate compliance with standards and risk from facilities for permitting, compliance and enforcement, and environmental review.
- Estimates and analyzes public health risks from air pollution, with a focus on potential disproportionate impacts on the most vulnerable Minnesotans.
- Prepares state implementation plans and ensures program compliance with federal and state requirements.

Water Monitoring and Assessment

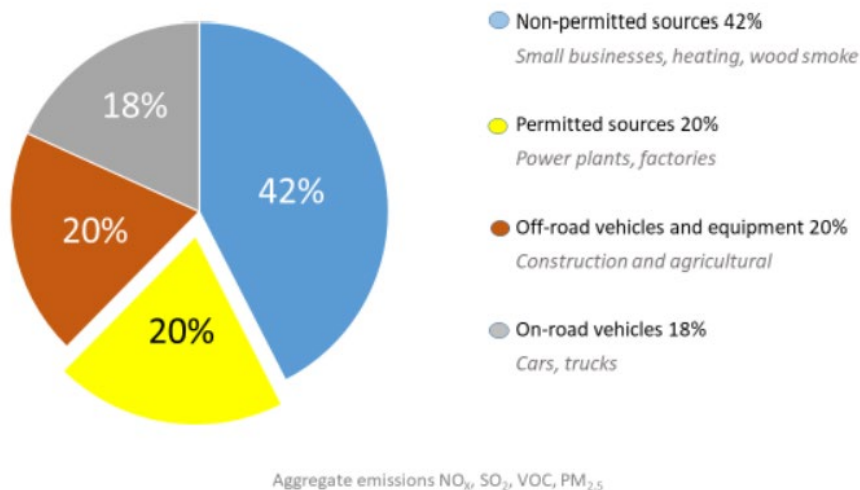
- Develops water quality standards and uses other tools to protect human health and aquatic life.
- Monitors lakes, streams and rivers, wetlands, and groundwater to identify water quality trends.
- Gathers and reviews data to understand water condition and identify causes of stress on a water body.
- Tracks the effectiveness of protection and restoration activities.
- Provides funding opportunities and technical assistance for local units of government to conduct water monitoring.
- Provides information and assistance to regulated facilities, communities, local governments, and Minnesotans.
- Monitors, studies, and coordinates work on contaminants in Minnesota's water and fish, including accumulative contaminants like mercury and per- and polyfluoroalkyl substances (PFAS), and emerging contaminants like pharmaceuticals and consumer products.

RESULTS PERFORMANCE MEASURE

AIR EMISSIONS FROM DIFFERENT TYPES OF SOURCES

Air emissions are the quantity of air pollutants that are released from an air pollution source.

- On-road vehicles (cars, trucks): 18%
- Non-permitted sources (small businesses, heating, wood smoke): 42%
- Off-road vehicles (construction and agricultural): 20%
- Permitted sources (power plants, factories): 20%



Aggregate emissions: Nitrogen oxides (NO_x), sulfur dioxide (SO₂), volatile organic compounds (VOC), particulate matter (PM_{2.5})

SURFACE WATER PROTECTION AND RESTORATION

During the last 10 years, MPCA has increased water monitoring efforts and completed assessments across the entire state. The information is used to determine if watersheds are meeting water quality standards to protect public health, recreational use, and aquatic life.

In general, 60% of state lakes and streams meet water quality standards; however, there are wide variations in condition by watershed. As of January 2020, all 80 watersheds have been monitored and assessed. As this work continues into a second monitoring cycle across the state, the focus will be on measuring progress and, where needed, incorporating monitoring to understand new pollutants of concern.

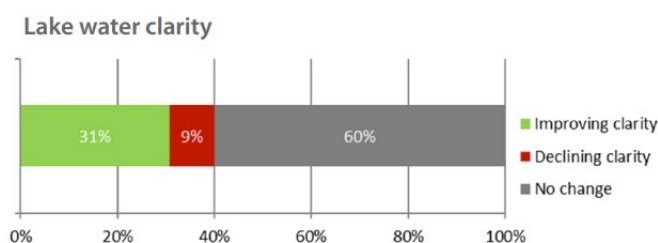
GREENHOUSE GAS EMISSIONS IN MINNESOTA

The EAO Division estimates the greenhouse gas emissions from all sources in Minnesota to track progress against the Next Generation Energy Act reduction targets. The analysis allows the EAO Division to support the governor's Climate Change Subcabinet and Advisory Council to identify effective and cost-efficient emission reduction strategies.

The division is completing a report to the Legislature, due January 15, 2023, that will contain the most up-to-date estimates for greenhouse gas emissions.

PERCENT OF LAKES GETTING CLEARER

Clarity is improving or holding steady in 90% of lakes. While water clarity, in general, is poorer in southern Minnesota, increasing and decreasing lake clarity trends are almost evenly scattered through north and south-central Minnesota. Hundreds of volunteers help the MPCA measure water clarity to detect signs of degradation to a lake.



Minnesota Statutes, Chapters, 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Environmental Analysis and Outcomes Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<u>Expenditures by Fund</u>								
1000 - General	197	182	976	539	224	224	87,960	87,472
2000 - Restrict Misc Special Revenue	170	213	284	304	214	214	214	214
2001 - Other Misc Special Revenue	20	20	371	468	20	20	20	20
2050 - Environment & Natural Resources	264		1,135	269				
2302 - Clean Water	8,576	7,514	9,314	11,442			10,050	10,050
2800 - Environmental	11,137	12,269	11,058	14,505	12,694	12,694	18,463	18,522
2801 - Remediation	155	140	178	223	201	201	199	205
3000 - Federal	3,293	3,853	4,814	5,085	5,345	5,055	5,345	5,055
Total	23,811	24,191	28,130	32,835	18,698	18,408	122,251	121,538
Biennial Change				12,963	(23,859)		182,824	
Biennial % Change				27	(39)		300	
Governor's Change from Base							206,683	
Governor's % Change from Base							557	

Expenditures by Activity

Environmental Analysis and Outcomes Division	23,811	24,191	28,130	32,835	18,698	18,408	122,251	121,538
Total	23,811	24,191	28,130	32,835	18,698	18,408	122,251	121,538

Expenditures by Category

Compensation	14,522	14,427	14,788	16,890	11,963	11,963	24,184	24,857
Operating Expenses	9,089	8,846	13,051	15,945	6,735	6,445	11,590	10,204
Grants, Aids and Subsidies	150	152	200				86,477	86,477
Capital Outlay-Real Property	8	66	61					
Other Financial Transaction	41	700	30					
Total	23,811	24,191	28,130	32,835	18,698	18,408	122,251	121,538

Total Agency Expenditures	23,811	24,191	28,130	32,835	18,698	18,408	122,251	121,538
Internal Billing Expenditures	5,906	6,216	6,373	6,154	4,181	4,181	4,146	4,146
Expenditures Less Internal Billing	17,905	17,975	21,758	26,681	14,517	14,227	118,105	117,392

<u>Full-Time Equivalents</u>	144.71	135.84	141.94	177.39	115.18	115.18	205.03	205.03
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		8		315				
Direct Appropriation	205	205	1,292	224	224	224	87,960	87,472
Cancellations		32						
Balance Forward Out	8		316					
Expenditures	197	182	976	539	224	224	87,960	87,472
Biennial Change in Expenditures				1,137		(1,067)		173,917
Biennial % Change in Expenditures				300		(70)		11,479
Governor's Change from Base								174,984
Governor's % Change from Base								39,059
Full-Time Equivalents	1.71	1.54	1.63	1.53	1.62	1.62	10.62	10.62

2000 - Restrict Misc Special Revenue

Balance Forward In	227	301	335	90				
Receipts	238	245	38	214	214	214	214	214
Balance Forward Out	295	333	90					
Expenditures	170	213	284	304	214	214	214	214
Biennial Change in Expenditures				205		(160)		(160)
Biennial % Change in Expenditures				54		(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.42	1.51	2.22	1.34	1.34	1.34	1.34	1.34

2001 - Other Misc Special Revenue

Balance Forward In			800	448				
Receipts	20	820	20	20	20	20	20	20
Balance Forward Out		800	448					
Expenditures	20	20	371	468	20	20	20	20
Biennial Change in Expenditures				800		(799)		(799)
Biennial % Change in Expenditures				2,052		(95)		(95)
Governor's Change from Base								0
Governor's % Change from Base								0

2050 - Environment & Natural Resources

Environmental Analysis and Outcomes Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Balance Forward In	92		1,404	269				
Direct Appropriation	250							
Cancellations	78							
Balance Forward Out			269					
Expenditures	264		1,135	269				
Biennial Change in Expenditures				1,140		(1,404)		(1,404)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	1,024	2,013	4,025	3,076				
Direct Appropriation	9,332	9,332	8,366	8,366	0	0	10,050	10,050
Balance Forward Out	1,781	3,831	3,077					
Expenditures	8,576	7,514	9,314	11,442			10,050	10,050
Biennial Change in Expenditures				4,666		(20,756)		(656)
Biennial % Change in Expenditures				29		(100)		(3)
Governor's Change from Base								20,100
Governor's % Change from Base								
Full-Time Equivalents	44.38	37.35	38.48	51.68			54.00	54.00

2800 - Environmental

Balance Forward In		794		1,601				
Direct Appropriation	12,871	12,902	13,469	13,715	13,505	13,505	19,674	19,733
Transfers Out	946	811	811	811	811	811	1,211	1,211
Cancellations		616						
Balance Forward Out	788		1,600					
Expenditures	11,137	12,269	11,058	14,505	12,694	12,694	18,463	18,522
Biennial Change in Expenditures				2,157		(175)		11,422
Biennial % Change in Expenditures				9		(1)		45
Governor's Change from Base								11,597
Governor's % Change from Base								46
Full-Time Equivalents	75.10	73.00	67.04	80.71	76.57	76.57	103.22	103.22

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2801 - Remediation

Balance Forward In		46		22				
Direct Appropriation	201	201	201	201	201	201	199	205
Cancellations		108						
Balance Forward Out	46		23					
Expenditures	155	140	178	223	201	201	199	205
Biennial Change in Expenditures				107		1		3
Biennial % Change in Expenditures				36		0		1
Governor's Change from Base								2
Governor's % Change from Base								1
Full-Time Equivalents	0.77	0.60	1.16	1.17	1.17	1.17	1.37	1.37

3000 - Federal

Receipts	3,293	3,854	4,814	5,085	5,345	5,055	5,345	5,055
Balance Forward Out		1						
Expenditures	3,293	3,853	4,814	5,085	5,345	5,055	5,345	5,055
Biennial Change in Expenditures				2,752		501		501
Biennial % Change in Expenditures				39		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.33	21.84	31.41	40.96	34.48	34.48	34.48	34.48

Program: Industrial Division<https://www.pca.state.mn.us/>**AT A GLANCE**

Provide regulatory services (permitting, technical assistance, training, compliance determination, enforcement, licensing, and certification) for:

- 4,500 industrial wastewater and stormwater sources
- 2,000 air emission sources
- 10,400 underground fuel storage tank facilities
- 24,500 hazardous waste generators

PURPOSE AND CONTEXT

The Industrial Division engages with regulated parties to manage emissions, discharges, and wastes to minimize impacts to human health, the environment, and climate change. We implement a set of core regulatory programs that ensure Minnesota's outdoor air is healthy for all to breathe, and its waters are swimmable, fishable, and safe to drink. The Industrial Division enforces state and federal environmental regulations so that Minnesota reduces its contribution to regional, national, and global pollution. We provide compliance assistance to pollution sources and respond to citizen complaints. Our efforts support human health and the environment and contribute to strong economies in Minnesota communities. The Industrial Division administers regulatory programs in support of the MPCA's environmental justice policy to avoid disproportionate impacts of pollution on any group of people.

