

Minnesota 1994-95 Biennial Budget

**Environment and
Natural Resources**

930076

Presented by
Governor Arne H. Carlson
to the
78th Legislature

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1994-95 BIENNIAL BUDGET

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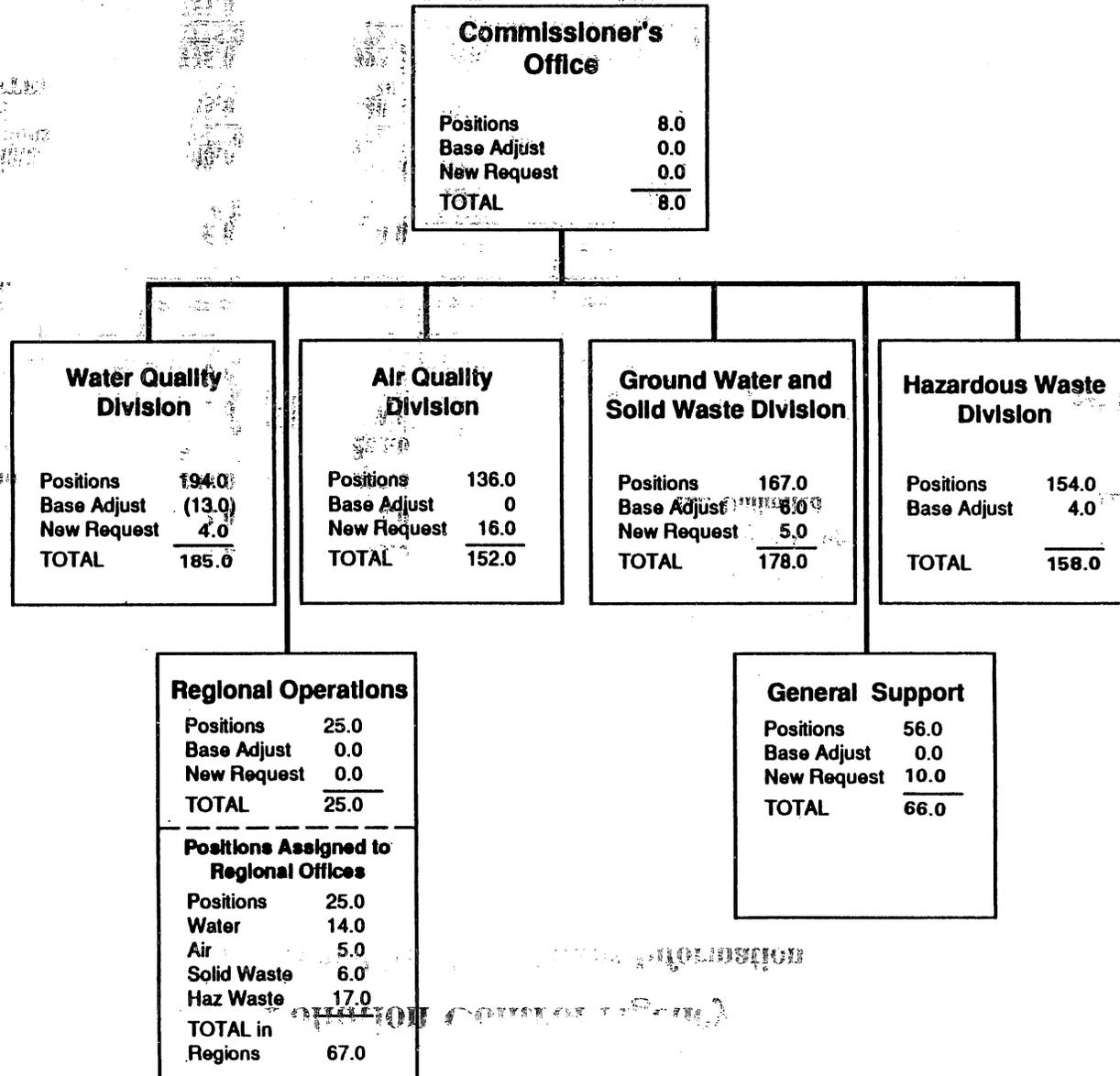
PROGRAM STRUCTURE

AGENCY: POLLUTION CONTROL

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Minnesota Pollution Control Agency Organization Chart 12/1/92