The MPCA is authorized by the Environmental Protection Agency (EPA) to administer the air quality regulatory programs under the federal Clean Air Act. About 2,000 air emission facilities are managed in the program. These programs use state and federal regulations, best management practices, technology, and site-specific determinations to control sources of air pollution. The division's work to regulate air pollution from facilities that need an air quality permit results in a significant reduction in emissions from these sources and contributes to the attainment of ambient air quality standards in the state.

The MPCA is also authorized by the EPA to administer the wastewater regulatory program under the federal Clean Water Act. Over 900 industrial wastewater dischargers are managed in the program in addition to approximately 3,500 businesses through the industrial stormwater program. These programs use best management practices, technology, and site-based standards to protect water resources.

The division works with a large and varied group of private businesses; industry consultants; local, state, and federal partners; environmental groups, and residents.

SERVICES PROVIDED

The services the division provides fall into three categories:

Permitting

- Issue air and water permits to operate or expand existing facilities and to build new industrial, commercial, and institutional facilities.
- Better connect the public, industry, and local governments by providing input opportunities on permits through community engagement, public notices, and local meetings.
- Reduce the burden on regulated parties by providing assistance, flexibility, and permitting options.

Compliance determination, assistance, and enforcement

- Conduct inspections and determine compliance with air quality, water quality, hazardous waste, stormwater, and underground fuel storage tank rules, regulations, and permits.
- Provide technical assistance and training to regulated facilities.
- Take enforcement action when warranted.

Licensing and certification

- Issue licenses for hazardous waste treatment, storage, and disposal facilities.
- License hazardous waste haulers and monitor the movement of hazardous waste.
- Certify over 10,000 underground fuel tanks.

RESULTS

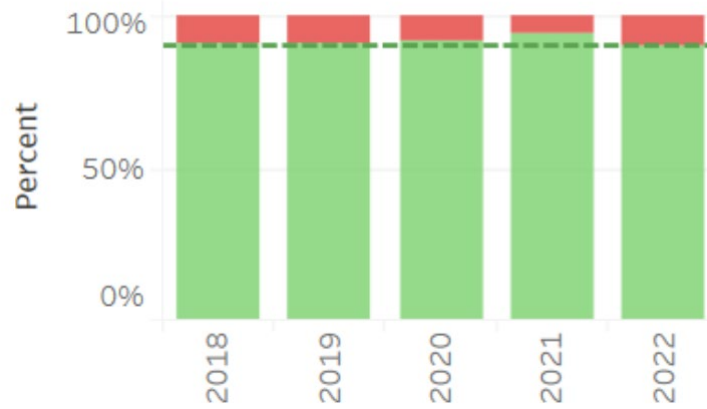
The MPCA has worked hard to speed up the permitting process without compromising the environment. We meet our 90-day and 150-day permitting timeliness goals 97% of the time for priority permits, which are construction-focused and have the most bearing on job growth. This means that 7 land permits and 2,465 water permits were issued in less than 90 days of a completed application being received and only 8 water permits issued after 90 days. For non-priority permits, 47 air permits, 10 land permits and 131 permits were issued in less than 90 days.

Tier 1 timeliness

		issued <= 90	issued > 90	pending <= 90	pending > 90	Total
Priority	Medium					
priority	Land Permits	7				7
	Water Permits	2,465	8	45	6	2,524
non-priority	Air Permits	47	4	3		54
	Land Permits	10	2	6	10	28
	Water Permits	131				131
Total		2,660	14	54	16	2,744

Issuing permits is only part of what the MPCA does to protect our environment. We also provide assistance; conduct inspections, and enforce standards to improve compliance. In FY22, 90% of inspections had no major non-compliance, which is consistent with compliance rates since FY2018.

Inspection compliance



Minnesota Statutes, Chapters, 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Industrial Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General	700	9					23,784	4,084
2000 - Restrict Misc Special Revenue	394	140	10	17	17	17	17	17
2001 - Other Misc Special Revenue	336	330	353	301	300	300	300	300
2800 - Environmental	14,130	14,333	14,000	15,882	14,955	14,955	16,957	17,560
2801 - Remediation	1,001	996	923	1,079	1,001	1,001	1,633	1,773
3000 - Federal	3,213	2,934	3,585	2,912	2,912	2,912	2,912	2,912
Total	19,774	18,740	18,871	20,191	19,185	19,185	45,603	26,646
Biennial Change				547		(692)		33,187
Biennial % Change				1		(2)		85
Governor's Change from Base								33,879
Governor's % Change from Base								88

Expenditures by Activity

Industrial Division	19,774	18,740	18,871	20,191	19,185	19,185	45,603	26,646
Total	19,774	18,740	18,871	20,191	19,185	19,185	45,603	26,646

Expenditures by Category

Compensation	13,430	13,299	13,190	14,354	13,543	13,543	17,417	18,160
Operating Expenses	6,344	5,441	5,680	5,837	5,642	5,642	5,786	5,786
Grants, Aids and Subsidies							22,400	2,700
Total	19,774	18,740	18,871	20,191	19,185	19,185	45,603	26,646

Total Agency Expenditures	19,774	18,740	18,871	20,191	19,185	19,185	45,603	26,646
Internal Billing Expenditures	4,665	4,658	4,846	4,841	4,841	4,841	4,865	4,865
Expenditures Less Internal Billing	15,109	14,082	14,025	15,350	14,344	14,344	40,738	21,781

Full-Time Equivalents

	139.23	132.20	126.58	134.21	126.20	126.20	143.70	143.70
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Industrial Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		9						
Direct Appropriation							23,784	4,084
Transfers In	700							
Expenditures	700	9					23,784	4,084
Biennial Change in Expenditures				(709)		0		27,868
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								27,868
Governor's % Change from Base								
Full-Time Equivalents							8.00	8.00

2000 - Restrict Misc Special Revenue

Balance Forward In	107	163	7	11	9	7	9	7
Receipts	449	(16)	13	15	15	15	15	15
Balance Forward Out	163	7	11	9	7	5	7	5
Expenditures	394	140	10	17	17	17	17	17
Biennial Change in Expenditures				(507)		7		7
Biennial % Change in Expenditures				(95)		27		27
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.61	1.07	0.08	0.10	0.10	0.10	0.10	0.10

2001 - Other Misc Special Revenue

Balance Forward In	84	83	53	1				
Receipts	35							
Transfers In	300	300	300	300	300	300	300	300
Balance Forward Out	83	53	1					
Expenditures	336	330	353	301	300	300	300	300
Biennial Change in Expenditures				(12)		(54)		(54)
Biennial % Change in Expenditures				(2)		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.97	2.04	2.24	2.00	2.00	2.00	2.00	2.00

Industrial Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2800 - Environmental

Balance Forward In	0	233		927				
Direct Appropriation	14,472	14,605	15,048	15,076	15,076	15,076	17,078	17,681
Transfers Out	121	121	121	121	121	121	121	121
Cancellations		384						
Balance Forward Out	221		927					
Expenditures	14,130	14,333	14,000	15,882	14,955	14,955	16,957	17,560
Biennial Change in Expenditures				1,419		28		4,635
Biennial % Change in Expenditures				5		0		16
Governor's Change from Base								4,607
Governor's % Change from Base								15
Full-Time Equivalents	99.05	96.17	90.30	103.05	96.30	96.30	104.30	104.30

2801 - Remediation

Balance Forward In				78				
Direct Appropriation	1,001	1,001	1,001	1,001	1,001	1,001	1,633	1,773
Cancellations		5						
Balance Forward Out			78					
Expenditures	1,001	996	923	1,079	1,001	1,001	1,633	1,773
Biennial Change in Expenditures				5		0		1,404
Biennial % Change in Expenditures				0		(0)		70
Governor's Change from Base								1,404
Governor's % Change from Base								70
Full-Time Equivalents	7.96	7.80	6.50	8.40	7.20	7.20	8.70	8.70

3000 - Federal

Receipts	3,213	2,934	3,585	2,912	2,912	2,912	2,912	2,912
Expenditures	3,213	2,934	3,585	2,912	2,912	2,912	2,912	2,912
Biennial Change in Expenditures				351		(673)		(673)
Biennial % Change in Expenditures				6		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0

Industrial Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
Full-Time Equivalents	27.64	25.12	27.46	20.66	20.60	20.60	20.60	20.60

Program: Municipal Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- 137 municipal wastewater permits issued in FY22.
- 3,107 construction stormwater permits issued during FY22.
- 249 municipalities operated under municipal stormwater permit coverage in FY22.
- 57 sub-surface sewage treatment systems compliance and enforcement actions taken in FY22.
- 170 construction stormwater compliance and enforcement actions taken in FY22.
- 10 municipal stormwater compliance and enforcement actions taken in FY22.
- 140 municipal wastewater compliance and enforcement actions taken in FY22.
- 131 grants totaling \$2.8 million awarded to local partners for SSTS grants in FY22.

PURPOSE AND CONTEXT

The Municipal Division works to ensure that Minnesota has clean water to support aquatic life, drinking water, healthy communities, and a strong economy. Components of the program include:

- Reducing and preventing water pollution from wastewater, stormwater, and sub-surface sewage treatment systems (SSTS).
- Working cooperatively with stakeholders to implement activities that protect Minnesota waters.
- Providing financial assistance to local government and other partners to achieve and accelerate water quality improvements.

SERVICES PROVIDED

The Municipal Division conducts activities to ensure that the state's lakes, rivers, streams, and groundwater are clean, healthy, and sustainable. To accomplish this, the division:

- Issues construction and operation permits to Minnesota businesses and municipalities
- Implements the biosolids land application program
- Assists in flood and spill response
- Inspects, assists, and enforces wastewater, stormwater, and SSTS
- Educates, licenses, and certifies wastewater and SSTS professionals
- Addresses imminent health threats from septic systems, particularly for low-income households
- Provides grants and contracts for water quality improvement projects
- Conducts technical reviews for the Public Facilities Authority funding program

RESULTS**Municipal Wastewater**

Since 2000, pollutant load discharges from municipal wastewater plants have decreased for all parameters except nitrogen. This decrease is due to MPCA developing permit limits that achieve water quality goals. The MPCA continues to implement the Nutrient Reduction Strategy by adding nitrogen monitoring to the remaining permits, reviewing the influent and effluent data, and will begin working with permittees on nitrogen management options.

The Municipal Division has been reducing the number of expired wastewater permits. By issuing 137 permits in FY22, the division met an internal goal of reducing the overall permit backlog from 37% to 25% expired, and a subset of those permits, the majors, from 50% expired to 37% expired.

Municipal Stormwater

Since 2015, cities have used best management practices (BMPs) to help to achieve reductions in pollutants. Cities and other regulated stormwater permittees have installed over 4,000 BMPs, including practices such as street sweeping, infrastructure retrofits, ordinances and education and outreach.

According to data as of 2020, these stormwater practices have prevented over 26,284 pounds of phosphorus from entering our lakes, rivers and streams.

Sub-Surface Sewage Treatment System (SSTS)

Overall, SSTS in Minnesota are becoming increasingly compliant year-over-year. The estimated percentage of compliant SSTS, out of total SSTS in Minnesota, increased from 66% in 2007 to 83% in 2021. More specifically, compliance rates increased rapidly from 66% in 2007 to 80% in 2013 followed by a period where estimated compliance rates remained steady around 80%. In 2021 Minnesota saw a slight increase to 83% estimated compliance statewide.

Over this same period, from 2007 to 2021, the estimated number of SSTS which are Failing to Protect Groundwater has decreased from 23% in 2007 to 13 % in 2021. Similarly, the number of SSTS considered Imminent Threats to Public Health and Safety has decreased from 11% in 2007 to 4% in 2021.

Minnesota Statutes, Chapters, [115 \(https://www.revisor.mn.gov/statutes/?id=115\)](https://www.revisor.mn.gov/statutes/?id=115), [115A \(https://www.revisor.mn.gov/statutes/?id=115A\)](https://www.revisor.mn.gov/statutes/?id=115A), and [116 \(https://www.revisor.mn.gov/statutes/?id=116\)](https://www.revisor.mn.gov/statutes/?id=116) provide the agency with its main authorities to provide regulatory, monitoring and assistance services.

Municipal Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
<u>Expenditures by Fund</u>								
1000 - General	147	147	153	214	190	190	761	767
1200 - State Government Special Rev			75	75	75	75	85	90
2000 - Restrict Misc Special Revenue	260	353	363	658	559	559	559	559
2050 - Environment & Natural Resources	499		500	2,200				
2302 - Clean Water	4,453	5,583	4,594	5,340			6,050	6,050
2800 - Environmental	7,486	7,727	8,295	9,359	8,867	8,867	9,829	10,466
3000 - Federal	962	916	1,268	1,267	1,267	1,267	1,267	1,267
8200 - Clean Water Revolving	1,588	1,863	1,829	2,027	2,027	2,027	2,027	2,027
Total	15,397	16,588	17,076	21,140	12,985	12,985	20,578	21,226
Biennial Change				6,231	(12,246)		3,588	
Biennial % Change				19	(32)		9	
Governor's Change from Base							15,834	
Governor's % Change from Base							61	
<u>Expenditures by Activity</u>								
Municipal Division	15,397	16,588	17,076	21,140	12,985	12,985	20,578	21,226
Total	15,397	16,588	17,076	21,140	12,985	12,985	20,578	21,226
<u>Expenditures by Category</u>								
Compensation	8,272	8,860	9,488	10,860	9,209	9,209	11,829	12,493
Operating Expenses	6,824	6,548	6,819	9,430	3,626	3,626	4,105	4,089
Grants, Aids and Subsidies	300	1,180	770	850	150	150	4,644	4,644
Capital Outlay-Real Property		1						
Total	15,397	16,588	17,076	21,140	12,985	12,985	20,578	21,226
Total Agency Expenditures	15,397	16,588	17,076	21,140	12,985	12,985	20,578	21,226
Internal Billing Expenditures	2,897	2,934	3,271	3,236	2,903	2,903	2,903	2,903
Expenditures Less Internal Billing	12,500	13,654	13,805	17,904	10,082	10,082	17,675	18,323
Full-Time Equivalents	84.93	86.87	91.87	100.03	87.04	87.04	102.99	102.99

Municipal Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		17		24				
Direct Appropriation	164	164	177	190	190	190	761	767
Transfers Out		30						
Cancellations		3						
Balance Forward Out	17		24					
Expenditures	147	147	153	214	190	190	761	767
Biennial Change in Expenditures				72		13		1,161
Biennial % Change in Expenditures				25		4		316
Governor's Change from Base								1,148
Governor's % Change from Base								302
Full-Time Equivalents	0.92	0.79	0.80	1.00	0.80	0.80	4.80	4.80

1200 - State Government Special Rev

Direct Appropriation			75	75	75	75	85	90
Balance Forward Out			0					
Expenditures			75	75	75	75	85	90
Biennial Change in Expenditures				150		0		25
Biennial % Change in Expenditures						0		17
Governor's Change from Base								25
Governor's % Change from Base								17
Full-Time Equivalents			0.63	0.58	0.58	0.58	0.58	0.58

2000 - Restrict Misc Special Revenue

Balance Forward In		207	136	99				
Receipts	344	281	326	559	559	559	559	559
Transfers In	123							
Balance Forward Out	207	135	99					
Expenditures	260	353	363	658	559	559	559	559
Biennial Change in Expenditures				408		97		97
Biennial % Change in Expenditures				67		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.67	1.87	2.04	2.35	2.35	2.35	2.35	2.35

Municipal Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2050 - Environment & Natural Resources

Balance Forward In	3	44	700	200				
Direct Appropriation	500			2,000	0	0	0	0
Transfers In		700						
Transfers Out		3						
Cancellations		41						
Balance Forward Out	4	700	200					
Expenditures	499		500	2,200				
Biennial Change in Expenditures				2,201		(2,700)		(2,700)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				0.25				

2302 - Clean Water

Balance Forward In	39	839	510	628				
Direct Appropriation	5,250	5,250	4,712	4,712	0	0	6,050	6,050
Cancellations			0					
Balance Forward Out	836	506	628					
Expenditures	4,453	5,583	4,594	5,340			6,050	6,050
Biennial Change in Expenditures				(102)		(9,934)		2,166
Biennial % Change in Expenditures				(1)		(100)		22
Governor's Change from Base								12,100
Governor's % Change from Base								
Full-Time Equivalents	8.00	7.96	7.92	8.15			8.40	8.40

2800 - Environmental

Balance Forward In		532		492				
Direct Appropriation	8,068	7,695	8,837	8,917	8,917	8,917	9,879	10,516
Transfers Out	50	50	50	50	50	50	50	50
Cancellations		450						
Balance Forward Out	532		492					

Municipal Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Expenditures	7,486	7,727	8,295	9,359	8,867	8,867	9,829	10,466
Biennial Change in Expenditures				2,441		80		2,641
Biennial % Change in Expenditures				16		0		15
Governor's Change from Base								2,561
Governor's % Change from Base								14
Full-Time Equivalents	55.74	55.75	58.51	69.80	65.86	65.86	69.41	69.41

3000 - Federal

Receipts	962	916	1,268	1,267	1,267	1,267	1,267	1,267
Expenditures	962	916	1,268	1,267	1,267	1,267	1,267	1,267
Biennial Change in Expenditures				657		(1)		(1)
Biennial % Change in Expenditures				35		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.48	6.29	8.70	6.65	6.20	6.20	6.20	6.20

8200 - Clean Water Revolving

Balance Forward In	2							
Transfers In	1,586	1,863	1,829	2,027	2,027	2,027	2,027	2,027
Expenditures	1,588	1,863	1,829	2,027	2,027	2,027	2,027	2,027
Biennial Change in Expenditures				405		198		198
Biennial % Change in Expenditures				12		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.12	14.21	13.27	11.25	11.25	11.25	11.25	11.25

Program: Operations Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- “What’s in My Neighborhood” web application provides public access to environmental data and information on 187,434 sites in Minnesota.
- More than 2.1 million visits to the MPCA website with 5.1 million-page views in FY22.
- Processed 16,414 data and information requests in the FY21-22 biennium, an increase of 7 percent over the previous biennium.
- 167 total online services currently available.
- Over 20,000 online users have submitted over 212,000 permit-related transactions since FY15.
- First Minnesota government agency to achieve the prestigious Malcolm Baldrige Quality Award in recognition of performance excellence.
- Governor’s Outstanding Safety Award for both FY21 and FY22.
- One of the top state agencies for employee engagement and continuous improvement.
- Triaged approximately 4,200 emergency notifications and responded to about 2,500 spills in FY22.

PURPOSE AND CONTEXT

The Operations Division manages the agency’s business services in alignment with the MPCA’s mission and values.

- It sustains the agency’s environmental work by managing fiscal services, internal controls and risk assessment, human resources, communications, organizational improvement, facilities management, data systems and online services, data analysis, document and records management, emergency readiness, and non-litigation legal support.
- It promotes performance excellence by seeking new or improved ways of delivering agency services, data, and information.
- It enhances cost-effective and sustainable business practices by reducing agency fuel consumption, purchasing recycled and environmentally preferred products, strengthening agency-wide recycling efforts, and reducing travel through use of web conferencing technology.
- It advances an agency culture that values diversity, inclusion, and equity-centric practices.
- It cleans up spills or leaks that can affect health and environment.

SERVICES PROVIDED

- Provides leadership and guidance on financial matters and performs accounting, budgeting, contracting, internal controls, and procurement business functions.
- Manages agency data and records (paper and electronic), and ensures effective, secure, and efficient data and document management systems and tools.
- Manages data applications to streamline agency processes and to innovate on new methods to interact with the public, regulated parties, and partners.
- Ensures public access to environmental information and decision-making processes through its website, social media channels, public meetings, outreach, rule hearings, video conferencing, and training events.
- Provides location-specific environmental information and data via the “What’s in My Neighborhood” feature at <https://www.pca.state.mn.us/data/whats-my-neighborhood>.
- Manages human resources through workforce planning, job design and analysis, recruitment and selection, employee relations, compliance with employment law and collective bargaining agreements, employee benefits, training, and development.

- Uses the Malcolm Baldrige Performance Excellence System framework to identify and prioritize organizational improvement opportunities.
- Manages agency-wide services including facilities management, safety, continuity of operations planning, mobile device management, lease administration, space planning, copy and print services, security access system, and fleet management.
- Enhances user-friendly electronic web-based services to create process efficiencies; improve data quality, accessibility, and usability; and reduce paper transactions.
- Assesses environmental risk and oversees the cleanup of contaminated land, groundwater, and surface water.
- Works with railroads, pipelines, industry, and local government to improve their preparedness and response to spills. In the event of a spill, assists local responders and oversees cleanup.

RESULTS

Data Services: Data practices and information requests allow for timely property redevelopment or construction. Over half (55%) of requests are for petroleum, leaks, tanks, and environmental review documents, and over a third (40%) are for solid waste, hazardous waste, and superfund documents. The data requests have increased from Fiscal Year 2019 through Fiscal Year 2022 from about 8000 to 8300 requests per year.

Communication: On average in FY22, the MPCA website was visited by more than 144,000 unique visitors each month, an increase of 24% from FY21. The average user views 1.9 pages per visit. In total, there were 5.1 million page views on the agency website in FY22, compared to 4.2 million page views during FY21 (an increase of 22%).

The MPCA maintains a robust presence on its social media channels — Instagram, LinkedIn, Facebook, Twitter, and YouTube. In the past 12 months, the MPCA gained more than 2,300 new followers. The agency's engagement rate on its social media channels began leveling off in FY22. The engagement rates were: Instagram — 12%, LinkedIn — 6%, Facebook — 6%, Twitter — 3%. The engagement rates for the MPCA's Instagram, LinkedIn, Facebook, and Twitter channels range from two to 81 times higher than the industry average. The agency used a new social media platform — Nextdoor — to send hyper-targeted messaging to nearly a million Minnesotans in the Twin Cities seven-county metro area.

Online Services: The MPCA's number of online services have steadily increased since FY15. The agency's e-Services allow users to apply for permits, close out permitted sites, submit regulatory data and information for compliance requirements, submit volunteer monitoring results, request property review service, apply and maintain licenses, submit report data, and pay fees and invoices. While 167 online services have been developed and implemented, about 250 more online services still need to be developed and implemented in addition to new methods to receive and collect data. Existing systems need to be upgraded and maintained to meet current technology standards.

Table: Number of online services. Shows the increase from Fiscal year 2014 of 10 service to expected 167 by the end of Fiscal Year 2023, and explained above.

	FY14-15	FY16-17	FY18-19	FY20-21	FY22-23
Number of online services	10	20	70	123	167

M.S. Chapters 114D (<https://www.revisor.mn.gov/statutes/?id=114D>), 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>) and 116 (<https://www.revisor.mn.gov/statutes/?id=116>).