Pollution Control Agency
Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	159.0	108.0
Environmental Trust	4.0	0.0
Special Revenue	73.0	73.0
MN Resources	2.0	2.0
Environmental Fund	240.0	327.0
Federal	254.0	262.0
Metro Landfill	2.0	0.0
Building Fund	0.0	0.0
Budgetary Authorized:		
LAC Approved:		
Federal	6.0	0.0
Total Permanent Positions	740.0	772.0
Other Complement (FTE)	35.0	20.0
TOTAL Positions	775.0	792.0
Employees on 6/30/92	751.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	659.0
Full-Time Temporary	80.0
Full-Time Emergency	2.0
Part-Time Unlimited	8.0
Part-Time Temporary	1.0
Int. Unlimited	1.0
TOTAL	751.0

The Water Pollution Control Program:

The Water Pollution Control Program's focus for F.Y. 1994-95 is to seek better solutions to nonpoint source pollution. With nonpoint source as a priority, resources to meet the 5% reduction and inflation are taken from the technical assistance to regulation of minor industrial and municipal facilities. Decreased technical assistance to regulation of minor point sources does have environmental consequences, however these consequences are not as great as the failure to address nonpoint source water pollution in a vigorous manner.

Ground Water Protection and Solid Waste Management:

The highest priority of tasks supported by the General Fund in the Ground Water Protection and Solid Waste Management Program are permitting and enforcement activities associated with solid waste facilities. The measures described above reflect that priority assessment, and therefore other programs are recommended to be reduced or eliminated. Infectious Waste would be eliminated. Ground Water Data Management would be reduced and progress in developing ground water data would be delayed. Reduced funding in SCORE projects would result in no follow-up of the Solid Waste Composition Study and reduced evaluation of solid waste issues and policy.

Hazardous Waste Management:

Of the programs funded by the General Fund in the Hazardous Waste Management Program, the Spills Unit has a higher priority than the Household Hazardous Waste Program and assistance to small hazardous waste generators. The major impact of the above measures will be on the Household Hazardous Waste Program. The agency will have less funds to assist counties in matching funds for physical disposal of household hazardous materials collected by the counties.

General Support:

The General Support Program proposes a cost savings reorganization of the Commissioner's Office by the reduction of 1 manager position and reduction of general expenses. The delay of purchase of replacement telephone equipment could have important consequences, especially if the agency is unable to continue to purchase used parts for equipment which is no longer supported by the manufacturer.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions Left Vacant	9.5	10.0	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
Infectious Waste	\$(1)	\$(7)	\$(8)

4. **Affected Statutes are:**
 Infectious Waste Fees M.S.116.75

5. **Governor's Recommendation:**

The Governor concurs with the agency plan except that the Governor proposes to restore the agency cut to the Clean Water Partnership grants. Proposed funding has been reduced due to revised salary planning estimates

The Governor also recommends elimination of the General Fund appropriation for the Ground Water Protection and Solid Management Program and replacing it with an appropriation from the Environmental Fund. This is accomplished by recommending a consolidation of the \$2 surcharge per cubic yard of solid waste on a statewide basis and broadening the surcharge to include solid waste going to incinerators.

Additional funding is recommended for an environmental computer compliance system which would be partially funded from the General Fund. Other funding increases include the final installment payment to the Great Lakes Protection Fund, additional funding for non-point source and the Minnesota River Implementation Plan, and an increase in Clean Water Partnership Grants to focus greater resources on problem areas in the Minnesota River Basin.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency

Fund: Special Revenue

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$855	\$855	\$1,710
Forecast Adjustments:	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$855	\$855	\$1,710
Inflation Cost Increase	30	41	91
Agency Management Decision			
Agency Operations			
Positions Held Vacant			
Inspection Maintenance Public Response	-\$0-	\$(40)	\$(40)
Expense Reduction: Inspection			
Maintenance Program	<u>(30)</u>	<u>(21)</u>	<u>(51)</u>
Subtotal	<u>\$(30)</u>	<u>\$(61)</u>	<u>\$(91)</u>
TOTAL AGENCY PLAN	\$855	\$855	\$1,710
Governor's Initiatives			
Salary Planning Estimates	<u>\$(20)</u>	<u>\$(20)</u>	<u>\$(40)</u>
GOVERNOR'S RECOMMENDATION	<u>\$835</u>	<u>\$835</u>	<u>\$1,670</u>

2. Impact on Staffing:
Positions left vacant

<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
0.0	1.0

3. Impact on Revenue Generation:
Agency Plan

<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
\$-0-	\$-0-	\$-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Brief Explanation of Agency's Overall Actions:

To meet the effects of inflation the Air Pollution Control Program will need to reduce general expenses for the operation of the Inspection Maintenance Program. For the second year of the biennium, the agency intends to meet inflation by holding 1 position vacant.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency

Fund: Environmental

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$19,643	\$19,643	\$39,286
Forecast Adjustments	<u>(36)</u>	<u>(42)</u>	<u>(78)</u>
AGENCY BASE	\$19,607	\$19,601	\$39,208
Inflation Cost Increase	520	1,058	6,578
Agency Management Challenge			
Water Pollution Control Program			
Positions Held Vacant:			
Engineering Technical Review	-0-	(41)	(41)
Sewage Treatment Operator Training	-0-	(40)	(40)
Sewage Treatment Operator Assistance	(40)	(40)	(80)
Quality Control/Quality Assurance	(18)	(19)	(37)
Expense Reduction: Equipment Replacement	<u>(10)</u>	<u>-0-</u>	<u>(10)</u>
Subtotal	<u>\$(68)</u>	<u>\$(140)</u>	<u>\$(208)</u>
Air Pollution Control			
Air Fee Increase	<u>\$1,185</u>	<u>\$1,405</u>	<u>\$2,590</u>
Ground Water Protection & Solid Waste Management			
Positions Held Vacant:			
Superfund support to Air/Hazardous Waste	\$(32)	\$(54)	\$(86)
Property Transfer	(16)	(32)	(48)
Superfund Vacancy Management	(20)	(80)	(100)
Solid Waste Vacancy Management	(10)	(20)	(30)
Transfer Salary Liability to Federal	(15)	(15)	(30)
Expense Reduction:			
Waste Tire Abatement Contracts	(93)	(190)	(283)
Superfund Program Support	<u>(44)</u>	<u>(77)</u>	<u>(121)</u>
Subtotal	<u>\$(230)</u>	<u>\$(468)</u>	<u>\$(698)</u>
Hazardous Waste Management			
Positions Held Vacant:			
Property Transfer	\$(61)	\$(125)	\$(186)
Above Ground Tanks Technical Assistance	-0-	(36)	(36)

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
Expense Reduction:			
Technical Assistance to Used Oil Handlers	(5)	(10)	(15)
Tanks Cleanup	(47)	(59)	(106)
Laboratory and Contracting Expenses	<u>(3)</u>	<u>(6)</u>	<u>(9)</u>
Subtotal	<u>\$(116)</u>	<u>\$(236)</u>	<u>\$(352)</u>
Regional Support			
Expense Reduction: General Expenses	<u>\$ (2)</u>	<u>\$ (4)</u>	<u>\$ (6)</u>
General Support			
Expense Reduction:			
Delay Purchase of Telephone Equip.	<u>\$(104)</u>	<u>\$(210)</u>	<u>\$(314)</u>
TOTAL AGENCY PLAN	\$20,792	\$21,006	\$41,798
Governor's Initiatives			
Closed Landfill Funding	\$3,789	\$3,789	\$7,578
Environ Computer Compliance Mgmt			
Sys Phase I	928	1,179	2,107
Transfer Petro Bd from Commerce to PCA	224	224	448
Salary Planning Estimates	<u>(381)</u>	<u>(386)</u>	<u>(767)</u>
Subtotal	<u>\$4,560</u>	<u>\$4,806</u>	<u>\$9,366</u>
GOVERNOR'S RECOMMENDATION	<u>\$25,352</u>	<u>\$25,812</u>	<u>\$51,164</u>

Brief Explanation of Agency's Overall Actions:

Water Pollution Control Program

The Water Pollution Control Program's focus for F.Y. 1994-95 is to seek better solutions to nonpoint source pollution. With nonpoint source as a priority, resources to meet inflation are taken from the technical assistance to regulation of industrial and municipal facilities. Decreased regulation of minor point sources does have environmental consequences, however these consequences are not as great as the failure to address nonpoint source water pollution in a vigorous manner.

Air Pollution Control

The Air Pollution Program is including in its budget plan the air tonnage fee approved by the legislature in 1991.

Agency Budget Brief
Agency: Pollution Control Agency
 (Continuation)

1994-95 Biennial Budget
Fund: Environmental

Ground Water Protection & Solid Waste Management

The Environmental Fund provides a base for several Ground Water and Solid Waste programs. Included in this program is funding from special revenue (fees), motor vehicle transfer account, Superfund and the Metropolitan Landfill Abatement account. The spending patterns must be adjusted by 3.5% in each instance. Priorities are set within each account and these measures to address inflation reflect the lowest priority within each account.