Operations Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	2,490	2,490	3,531	3,532	2,532	2,532	23,250	21,859
1200 - State Government Special Rev	1	2	2	1	1	1	1	1
2001 - Other Misc Special Revenue	29,337	28,520	29,029	34,704	30,626	30,821	30,626	30,821
2050 - Environment & Natural Resources			2	798				
2302 - Clean Water	96	47	35	30				
2800 - Environmental	5,015	5,298	5,538	6,548	6,053	6,053	8,553	8,775
2801 - Remediation	884	908	1,909	2,423	2,165	1,985	2,701	2,575
3000 - Federal	937	1,143	1,174	1,393	1,261	1,261	1,261	1,261
Total	38,761	38,408	41,220	49,429	42,638	42,653	66,392	65,292
Biennial Change				13,479		(5,358)		41,035
Biennial % Change				17		(6)		45
Governor's Change from Base								46,393
Governor's % Change from Base								54

Expenditures by Activity

Operations Division	38,761	38,408	41,220	49,429	42,638	42,653	66,392	65,292
Total	38,761	38,408	41,220	49,429	42,638	42,653	66,392	65,292

Expenditures by Category

Compensation	15,932	16,018	17,283	21,392	17,903	17,748	22,266	22,667
Operating Expenses	22,806	22,071	23,873	28,028	24,726	24,896	44,117	42,616
Grants, Aids and Subsidies			0					
Capital Outlay-Real Property	1							
Other Financial Transaction	23	320	63	9	9	9	9	9
Total	38,761	38,408	41,220	49,429	42,638	42,653	66,392	65,292

Total Agency Expenditures	38,761	38,408	41,220	49,429	42,638	42,653	66,392	65,292
Internal Billing Expenditures	1,646	1,705	2,220	2,344	2,344	2,319	2,344	2,319
Expenditures Less Internal Billing	37,115	36,703	39,000	47,085	40,294	40,334	64,048	62,973

<u>Full-Time Equivalents</u>	149.35	146.44	154.24	188.90	171.52	169.52	225.42	225.42
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Operations Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In				1,000				
Direct Appropriation	2,490	2,490	2,531	2,532	2,532	2,532	23,250	21,859
Transfers In			2,000					
Balance Forward Out			1,000					
Expenditures	2,490	2,490	3,531	3,532	2,532	2,532	23,250	21,859
Biennial Change in Expenditures				2,083		(1,999)		38,046
Biennial % Change in Expenditures				42		(28)		539
Governor's Change from Base								40,045
Governor's % Change from Base								791
Full-Time Equivalents							37.00	39.00

1200 - State Government Special Rev

Open Appropriation	1	2	2	1	1	1	1	1
Expenditures	1	2	2	1	1	1	1	1
Biennial Change in Expenditures				(1)		(1)		(1)
Biennial % Change in Expenditures				(22)		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	5,323	4,960	5,464	6,625	2,328	1,887	2,328	1,887
Receipts	28,627	28,937	30,197	30,428	30,310	30,377	30,310	30,377
Internal Billing Receipts	28,579	28,845	30,014	29,811	29,693	29,760	29,693	29,760
Transfers In	104	104	104	104				
Transfers Out	56	70	112	125	125	125	125	125
Balance Forward Out	4,661	5,410	6,625	2,328	1,887	1,318	1,887	1,318
Expenditures	29,337	28,520	29,029	34,704	30,626	30,821	30,626	30,821
Biennial Change in Expenditures				5,875		(2,286)		(2,286)
Biennial % Change in Expenditures				10		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	102.98	98.52	100.41	123.38	109.38	109.38	109.38	109.38

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2050 - Environment & Natural Resources

Balance Forward In				798				
Direct Appropriation			800					
Balance Forward Out			798					
Expenditures			2	798				
Biennial Change in Expenditures				800		(800)		(800)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.01	0.50				

2302 - Clean Water

Balance Forward In	62							
Open Appropriation	35	47	35	30	0	0	0	0
Expenditures	96	47	35	30				
Biennial Change in Expenditures				(78)		(65)		(65)
Biennial % Change in Expenditures				(55)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.22	0.07						

2800 - Environmental

Balance Forward In		203		495				
Direct Appropriation	5,008	5,019	5,778	5,791	5,791	5,791	8,291	8,513
Open Appropriation	22,203	22,429	25,247	22,255	19,255	22,255	24,255	24,255
Transfers In	6	8	8	7	7	7	7	7
Transfers Out	22,000	22,150	25,000	22,000	19,000	22,000	24,000	24,000
Cancellations		211						
Balance Forward Out	201		494					
Expenditures	5,015	5,298	5,538	6,548	6,053	6,053	8,553	8,775
Biennial Change in Expenditures				1,773		20		5,242
Biennial % Change in Expenditures				17		0		43

Operations Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Governor's Change from Base								5,222
Governor's % Change from Base								43
Full-Time Equivalents	31.79	33.25	35.71	40.67	39.54	39.54	55.04	55.04

2801 - Remediation

Balance Forward In		7		258				
Direct Appropriation	828	828	2,081	2,081	2,081	1,901	2,617	2,491
Open Appropriation	63	88	86	84	84	84	84	84
Cancellations		16						
Balance Forward Out	7		258					
Expenditures	884	908	1,909	2,423	2,165	1,985	2,701	2,575
Biennial Change in Expenditures				2,540		(182)		944
Biennial % Change in Expenditures				142		(4)		22
Governor's Change from Base								1,126
Governor's % Change from Base								27
Full-Time Equivalents	6.19	6.27	11.18	15.80	14.30	12.30	15.70	13.70

3000 - Federal

Balance Forward In		0						
Receipts	937	1,143	1,174	1,393	1,261	1,261	1,261	1,261
Balance Forward Out		0						
Expenditures	937	1,143	1,174	1,393	1,261	1,261	1,261	1,261
Biennial Change in Expenditures				487		(45)		(45)
Biennial % Change in Expenditures				23		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.17	8.33	6.93	8.55	8.30	8.30	8.30	8.30

Program: Remediation Division<https://www.pca.state.mn.us>**AT A GLANCE**

- Assess over 3,100 sites per year for risk to public health and the environment.
- Approximately 102,000 acres of contaminated land cleaned up and returned to productive use since 2003.
- Maintenance of 111 closed landfills.
- Assess approximately 330 superfund and 900 petroleum leak sites per year.

PURPOSE AND CONTEXT

The Remediation Division protects the environment and public health by managing risks at contaminated sites through site assessment, site cleanup, ongoing operation and maintenance of protection systems, and restoration of contaminated land to productive use.

We work with a large and diverse group of public and private entities, including property owners and developers, counties and cities, industry consultants, state and federal partners, and residents.

SERVICES PROVIDED

We work with public and private partners to protect Minnesota's environment, public health, and quality of life through the proper management and cleanup of contaminated sites, which include petroleum tank leak sites, superfund sites, and closed landfills. Cleaning up contaminated land and groundwater, while costly and time-consuming, is the core activity of this division.

Our services fall into three categories: assessment of risk, cleanup of contaminated land and/or groundwater, and long-term maintenance of implemented remedies and/or installed protection systems.

Assessment of risk

- Identify and investigate environmental releases of hazardous substances and petroleum to determine extent, magnitude, and risk to public health and the environment.
- Provide technical support to hazardous waste enforcement, permitting, and corrective action efforts.
- Identify risk to proposed property developments on contaminated sites and work with developers to mitigate risk.
- Assist other agencies with Natural Resource Damage Assessment.

Cleanup

- Oversee land cleanup at contaminated sites and recover costs from responsible parties.
- Conduct cleanups and design and install protection systems at state-funded Superfund and petroleum sites.
- Help developers return contaminated sites to productive use.

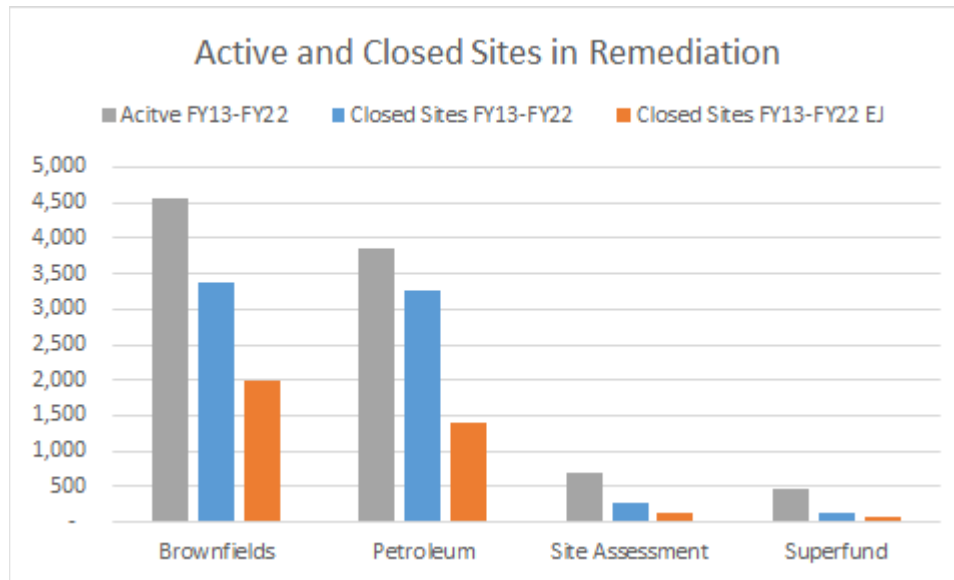
Long-term maintenance

- Monitor and manage operation and maintenance activities at 111 closed landfills and 330 superfund sites.
- Work with local units of government on land use restrictions near sites.

RESULTS

The MPCA cleans up and puts abandoned, idled, or underused industrial and commercial properties back into productive use. This benefits a community by addressing public health threats, increasing the tax base, and creating jobs.

The chart below describes our demand for managing remediation sites in the brownfields, petroleum, site assessment and superfund programs. We track the number sites closed and the number that were closed within environmental justice areas. Over the past decade, we have closed over 6,000 sites; of those over half were in an environmental justice area.



Minnesota Statutes, Chapters 114D (<https://www.revisor.mn.gov/statutes/cite/114D>), 115 (<https://www.revisor.mn.gov/statutes/cite/115>), 115A (<https://www.revisor.mn.gov/statutes/cite/115A>), 115C (<https://www.revisor.mn.gov/statutes/2019/cite/115C>), 116 (<https://www.revisor.mn.gov/statutes/2019/cite/116>) and 116B (<https://www.revisor.mn.gov/statutes/2019/cite/116B>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Remediation Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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Expenditures by Fund

1000 - General	216						25,000	
2000 - Restrict Misc Special Revenue	584	725	855	742	635	635	730	730
2001 - Other Misc Special Revenue	141	76	75	39				
2050 - Environment & Natural Resources	158			800				
2302 - Clean Water	653	468	452	1,933			750	750
2800 - Environmental	782	1,100	455	561	508	508	607	628
2801 - Remediation	53,924	56,573	55,782	98,335	92,952	157,952	96,646	162,317
2802 - Closed Landfill Investment	1,408	414	1,956	4,500	4,500	4,500	4,500	4,500
3000 - Federal	5,116	3,278	5,584	6,908	6,246	6,044	6,246	6,044
Total	62,979	62,635	65,159	113,818	104,841	169,639	134,479	174,969
Biennial Change				53,363		95,503		130,471
Biennial % Change				42		53		73
Governor's Change from Base								34,968
Governor's % Change from Base								13

Expenditures by Activity

Remediation Division	62,979	62,635	65,159	113,818	104,841	169,639	134,479	174,969
Total	62,979	62,635	65,159	113,818	104,841	169,639	134,479	174,969

Expenditures by Category

Compensation	12,668	13,269	11,925	14,211	13,212	13,181	17,329	17,982
Operating Expenses	32,341	32,120	31,145	45,977	37,803	37,632	38,324	38,161
Grants, Aids and Subsidies	17,924	17,191	21,116	53,630	53,826	118,826	78,826	118,826
Capital Outlay-Real Property	46	45	964					
Other Financial Transaction		9	9					
Total	62,979	62,635	65,159	113,818	104,841	169,639	134,479	174,969

Total Agency Expenditures	62,979	62,635	65,159	113,818	104,841	169,639	134,479	174,969
Internal Billing Expenditures	4,376	4,097	4,184	4,118	3,946	3,942	3,946	3,942
Expenditures Less Internal Billing	58,603	58,537	60,975	109,700	100,895	165,697	130,533	171,027

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
<u>Full-Time Equivalents</u>	121.40	123.81	109.30	124.78	116.63	116.48	144.93	144.78

Remediation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	0	0						
Direct Appropriation	216						25,000	
Cancellations		0						
Expenditures	216						25,000	
Biennial Change in Expenditures				(216)		0		25,000
Biennial % Change in Expenditures								
Governor's Change from Base								25,000
Governor's % Change from Base								
Full-Time Equivalents	1.34	0.07						

2000 - Restrict Misc Special Revenue

Balance Forward In	309	385	326	107				
Receipts	659	666	635	635	635	635	730	730
Balance Forward Out	385	326	107					
Expenditures	584	725	855	742	635	635	730	730
Biennial Change in Expenditures				289		(327)		(137)
Biennial % Change in Expenditures				22		(20)		(9)
Governor's Change from Base								190
Governor's % Change from Base								15
Full-Time Equivalents	3.84	6.03	6.18	4.35	3.35	3.35	4.35	4.35

2001 - Other Misc Special Revenue

Balance Forward In	22	76	53	18				
Receipts	135	30	40	21				
Balance Forward Out	16	30	18					
Expenditures	141	76	75	39				
Biennial Change in Expenditures				(103)		(114)		(114)
Biennial % Change in Expenditures				(47)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.04							

2050 - Environment & Natural Resources

Remediation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Balance Forward In	158							
Direct Appropriation				800	0	0	0	0
Cancellations	0							
Expenditures	158			800				
Biennial Change in Expenditures				642		(800)		(800)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.15	0.13						

2302 - Clean Water

Balance Forward In		599	885	1,183				
Direct Appropriation	750	750	750	750	0	0	750	750
Transfers In	461							
Balance Forward Out	558	880	1,183					
Expenditures	653	468	452	1,933			750	750
Biennial Change in Expenditures				1,264		(2,385)		(885)
Biennial % Change in Expenditures				113		(100)		(37)
Governor's Change from Base								1,500
Governor's % Change from Base								
Full-Time Equivalents	0.81	0.72	0.85	0.80			2.00	2.00

2800 - Environmental

Balance Forward In		50		53				
Direct Appropriation	832	1,099	508	508	508	508	607	628
Cancellations		49						
Balance Forward Out	50		53					
Expenditures	782	1,100	455	561	508	508	607	628
Biennial Change in Expenditures				(866)		0		219
Biennial % Change in Expenditures				(46)		(0)		22
Governor's Change from Base								219
Governor's % Change from Base								22
Full-Time Equivalents	5.00	6.95	3.26	3.10	2.90	2.90	2.90	2.90

Remediation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2801 - Remediation

Balance Forward In	723,640	729,373	710,318	692,135	641,863	582,788	641,863	582,788
Direct Appropriation	11,846	11,846	11,029	11,029	11,029	11,029	12,599	13,038
Open Appropriation	11,878	11,188	11,369	13,900	13,900	13,900	13,900	13,900
Receipts	27,736	12,703	8,935	15,942	2,730	2,730	2,730	2,730
Transfers In	35,246	24,962	45,206	37,845	66,050	131,050	68,174	133,406
Transfers Out	30,994	19,613	40,533	30,653	59,832	124,832	59,832	124,832
Cancellations		1,129						
Balance Forward Out	728,715	712,758	692,133	641,863	582,788	458,713	582,788	458,713
Expenditures	53,924	56,573	55,782	98,335	92,952	157,952	96,646	162,317
Biennial Change in Expenditures				43,620		96,787		104,846
Biennial % Change in Expenditures				39		63		68
Governor's Change from Base								8,059
Governor's % Change from Base								3
Full-Time Equivalents	78.88	93.01	71.32	90.47	79.37	79.37	104.67	104.67

2802 - Closed Landfill Investment

Balance Forward In		428						
Direct Appropriation	1,622		4,500	4,500	4,500	4,500	4,500	4,500
Cancellations		15	2,544					
Balance Forward Out	214							
Expenditures	1,408	414	1,956	4,500	4,500	4,500	4,500	4,500
Biennial Change in Expenditures				4,635		2,544		2,544
Biennial % Change in Expenditures				255		39		39
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.00	0.06						

3000 - Federal

Receipts	5,145	3,278	5,584	6,908	6,246	6,044	6,246	6,044
Balance Forward Out	29							
Expenditures	5,116	3,278	5,584	6,908	6,246	6,044	6,246	6,044

Remediation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Biennial Change in Expenditures				4,097		(202)		(202)
Biennial % Change in Expenditures				49		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	27.34	16.84	27.69	26.06	31.01	30.86	31.01	30.86

Program: Resource Management and Assistance Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Over 35 million dollars are distributed to local units of government each biennium to advance waste reduction, reuse, recycling, and composting, across Minnesota. Since the first year of the funding Minnesotans have responded by increasing overall reduction and recycling rates from less than 10% to nearly 50% of all the waste we generate. That means less disposal at landfills and more recovery of materials for secondary manufacturing and Minnesota jobs. The Agency is now focusing on further reducing the impacts of food and organic materials through food rescue and organic composting.
- Enables Minnesota companies to save money, prevent pollution, prevent waste, recover resources, and conserve water through its Small Business Environmental Assistance Program, funding the Minnesota Technical Assistance Program (MnTAP), and providing other business technical assistance.
- Historically, every \$1 granted to MnTAP results in \$3 of annual savings to businesses.
- More than 250,000 people annually visit MPCA's Eco Experience exhibit at the Minnesota State Fair.

PURPOSE AND CONTEXT

The Resource Management and Assistance Division supports the agency's land, water, and air regulatory and assistance programs, promotes prevention and sustainability, and provides financial assistance. Many of the programs are designed to have a "cross-media" impact that benefits land, air, and water. The land program protects the environment and public health by permitting solid and hazardous waste facilities and large tank sites, along with supporting a sustainable materials management framework. The water activities include review of projects proposed for federal permits or licenses to protect state water quality and work with a diverse group of public and private entities and residents to reduce the impacts products or production activities have on water. The Non-Point Air Program works with many partners to improve air quality. Nearly 75% of air pollution is released from sources not traditionally regulated by the MPCA, such as cars, trucks, construction equipment, and some commercial operations.

SERVICES PROVIDED

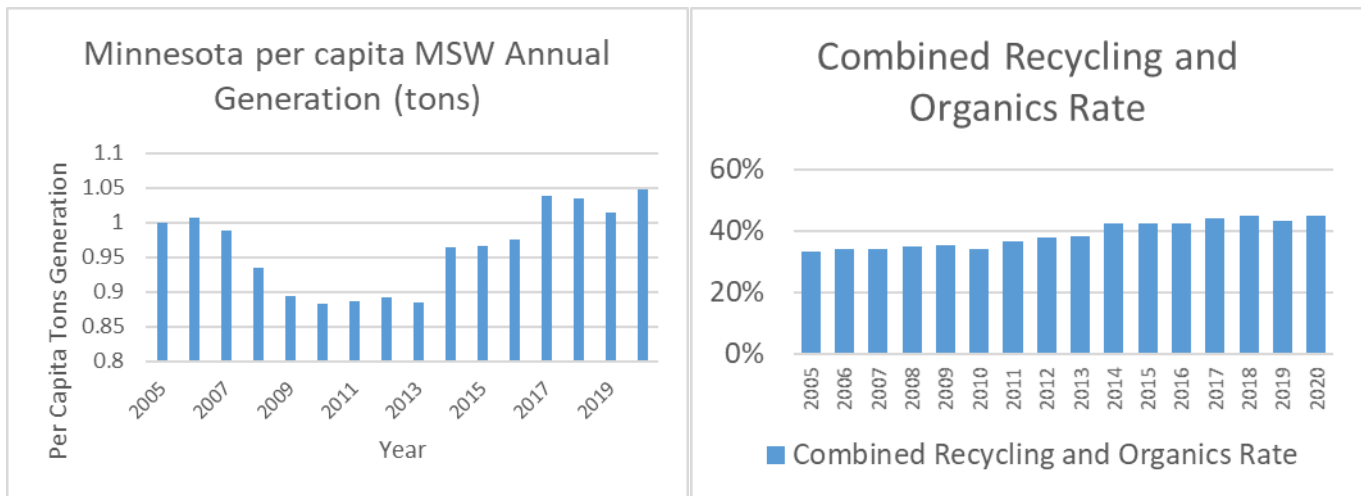
To accomplish its purpose, the Resource Management and Assistance Division:

- Conducts environmental review to reduce potentially negative impacts from proposed projects.
- Writes administrative and technical rules with engagement from stakeholders.
- Works collaboratively with communities in areas of environmental justice concern to reduce disproportionate environmental impacts.
- Manages Section 401 water quality certifications to ensure that federally permitted/licensed projects do not violate state water quality standards.
- Works with local government to develop effective solid waste management plans and provides financial assistance to counties for sustainable materials and waste management efforts.
- Conducts solid waste, hazardous waste, and above-ground storage tank permitting, inspections, and enforcement.
- Oversees disposal of debris from natural disasters and other incidents.
- Provides communities and businesses technical and financial assistance with regulatory compliance, pollution and waste prevention, air quality improvements, and sustainability efforts.
- Provides grants to reduce diesel emissions from trucks, buses, boats, and other engines and equipment.
- Partners with other organizations to host the Eco Experience at the Minnesota State Fair.

- Assists communities through GreenStep Cities and Minnesota GreenCorps programs.
- Works with businesses to develop alternative products that are free of toxic chemicals, particularly children's products.
- Collaborates with other state agencies to increase procurement of environmentally preferable products and services.

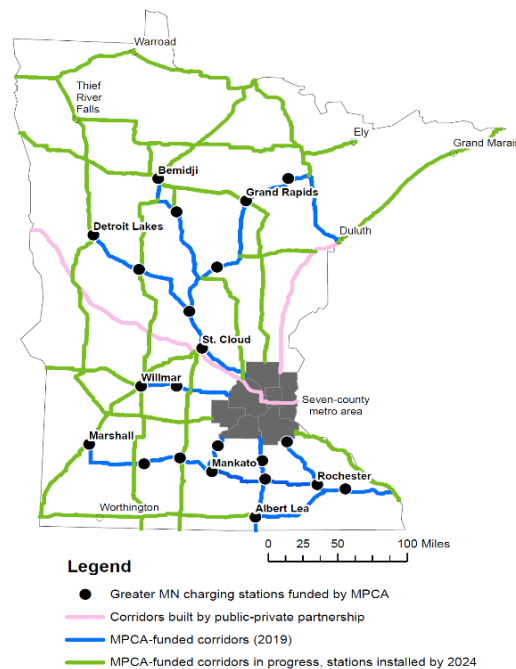
RESULTS

The MPCA annually collects data to track progress on solid waste management. Source reduction and recycling are the preferred methods for managing solid waste. As seen below, per capita generation of mixed solid waste (MSW) decreased during the 2008 recession; but has increased and surpassed pre-2008 levels since. The change was from 0.91 ton per person in 2008 to over 1.05 ton per person in 2020. Recycling rates have increased since 2005 but have stagnated for the past five years. In 2020, approximately 2 million tons of material were recycled, 2.2 million landfilled, 1 million used for energy, and 720,000 pounds composted as organics. More detailed information regarding solid waste management can be found here: [Recycling in Minnesota: The SCORE Report](#)



PCA designed and expanded the statewide electric vehicle charging network with 15% of Minnesota's \$47 million Volkswagen Settlement fund. This has provided electric vehicle charging infrastructure along high use corridors to increase access for rural Minnesota.

Electric vehicle fast charging stations and corridors



M.S. Chapters 114D (<https://www.revisor.mn.gov/statutes/?id=114D>),
115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>) and
116 (<https://www.revisor.mn.gov/statutes/?id=116>).