Hazardous Waste Management Program

Information about property transfers of tank sites will not be provided. In addition, tank cleanups will be slowed somewhat because less money will be available to contractors.

Regional Support

The regional support program will carefully plan expenses to address inflation.

General Support

The delay of purchase of replacement telephone equipment could have important consequences, especially if the agency is unable to continue to purchase used parts for equipment which is no longer supported by the manufacturer.

A further breakdown of the \$3,789 per year for the Closed Landfill Funding includes:

Replacement of:	<u>1994</u>	<u>1995</u>
General Fund - GW & SW	\$1,811	\$1,811
General Fund - General Support	421	421
MLCAT Fund	797	797
Federal Funds & 8 positions	430	430
5 new positions for Regions	<u>330</u>	<u>330</u>
Total	\$3,789	\$3,789

- | | | | |
|---|------------------|------------------|-------------------|
| 2. Impact on Staffing: | <u>F.Y. 1994</u> | <u>F.Y. 1995</u> | |
| Positions Left Vacant: | 3.0 | 8.5 | |
| | | | |
| 3. Impact on Revenue Generation: | <u>F.Y. 1994</u> | <u>F.Y. 1995</u> | <u>F.Y. 94-95</u> |
| <u>Agency Plan</u> | \$-0- | \$-0- | \$-0- |
| | | | |
| 4. Affected Statutes: | | | |
| M.S. 115C.07, Subd.2, M.S. 115B | | | |
| | | | |
| 5. Governor's Recommendation: | | | |

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates. The Governor recommends an increase in direct appropriations from the Environmental Fund for the following initiatives: closed landfill funding which restructures the funding in the Ground Water Protection and Solid Waste Management, and General Support Programs for direct appropriated costs associated with landfills; funding for the computer compliance and management system, and transfer of the Petroleum Tank Release Compensation Board.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency

Fund: Metropolitan Landfill Contingency

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$797	\$797	\$1,594
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$797	\$797	\$1,594
Inflation Cost Increase	27	57	84
Agency Management Decisions			
Ground Water Protection & Solid Waste Mgmt			
Reduction in Clean-up Contracts	<u>\$(27)</u>	<u>\$(57)</u>	<u>\$(84)</u>
TOTAL AGENCY PLAN	\$797	\$797	\$1,594
Governor's Initiatives			
Closed Landfill Funding	<u>\$(797)</u>	<u>\$(797)</u>	<u>\$(1,594)</u>
GOVERNOR'S RECOMMENDATION	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Brief Explanation of Agency's Overall Actions:

The Metropolitan Landfill Contingency Fund supports 2 positions. The remainder of funding is for cleanup of landfills in the metropolitan area. The 3.5% inflation will have limited impact on program output.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
2. Impact on Staffing:		
Positions Left Vacant:	0.0	0.0

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-

4. Affected Statutes:
M.S. 473.843, M.S. 473.844

5. Governor's Recommendation:
In the Governor's initiative for closed landfill funding, the Governor recommends merging this fund into a new landfill account in the Environmental Fund. The Metropolitan Landfill Contingency Action Trust Fund would no longer exist as a separate fund.

1994-1995 B I E N N I A L B U D G E T
 INVESTMENT INITIATIVES
 (DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) GREAT LAKES PROTECTION FUND	GEN	500		500			
(A) LANDFILL CLEANUP & SOLID WASTE MGT	GEN	<2,232>	<2,232>	<4,464>			
	SR	<86>	<86>	<172>			
	ENV	12,961	12,961	25,922	265	265	530
	MLC	<797>	<797>	<1,594>	<625>	<625>	<1,250>
(A) SALARY PLANNING ESTIMATES	GEN	<164>	<165>	<329>			
	SR	<20>	<20>	<40>			
	ENV	<381>	<386>	<767>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MET	<1,100>		<1,100>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MET	<200>		<200>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MNR	<100>		<100>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MNR	<49>		<49>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MNR	<157>		<157>			
(B) CLEAN WATER PARTNERSHIP GRANTS	GEN	800		800			
(B) NON-POINT SOURCE/ MN RIVER IMPEMENTATION	GEN	200	200	400			
	MNR	1,149		1,149			
(B) RESTORE REDUCTION TO CWP GRANTS	GEN	57		57			
(B) STATE SUPERFUND	ENV	2,000	4,000	6,000			
(B) ENVIRON COMPUTER COMPLIANCE MGMT SYS PHASE I	GEN	571	521	1,092			
	ENV	928	1,179	2,107			
(B) TRANSFER PETRO BD FROM COMMERCE TO PCA	ENV	29,504	29,504	59,008			
TOTAL BY FUND	GEN	<268>	<1,676>	<1,944>			
	MET	<1,300>		<1,300>			
	MNR	843		843			
	SR	<106>	<106>	<212>			
	ENV	45,012	47,258	92,270	265	265	530
	MLC	<797>	<797>	<1,594>	<625>	<625>	<1,250>
TOTAL INVESTMENT INITIATIVES		43,384	44,679	88,063	<360>	<360>	<720>