Resource Management and Assistance Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General		1,288	1,308	1,332	550	550	24,654	18,346
1200 - State Government Special Rev	75	75						
2000 - Restrict Misc Special Revenue	3,478	3,459	7,028	4,572	4,651	4,651	5,051	5,051
2001 - Other Misc Special Revenue		52	20	14	10	10	10	10
2050 - Environment & Natural Resources			480	20				
2302 - Clean Water	98	424	341	401			650	650
2403 - Gift	8,579	5,277	3,009	18,375	8,000	8,000	8,000	8,000
2800 - Environmental	36,133	39,155	36,444	40,346	38,269	38,269	42,705	43,306
2801 - Remediation			62	293				
3000 - Federal	2,195	2,684	2,683	2,696	3,103	2,495	3,103	2,495
Total	50,557	52,414	51,375	68,049	54,583	53,975	84,173	77,858
Biennial Change				16,453		(10,866)		42,607
Biennial % Change				16		(9)		36
Governor's Change from Base								53,473
Governor's % Change from Base								49

Expenditures by Activity

Resource Management and Assistance Division	50,557	52,414	51,375	68,049	54,583	53,975	84,173	77,858
Total	50,557	52,414	51,375	68,049	54,583	53,975	84,173	77,858

Expenditures by Category

Compensation	12,086	12,459	11,954	13,463	12,465	12,460	18,505	18,950
Operating Expenses	8,240	8,609	11,791	10,552	10,662	10,160	11,643	10,704
Grants, Aids and Subsidies	30,212	31,346	27,612	44,021	31,443	31,342	54,012	48,191
Other Financial Transaction	19		17	13	13	13	13	13
Total	50,557	52,414	51,375	68,049	54,583	53,975	84,173	77,858

Total Agency Expenditures	50,557	52,414	51,375	68,049	54,583	53,975	84,173	77,858
Internal Billing Expenditures	4,451	4,667	4,517	4,541	4,484	4,482	4,484	4,482
Expenditures Less Internal Billing	46,106	47,747	46,858	63,508	50,099	49,493	79,689	73,376

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
<u>Full-Time Equivalents</u>	108.92	108.37	102.34	111.37	99.52	99.47	154.07	154.02

Resource Management and Assistance Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		708	42	33				
Direct Appropriation	700	625	1,299	1,299	550	550	24,654	18,346
Cancellations		8						
Balance Forward Out	700	37	33					
Expenditures		1,288	1,308	1,332	550	550	24,654	18,346
Biennial Change in Expenditures				1,352		(1,540)		40,360
Biennial % Change in Expenditures						(58)		1,529
Governor's Change from Base								41,900
Governor's % Change from Base								3,809
Full-Time Equivalents			0.12	1.00	1.00	1.00	15.00	14.50
1200 - State Government Special Rev								
Balance Forward In		0						
Direct Appropriation	75	75						
Cancellations		0						
Balance Forward Out	0							
Expenditures	75	75						
Biennial Change in Expenditures				(150)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.77	0.67	0.04					
2000 - Restrict Misc Special Revenue								
Balance Forward In	130	16	3,469	8				
Receipts	3,486	6,912	3,567	4,564	4,651	4,651	5,051	5,051
Transfers Out	123							
Balance Forward Out	16	3,469	8					
Expenditures	3,478	3,459	7,028	4,572	4,651	4,651	5,051	5,051
Biennial Change in Expenditures				4,664		(2,298)		(1,498)
Biennial % Change in Expenditures				67		(20)		(13)
Governor's Change from Base								800
Governor's % Change from Base								9

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Full-Time Equivalents	1.46	0.61	1.14	0.72	0.72	0.72	0.72	0.72

2001 - Other Misc Special Revenue

Balance Forward In			4	4				
Receipts		56	20	10	10	10	10	10
Balance Forward Out		4	4					
Expenditures		52	20	14	10	10	10	10
Biennial Change in Expenditures				(18)		(14)		(14)
Biennial % Change in Expenditures						(41)		(41)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.16	0.12					

2050 - Environment & Natural Resources

Balance Forward In			500	20				
Transfers In		500						
Balance Forward Out		500	20					
Expenditures			480	20				
Biennial Change in Expenditures				500		(500)		(500)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	25	176	222	141				
Direct Appropriation	250	250	260	260	0	0	650	650
Balance Forward Out	176	2	141					
Expenditures	98	424	341	401			650	650
Biennial Change in Expenditures				220		(742)		558
Biennial % Change in Expenditures				42		(100)		75
Governor's Change from Base								1,300
Governor's % Change from Base								
Full-Time Equivalents	0.67	1.00	0.73	1.00			1.00	1.00

Resource Management and Assistance Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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2403 - Gift

Balance Forward In	4,432	7,677	8,693	9,911				
Receipts	6,678	6,293	4,227	8,464	8,000	8,000	8,000	8,000
Balance Forward Out	2,531	8,693	9,911					
Expenditures	8,579	5,277	3,009	18,375	8,000	8,000	8,000	8,000
Biennial Change in Expenditures				7,528		(5,384)		(5,384)
Biennial % Change in Expenditures				54		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.13	4.53	4.89	4.60	4.60	4.60	4.60	4.60

2800 - Environmental

Balance Forward In	4,222	5,835	4,071	6,138	4,169	4,400	4,169	4,400
Direct Appropriation	34,900	34,999	38,252	38,287	38,287	38,287	42,723	43,324
Receipts	2,974	3,166	2,906	2,976	2,976	2,976	2,976	2,976
Transfers In		150						
Transfers Out	23	26	2,744	2,744	2,744	2,744	2,744	2,744
Net Loan Activity	(299)	(309)	99	(142)	(19)	(19)	(19)	(19)
Cancellations		795						
Balance Forward Out	5,641	3,866	6,139	4,169	4,400	4,631	4,400	4,631
Expenditures	36,133	39,155	36,444	40,346	38,269	38,269	42,705	43,306
Biennial Change in Expenditures				1,503		(252)		9,221
Biennial % Change in Expenditures				2		(0)		12
Governor's Change from Base								9,473
Governor's % Change from Base								12
Full-Time Equivalents	89.03	86.70	78.27	89.84	80.24	80.24	119.79	120.29

2801 - Remediation

Balance Forward In			355	293				
Direct Appropriation		355						
Balance Forward Out		355	293					
Expenditures			62	293				

Resource Management and Assistance Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
Biennial Change in Expenditures				355		(355)		(355)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	2,195	2,684	2,683	2,696	3,103	2,495	3,103	2,495
Expenditures	2,195	2,684	2,683	2,696	3,103	2,495	3,103	2,495
Biennial Change in Expenditures				500		219		219
Biennial % Change in Expenditures				10		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.86	14.70	17.03	14.21	12.96	12.91	12.96	12.91

Program: Watershed Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Develop watershed restoration and protection strategies for 80 Minnesota major watersheds with local water resource managers to ensure most efficient implementation action.
- In partnership with counties, register or permit, assist, and inspect the state's 18,000 feedlot operations that are required to be registered. Approximately 14,000 of these feedlots are in delegated counties and approximately 4,000 are in non-delegated counties for which the MPCA has direct regulatory responsibility.
- The Clean Water Partnership Loan Program awarded \$10.6 million in interest-free loans to 11 counties and watershed districts for local improvement projects in FY21/FY22.
- Clean Water Act Section 319 federal funding provides \$2.9 million per year to local partners to implement waterbody restoration and protection actions in 39 prioritized watersheds.

PURPOSE AND CONTEXT

- Our Watershed Division mission is to provide science, assistance, and oversight to protect and restore Minnesota's waters.
- Our vision is that Minnesota's waters and watersheds continuously become healthier.
- We value partnership, science, efficiency, fairness, honesty, and strategic thinking and action.

The Watershed Division works with local partners to ensure that Minnesota has clean water to support aquatic life, healthy communities, and a strong economy.

- Watershed Restoration and Protection Strategy (WRAPS) reports use watershed science to identify water pollution problems and sources, and strategies to address them. WRAPS help inform and guide local water planning and state permitting activity and ensure the most efficient use of funding to reduce and prevent water pollution.
- Minnesota's vibrant animal agriculture industry provides significant economic benefits to the state, and properly managed manure contributes to soil health. The division permits approximately 1,300 larger operations to ensure their feedlots and manure application do not harm the state's waters. The 50 delegated county feedlot programs register and work with approximately 12,000 smaller livestock operations to meet the same goals.
- The Clean Water Partnership Loan Program provides about \$6.1 million per year for projects focused on restoring and protecting waters, with most of the funding used to address failing or noncompliant septic systems. Federal Clean Water Act Section 319 Small Watershed Focus Program grants provide over \$2.9 million per year for watershed restoration and protection and leverage almost \$2.5 million in state and local matching funds. The Section 319 grant funds are used to implement U.S. EPA-approved Nine Key Element plans to reduce nonpoint source pollution loading in small watersheds.

SERVICES PROVIDED

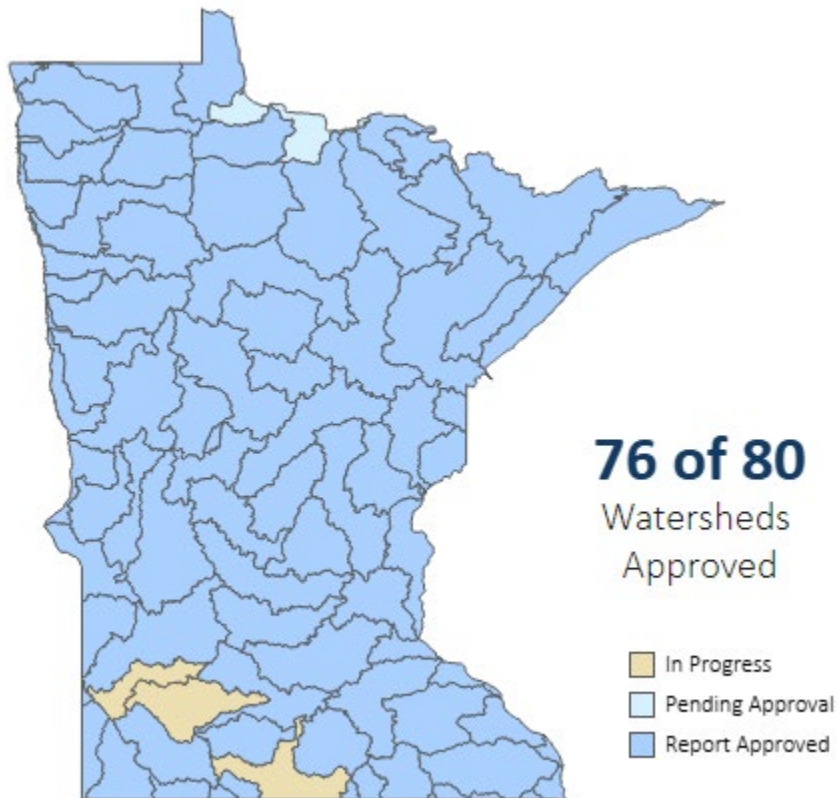
The Watershed Division conducts activities to ensure that the state's lakes, rivers, streams, and groundwater are clean, healthy, and sustainable. These activities include:

- Investigating the causes and sources of water pollution problems, including identification of stressors of aquatic life, stream sampling, and providing training on monitoring for local partners.

- Developing and using comprehensive watershed computer models to fill in data gaps and to run scenarios of options for addressing pollution issues. Providing a user-friendly interface to allow local partners to run modeling scenarios.
- Providing local government partners funding and technical assistance to collaboratively develop and update WRAPS reports for all 80 of the state's watersheds. These reports are a blueprint for local water resource managers to use in their local water plans, and nearly all of the reports are complete across the state. We are already in the process of updating the earliest developed WRAPS as appropriate based on local government partner needs for information like effectiveness of implementation efforts and further understanding of causes of water pollution.
- Working with tribal, neighboring state, and international partners on transboundary waters to develop and achieve shared water quality objectives and goals.
- Tracking progress of watershed activities in achieving water quality goals, while ensuring all Minnesotans benefit from equal levels of environmental protection and have opportunities to participate in decisions that may affect their environment or health (i.e., the principle of environmental justice).
- Coordinating the use of and updating the statewide Nutrient Reduction Strategy to address the effects of excess nutrients in our waters and as far away as Lake Winnipeg and the "dead zone" in the Gulf of Mexico.
- Facilitating and overseeing grant, contract, and loan awards of state and federal funds to local partners for water quality projects, including Clean Water Fund WRAPS development, Clean Water Partnership Loans, and federal Clean Water Act Section 319 implementation grant projects.
- Issuing feedlot permits, overseeing delegated county feedlot programs, providing compliance assistance, conducting feedlot inspections, and as necessary taking enforcement actions. The Feedlot Program continues to use a risk-based inspection approach, developed and implemented in coordination with the U.S. Environmental Protection Agency over the last half-decade.

RESULTS

WATER RESTORATION AND PROTECTION STRATEGY REPORTS COMPLETED OR PUBLICLY NOTICED



MPCA AND COUNTY FEEDLOT PROGRAMS' ACTIVITIES

There are about 16,000 feedlots registered statewide. The Table below shows how the MPCA and county feedlot officers engage with feedlot owners through permit programs and inspections.

Activity	MPCA	County
National Pollutant Discharge Elimination System (NPDES) and State Disposal System (SDS) Permitted Facilities	1,289 NPDES & SDS Permits <ul style="list-style-type: none"> 1,234 General Permits (1,044 NPDES, 190 SDS) 55 Individual Permits (54 NPDES, 1 SDS) 	Counties are not authorized to issue NPDES and SDS permits.
Inspections: <ul style="list-style-type: none"> Compliance Construction Land application Complaint 	193 24 2 15	1307 71 27 8

*Inspection stats are from 10/1/2020 - 9/30/2021. Permits issued is current status. Registration numbers are 2022 (most current).

Minnesota Statutes, Chapters, 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>) and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring and assistance services.

Watershed Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25

Expenditures by Fund

1000 - General	1,959	1,862	1,959	1,959	1,959	1,959	3,231	3,231
2302 - Clean Water	6,790	6,306	7,684	10,375			6,687	6,688
2800 - Environmental	7,105	6,528	6,708	8,092	7,425	7,425	7,484	7,982
2801 - Remediation	207	209	231	236	234	234	373	384
3000 - Federal	5,546	5,795	5,320	7,399	7,048	7,194	7,048	7,194
Total	21,606	20,699	21,902	28,061	16,666	16,812	24,823	25,479
Biennial Change				7,658		(16,485)		339
Biennial % Change				18		(33)		1
Governor's Change from Base								16,824
Governor's % Change from Base								50

Expenditures by Activity

Watershed Division	21,606	20,699	21,902	28,061	16,666	16,812	24,823	25,479
Total	21,606	20,699	21,902	28,061	16,666	16,812	24,823	25,479

Expenditures by Category

Compensation	10,804	10,072	11,097	11,867	7,386	7,386	13,051	13,638
Operating Expenses	6,516	5,608	6,763	10,127	3,643	3,643	5,135	5,058
Grants, Aids and Subsidies	4,178	5,008	4,013	6,067	5,637	5,783	6,637	6,783
Capital Outlay-Real Property		11	3					
Other Financial Transaction	108		26					
Total	21,606	20,699	21,902	28,061	16,666	16,812	24,823	25,479

Total Agency Expenditures	21,606	20,699	21,902	28,061	16,666	16,812	24,823	25,479
Internal Billing Expenditures	4,362	4,357	4,293	4,311	2,656	2,656	2,656	2,656
Expenditures Less Internal Billing	17,244	16,341	17,608	23,750	14,010	14,156	22,167	22,823

Full-Time Equivalents

	110.40	99.04	106.27	110.39	75.50	75.50	113.55	113.55
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Watershed Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		17						
Direct Appropriation	1,959	1,959	1,959	1,959	1,959	1,959	3,231	3,231
Cancellations		114						
Balance Forward Out	0		0					
Expenditures	1,959	1,862	1,959	1,959	1,959	1,959	3,231	3,231
Biennial Change in Expenditures				97		0		2,544
Biennial % Change in Expenditures				3		0		65
Governor's Change from Base								2,544
Governor's % Change from Base								65
Full-Time Equivalents							2.00	2.00
2302 - Clean Water								
Balance Forward In	1,399	2,162	4,059	3,310				
Direct Appropriation	7,660	7,660	6,936	7,065	0	0	6,687	6,688
Transfers Out	461							
Balance Forward Out	1,809	3,516	3,311					
Expenditures	6,790	6,306	7,684	10,375			6,687	6,688
Biennial Change in Expenditures				4,964		(18,059)		(4,684)
Biennial % Change in Expenditures				38		(100)		(26)
Governor's Change from Base								13,375
Governor's % Change from Base								
Full-Time Equivalents	35.42	32.96	35.33	30.92			37.00	37.00
2800 - Environmental								
Balance Forward In		342		667				
Direct Appropriation	7,442	7,142	7,375	7,425	7,425	7,425	7,484	7,982
Cancellations		956						
Balance Forward Out	337		667					
Expenditures	7,105	6,528	6,708	8,092	7,425	7,425	7,484	7,982
Biennial Change in Expenditures				1,167		50		666
Biennial % Change in Expenditures				9		0		5
Governor's Change from Base								616
Governor's % Change from Base								4

Watershed Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Full-Time Equivalents	51.18	45.75	46.51	56.87	52.23	52.23	50.43	50.43

2801 - Remediation

Balance Forward In		27		2				
Direct Appropriation	234	234	234	234	234	234	373	384
Cancellations		53						
Balance Forward Out	27		3					
Expenditures	207	209	231	236	234	234	373	384
Biennial Change in Expenditures				52		1		290
Biennial % Change in Expenditures				13		0		62
Governor's Change from Base								289
Governor's % Change from Base								62
Full-Time Equivalents	2.58	2.29	2.34	2.75	2.75	2.75	3.60	3.60

3000 - Federal

Balance Forward In			16					
Receipts	5,546	5,795	5,304	7,399	7,048	7,194	7,048	7,194
Expenditures	5,546	5,795	5,320	7,399	7,048	7,194	7,048	7,194
Biennial Change in Expenditures				1,377		1,523		1,523
Biennial % Change in Expenditures				12		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.22	18.04	22.09	19.85	20.52	20.52	20.52	20.52

8200 - Clean Water Revolving

Balance Forward In	24,669	18,934	14,863	14,171	7,651	2,431	7,651	2,431
Receipts	218	209	170	280	280	280	280	280
Transfers In			2,000					
Transfers Out	5,000							
Net Loan Activity	(13,498)	(4,280)	(2,862)	(6,800)	(5,500)	500	(5,500)	500
Balance Forward Out	6,389	14,863	14,171	7,651	2,431	3,211	2,431	3,211

Program: Environmental Quality Board<https://www.eqb.state.mn.us>**AT A GLANCE**

- Board made up of public members appointed by the Governor from each of Minnesota's eight Congressional Districts and the heads of nine state agencies.
- Oversight of the Environmental Review Program per the Minnesota Environmental Policy Act (1973).
- Convenes public meetings on the third Wednesday of every month to provide a forum for the public and state leaders to collaborate on environmental policy.
- Leads interagency coordination on emerging environmental issues.
- Convenes Environmental Congresses, advisory panels, and other public events and processes to provide avenues for meaningful public engagement.
- Provides support to local governments on environmental review and the implementation of other environmental policies and programs.

PURPOSE AND CONTEXT

Problems related to the environment often encompass the responsibilities of several state agencies. Developing innovative solutions that meet the diverse needs of Minnesotans requires the close interaction of these agencies as well as opportunities for public participation. The Environmental Quality Board facilitates strategic interaction of multiple state agencies, stewards environmental review processes that cross domains and jurisdictions, and provides forums for the public to engage in policy making processes.

The Environmental Quality Board works to strategically:

- Ensure adequate review and foster public understanding of proposed projects that have the potential for significant environmental impact.
- Provide a public forum for discussion of state environmental policies and programs.
- Develop and lead an integrated response to complex environmental issues with broad cross-sector impacts.
- Support local partners with guidance and technical resources.
- Foster connections and facilitate collaborative problem solving on issues related to the environment, health, transportation, agriculture, and energy.
- Enrich the understanding of the ecological systems and natural resources important to the state and nation.

SERVICES PROVIDED**Environmental Review**

- Customer service: Provide technical assistance to project proposers, governmental units, and the public through guidance documents, online resources, technical presentations, and one-on-one assistance as requested.
- Measurement and accountability: Monitor statewide environmental review activities, measure the effectiveness of the program, report on results and trends, and identify areas for future improvement, assistance, and educational opportunities.
- Continuous improvement: Improve effectiveness and create efficiencies for residents, governmental units, and project proposers through administrative rule revisions, training, and updated program guidance and tools.

Interagency Coordination and Strategic Planning

- Educate and advise: Provide written reports to the governor, legislature, and state and local agencies on priority environmental issues, including policy considerations and economic analyses.
- Coordinate: Lead and facilitate interagency working groups to establish an integrated response to complex environmental issues with broad cross-sector impacts.
- Outreach: Convene advisory panels to ensure citizen and stakeholder input informs state policies.
- Intergovernmental partnerships: Provide technical assistance to local governments and facilitate state-local partnerships to advance environmental goals.

Public Engagement

- Engage: Convene public meetings, stakeholder discussions, and Environmental Congresses to provide a forum for public dialogue with agency leaders to build mutual understanding, foster cross-sector connections, and collaborate on solutions. Plan monthly board meetings to foster public participation in decision-making processes.
- Inform: Produce public reports on key environmental issues of interest to Minnesota citizens. Distribute via board meeting packets relevant scientific, economic, and policy documents that help citizens be informed on policy-making processes.

RESULTS

- Processed environmental review projects and general notices in the *EQB Monitor*, including (for Fiscal Year 2022): 65 general notices, 22 citizen petitions, 72 Environmental Assessment Worksheets, three Environmental Impact Statements, and 11 Alternative Urban Areawide Reviews.
- Led and facilitated an interagency technical team to examine how climate change could be effectively and efficiently integrated into Environmental Review.
- Implemented a Pilot Program for a draft, revised Environmental Assessment Worksheet form. As part of the Pilot Program (February to June 2022), lead and facilitated:
 - a speaker series that was open to public participation (311 participants).
 - a series of cohort meetings to provide support to responsible governmental units and technical consultants as they implemented the draft, revised Environmental Assessment Worksheet form (163 participants).
- Lead and facilitated the implementation of a continuous improvement initiative to create a user-friendly *EQB Monitor* submission process. The new process will increase staff efficiency and public access to active and historic environmental review documents through a web-based, searchable inventory.
- Engaged with tribal representatives to create and publish a *Tribal Notification List* of contacts for responsible governmental units to use for directly providing copies of environmental documents to designated contacts for each tribe.
- Compiled and presented the *Annual Environmental Review Program Performance Report*; in compliance with EQB's *Environmental Review Data Management Plan*.
- Provided support to businesses through participation with the Minnesota Business First Stop Program.
- Provided support to tribes through participation with the Minnesota Tribal Environmental Committee.
- Provided support to project proposers, technical consultants, state and local government agencies, and members of the public through the EQB's Technical Assistance Program (547 calls; 436 emails).
- Led and facilitated an interagency team to manage ongoing recommendations for addressing challenges associated with emerald ash borer in Minnesota.
- Presented interagency implementation updates on the 2020 State Water Plan, focused on sustainable water management in the context of climate change.
- As directed by Executive Order 19-28, facilitated an interagency pollinator protection team and developed an annual update to the Pollinator Report as well as a civic engagement process.
- Participated in the development of the Climate Action Framework.