AGENCY: Pollution Control Agency

MISSION STATEMENT:

The mission of the Pollution Control Agency (PCA) is to protect and improve Minnesota's air, water and land to secure the quality of life of its citizens. To achieve this mission the agency monitors and assesses the environment; establishes goals and sets protective standards; issues permits and defines management practices; provides technical, educational and financial assistance; takes enforcement actions and resolves complaints; supervises clean up and remediation of contaminated sites; promotes pollution prevention activities; responds to environmental threats such as spills; provides information to raise public awareness and understanding; and provides forums for public discussions on environmental issues.

The agency is organized into 5 divisions and the regional operations office. Programmatic areas include the Water Quality Division, Air Quality Division, Ground Water and Solid Waste Division, Hazardous Waste Division, Administrative Services Division, and Regional Operations.

These programs perform the functions listed above in order to achieve the following primary goals:

- Minnesota's environment contains: clean, clear odorless air; fishable and swimmable water; uncontaminated soil; and usable groundwater.
- Agency operations are well managed.
- Agency services are responsive to customers-the public; stakeholders-the regulated community; local units of government; environmental groups; and overseers-the PCA Board, the governor and legislature, Environmental Protection Agency and Congress.

Progress toward these goals is measured against one or more of 5 strategic quality indicators developed from the agency's Total Quality Management (TQM) program. The indicators are the environmental impact of programs, the cost-effectiveness of programs, the level of compliance achieved, the timeliness of action, and confidence of our stakeholders.

MINNESOTA MILESTONES:

The work of the agency supports the 2 major Milestone themes: "Our Surroundings" and "We The People."

The "Our Surroundings" theme includes the goals:

Minnesotans will act to protect and enhance their environment.

We will improve the quality of the air, water and earth.

Indicators the agency is the lead on include:

Solid waste produced and recycled.

Air pollutants emitted from stationary sources.

Number of days per year that air quality standards were not met.

Toxic chemical released or transferred.

Quantity of hazardous waste generated and properly managed.

Assessed rivers and lakes.

"Number of "Superfund" sites identified and cleaned up.

The "We The People" theme includes the goals:

People will participate in government and politics.

Government in Minnesota will be cost efficient.

CLIMATE:

The agency is celebrating its 25th anniversary as the nation celebrates the 20th anniversary of the passage of the Clean Water Act. It is obvious that the quality of Minnesota's environment has improved. The Mississippi, Rainy and St. Louis Rivers have again become multi-use resources and their improved water quality is a source of pride. The air is cleaner; the water is cleaner; as citizens, we have learned to manage solid and hazardous waste and to develop resources in ways that preserve use for future generations. According to a survey conducted by the University of Minnesota, 90% of Minnesotans (sample: 400 metro and 400 Greater Minnesota) thought the PCA was doing a "good or fair job" in protecting our environment. When asked how the agency was doing at protecting the environment by program, "fair" to "excellent" responses combined to show the following: protecting air quality - 92%, solving solid waste issues - 89%; regulating hazardous waste - 87%; and protecting water quality - 85%. While the accomplishments of the PCA's first quarter-century are worthy of note, the job of insuring environmental quality for future generations is far from done.