- As directed by the Legislature, completed a *404 Assumption Study*.
 - As directed by statute (116D.04), completed the *Mandatory Category Report*.
 - Assisted 146 cities and tribal nations through the GreenStep Cities program.
-

M.S. [116C](#) & [116D](#) provide the legal authority for Environmental Quality Board operations and initiatives.

Environmental Quality Board

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
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Expenditures by Fund

1000 - General	1,020	1,149	945	1,217	1,081	1,081	1,854	1,413
2800 - Environmental	371	79	326	197	193	193	221	226
2801 - Remediation	233	129						
Total	1,624	1,358	1,271	1,414	1,274	1,274	2,075	1,639
Biennial Change				(297)		(137)		1,029
Biennial % Change				(10)		(5)		38
Governor's Change from Base								1,166
Governor's % Change from Base								46

Expenditures by Activity

Environmental Quality Board	1,624	1,358	1,271	1,414	1,274	1,274	2,075	1,639
Total	1,624	1,358	1,271	1,414	1,274	1,274	2,075	1,639

Expenditures by Category

Compensation	855	758	806	861	857	857	1,178	1,222
Operating Expenses	769	589	465	553	417	417	897	417
Grants, Aids and Subsidies		10						
Total	1,624	1,358	1,271	1,414	1,274	1,274	2,075	1,639

Total Agency Expenditures	1,624	1,358	1,271	1,414	1,274	1,274	2,075	1,639
Internal Billing Expenditures	311	311	311	311	311	311	311	311
Expenditures Less Internal Billing	1,313	1,047	960	1,103	963	963	1,764	1,328

Full-Time Equivalents

8.41	7.29	7.16	7.78	8.97	8.97	9.97	9.97
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Environmental Quality Board

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In	59	122		136				
Direct Appropriation	1,081	1,081	1,081	1,081	1,081	1,081	1,854	1,413
Transfers Out		30						
Cancellations		24						
Balance Forward Out	120		136					
Expenditures	1,020	1,149	945	1,217	1,081	1,081	1,854	1,413
Biennial Change in Expenditures				(7)		0		1,105
Biennial % Change in Expenditures				(0)		(0)		51
Governor's Change from Base								1,105
Governor's % Change from Base								51
Full-Time Equivalents	7.04	6.21	6.12	6.63	7.85	7.85	8.85	8.85

2800 - Environmental

Balance Forward In		176	143	4				
Direct Appropriation	393	193	193	193	193	193	221	226
Cancellations		147	6					
Balance Forward Out	22	143	4					
Expenditures	371	79	326	197	193	193	221	226
Biennial Change in Expenditures				73		(137)		(76)
Biennial % Change in Expenditures				16		(26)		(14)
Governor's Change from Base								61
Governor's % Change from Base								16
Full-Time Equivalents	1.13	0.87	1.04	1.15	1.12	1.12	1.12	1.12

2801 - Remediation

Balance Forward In		175						
Direct Appropriation	300							
Cancellations		46						
Balance Forward Out	67							
Expenditures	233	129						
Biennial Change in Expenditures				(363)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0

Environmental Quality Board

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
Governor's % Change from Base								
Full-Time Equivalents	0.24	0.21						

Minnesota Pollution Control Agency

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Revised	FY 2024 Revised	FY 2025 Revised	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA 66.454	Water Quality Management Planning: Measures for the prevention and control of surface and ground water pollution, includes monitoring coordination, water assessments and data management.	\$ 287	\$ 322	\$ 322	\$ 322	No	2.30
Environmental Protection Agency CFDA 66.419	Water Pollution Control Program Support: Grants supporting surface water monitoring activities in streams, wetlands and lakes.	\$ 379	\$ 452	\$ 552	\$ 552	No	4.00
US Geological Services CFDA 15.980	Network: Agency's Statewide Water Quality Data in monitoring network database.	\$ -	\$ 10	\$ 80	\$ 10	No	-
Environmental Protection Agency CFDA 66.034	Particulate Monitoring (PM) 2.5 Monitoring: Supports air quality fine particle monitoring.	\$ 635	\$ 1,169	\$ 1,169	\$ 969	No	4.40
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 3,385	\$ 2,920	\$ 3,085	\$ 3,085	Yes	20.03
Environmental Protection Agency CFDA 66.204	Multipurpose Grants to States and Tribes: To implement high priority activities, complementing programs under established environmental statutes.	\$ 31	\$ 95	\$ 20	\$ -	No	-
Environmental Protection Agency CFDA 66.469	Great Lakes Program: To restore and maintain the chemical, physical, and biological integrity of the Great Lakes Basin Ecosystem.	\$ 96	\$ 117	\$ 117	\$ 117	No	-
	Environmental Analysis and Outcomes Total	\$ 4,814	\$ 5,085	\$ 5,345	\$ 5,055		30.73
Environmental Protection Agency CFDA 66.804	Underground Storage Tanks Program: Permitting and compliance activities for regulated underground storage tanks, including detection and identification of releases.	\$ 541	\$ 527	\$ 527	\$ 527	Yes	2.46
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 3,045	\$ 2,385	\$ 2,385	\$ 2,385	Yes	18.20
	Industrial Total	\$ 3,585	\$ 2,912	\$ 2,912	\$ 2,912		20.66
Environmental Protection Agency CFDA 66.447	Reuse Municipal Grants: for planning, design, or construction to manage, reduce, treat, or recapture stormwater or subsurface drainage water.	\$ -	\$ 150	\$ 150	\$ 150	Yes	-
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 1,268	\$ 1,117	\$ 1,117	\$ 1,117	Yes	6.65
	Municipal Total	\$ 1,268	\$ 1,267	\$ 1,267	\$ 1,267		6.65

Minnesota Pollution Control Agency

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Revised	FY 2024 Revised	FY 2025 Revised	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 1,174	\$ 1,393	\$ 1,261	\$ 1,261	Yes	8.55
	Operations Total	\$ 1,174	\$ 1,393	\$ 1,261	\$ 1,261		8.55
Department of Defense CFDA 12.113	Dept. of Defense Memorandum of Agreement (DSMOA): Environmental cleanup and site restoration on various federal Department of Defense installations.	\$ 119	\$ 230	\$ 230	\$ 230	No	1.25
Environmental Protection Agency CFDA 66.802	Superfund State Programs: Multiple grants for the administration of the Superfund hazardous waste cleanup program and investigation and remediation activities at specific Superfund hazardous waste sites.	\$ 859	\$ 1,177	\$ 675	\$ 640	Yes	3.98
Environmental Protection Agency CFDA 66.805	Leaking Underground Storage Tank Trust Fund: Administrative activities to clean up properties contaminated with petroleum from underground storage tanks.	\$ 2,171	\$ 1,251	\$ 1,411	\$ 1,411	Yes	11.40
Environmental Protection Agency CFDA 66.809	CORE Program: Administration and implementation of the State's Superfund Program.	\$ 132	\$ 140	\$ 113	\$ 113	Yes	0.08
Environmental Protection Agency CFDA 66.817	Development and enhancement of the Voluntary Investigation and Cleanup and Petroleum Brownfields Programs.	\$ 761	\$ 1,759	\$ 1,967	\$ 1,800	No	7.34
Environmental Protection Agency CFDA 66.818	Brownfields Assessment and Cleanup Cooperative Agreements: Brownfield Assessment activities at multiple target area locations in the seven county Twin Cities.	\$ -	\$ 400	\$ 400	\$ 400	No	0.20
Environmental Protection Agency CFDA 66.469	Great Lakes Program: Lake Area Management and Remedial Action Plan Capacity and St. Louis Area of Concern Remediation to Restoration Support - To restore capacity and protect water quality in the Lake Superior Basin through coordinative efforts to reduce impairments and toxic chemicals and support Remedial Action Plan implementation activities in the St. Louis Area of Concern.	\$ 1,256	\$ 1,801	\$ 1,150	\$ 1,150	No	2.65
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 285	\$ 150	\$ 300	\$ 300	Yes	1.00
	Remediation Total	\$ 5,584	\$ 6,908	\$ 6,246	\$ 6,044		27.90

Minnesota Pollution Control Agency

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Revised	FY 2024 Revised	FY 2025 Revised	Required State Match or MOE?	FTEs
U.S. Fish and Wildlife Service CFDA 15.658	Natural Resource Damage Assessment and Restoration: Restore natural resources and services that have been injured by an oil spill or hazardous substance release.	\$ 320	\$ 372	\$ 303	\$ 303	No	2.11
Environmental Protection Agency CFDA 66.040	MN Clean Diesel Program: Decreases diesel fuel emissions through grants and loans for emission reduction technologies.	\$ 318	\$ 540	\$ 550	\$ 550	Yes	1.00
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 2,045	\$ 1,647	\$ 1,593	\$ 1,593	Yes	11.05
Environmental Protection Agency CFDA 66.708	Pollution Prevention (P2) Grants: Supports P2 technical assistance services and/or training for businesses to reduce and/or eliminate pollution from air, water and/or land.	\$ -	\$ 137	\$ 157	\$ 49	No	0.05
Environmental Protection Agency CFDA 66.920	Solid Waste Infrastructure for Recycling (SWIFR) Grants: Supports improvements to local post-consumer materials management to assist waste management authorities in making improvements to waste management systems.	\$ -		\$ 500		No	-
	Resource Management and Assistance Total	\$ 2,683	\$ 2,696	\$ 3,103	\$ 2,495		14.21
Environmental Protection Agency CFDA 66.460	Nonpoint Source Implementation Grants - 319: Multi-year grants fund local watershed studies and implementation projects to reduce or eliminate sources of water quality pollution from diffuse sources.	\$ 2,054	\$ 3,374	\$ 2,944	\$ 3,090	Yes	-
Environmental Protection Agency CFDA 66.469	Great Lakes Program: Funding through LAMP Focus Areas to restore, protect, and educate about water quality in the Lake Superior Basin.	\$ -	\$ 734	\$ 734	\$ 734	No	-
Environmental Protection Agency CFDA 66.485	Gulf Hypoxia Program: Five years of federal funding provided to Gulf of Mexico Hypoxia Task Force States to advance state nutrient reduction strategies aimed at reducing nutrient loads to in-state waters and the Mississippi River system.	\$ -	\$ 460	\$ 450	\$ 450	No	0.5
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.	\$ 3,266	\$ 2,831	\$ 2,920	\$ 2,920	Yes	19.85
	Watershed Total	\$ 5,320	\$ 7,399	\$ 7,048	\$ 7,194		20.35
	Federal Fund – Agency Total	\$ 24,427	\$ 27,660	\$ 27,182	\$ 26,228		129.05

(Dollars in Thousands)

Narrative

Federal funding enables the Minnesota Pollution Control Agency (MPCA) to carry out activities that are essential to our mission to protect and improve the environment and human health. The majority of federal funding received by the MPCA is directly from the U.S. Environmental Protection Agency (EPA). In the FY 2022-2023 biennium, the MPCA received \$52 million in the form of grants or cooperative agreements. Federal revenues accounted for approximately 8.66% of the MPCA's budget in the FY 2022-2023 biennium and are projected at 8.02% in the FY 2024-2025 biennium.

Most federal funds are noncompetitive and received for program activities where the MPCA is delegated by EPA to perform work at the state level. Individual awards are received under divisions including Environmental Analysis and Outcomes, Industrial, Remediation, Resource Management and Assistance, and Watershed. Additional federal funding resources that are in alignment with goals and objectives in the Strategic Plan will continue to be pursued.

The MPCA's largest federal award is the Performance Partnership Grant (PPG). The PPG functionally combines under one "umbrella" award continuing environmental program grants determined by federal formula and some competitive awards. The funds support activities in seven agency divisions, but the monies are still considered one grant by the EPA. By receiving the PPG as one award, the agency is able to reduce federal administrative and reporting burdens and gain flexibility in managing resources to meet goals and objectives across the entire agency.