NONPOINT SOURCE CHALLENGE

In many ways, the challenges of the future may be more demanding than the challenges we have faced in the past. Pollution that the agency first regulated was from discrete sources: a discharge pipe, a stack, or a defined waste site. As the environmental field has evolved, it has become increasingly more difficult to categorize sources of pollution problems as being from just one pipe, stack or site. The fact that these pollution sources are dispersed and did not originate from a single point, means that new methods of environmental protection must be used to contain them. The traditional regulatory approach of "command and control" cannot work in the abatement of nonpoint source pollution. Examples of nonpoint water pollution are polluted run-off from farms, feedlots, transportation systems, parking facilities, and automobiles. Examples of nonpoint air pollution sources are transportation systems, automobiles, and parking facilities. Since most of these pollution sources result from the actions of individuals, efforts to control nonpoint source pollution focuses on the promotion of individual behavioral changes. This requires much more emphasis on information, education, training and personal incentives.

MAINTAINING POINT SOURCE COMPLIANCE

For the past 25 years, a primary goal of pollution control has been to develop and implement regulatory programs that control the pollutants released to the environment from the so-called point sources like discharge pipes, and smoke stacks. Considerable progress has been made and a significant amount of money has been spent by both the private and public sectors to achieve this environmental improvement. For example, over \$1.5 billion of public money has been spent building municipal wastewater treatment systems in Minnesota alone. Although exact numbers are not available on private sector expenditures, it is estimated that an additional \$1 billion has been spent on treating industrial wastewater. While no comparable estimates exist for industrial expenditure on air pollution control, it should be noted that this investment is significant. In fact, for the individual automobile owners in the metro area, about \$700 of the original purchase price of an automobile is for the air pollution control equipment. This also represents an investment of almost a billion dollars.

To protect this tremendous investment in pollution control and the resulting environmental improvement, it is necessary to place a priority on making sure that the pollution control systems currently in place continue to function properly. To do this will require compliance monitoring and a progressive program to keep facility operators trained. Compliance monitoring, or checking to be sure facilities are meeting permit requirements, is usually required as a condition of an environmental permit. Keeping facility operators trained is going to require new partnerships with community colleges, vocational technical institutes and trade associations.

AGENCY: Pollution Control Agency
(Continuation)

SUPERFUND FUNDING

Old hazardous waste sites can contaminate soil, sediment, ground water, surface water, and air, and are located in a diversity of human and natural environments: forests and parks, residential areas, industrial zones and land adjacent to farm fields. The Superfund program for cleaning up old hazardous waste sites that threaten public health and the environment is financed by a hazardous waste generator tax which has produced less and less revenue each year. Unless the tax is restructured by 1994, the agency will no longer be able to utilize state or federal dollars for clean up of 41 sites, or provide oversight of responsible party clean up to ensure clean-up standards are met.

PERMITS

In its permit processes, the agency must balance the need for speedy issuance of permits with the need to conduct a quality technical review, and public participation. The time required to develop and issue high quality permits, the principle regulatory tool of the agency, has a direct impact on Minnesota's economic development. Because environmental permits are required for new facilities before construction begins, a delay in issuing a permit can affect the start of construction, and become a significant problem because of Minnesota's winter season.

The agency's regulatory framework provides that an existing permit remains in force, even after the 5 year expiration date, until the permit is reissued. The rate that new permit applications and renewal applications are submitted to the agency is so variable that staff are unable to process all applications in a timely manner. This lack of control over the submittal process as well as the constant need to assign the most experienced staff to the largest and most complex permits creates a permit backlog. It is important to note that the environmental effects of the delay in issuing permits is not as great as may be perceived because most permits on backlog are small air pollution sources.

The agency has taken steps to reduce the number of permits on backlog. Across all agency regulatory programs, permitting processes have been streamlined. "General" permits have been used whenever practical. These permits are issued based on the type or category of industry rather than on the characteristics of individual sites. Examples of general permits are stormwater permits, rural grain elevator permits and boiler permits. Another type of permit that speeds up the process is the "permit-by-rule." This type of permit is issued if the applicant meets criteria listed in Minnesota Rules. "Permits-by-rule" currently are used for demolition landfills, recycling yard waste composting and smaller transfer stations and are proposed for emergency diesel generators. These types of permits have the advantage of not requiring case-by-case review of project plan, so staff are able to concentrate on more complicated permits that have greater potential for environmental impact. Both types of permits are enforceable.

Another problem that increases the permit backlog is receiving applications that are incomplete or incorrect. To remedy this problem, divisions have placed a priority on training permit applicants. Conferences focusing on how to submit complete applications have been held, manuals and checklists have been produced as guidance for permittees, and advisory committees have been established to generate other ways to streamline the application process.

MAKE DECISIONS BASED ON SCIENCE

The goal of environmental protection is to limit the risks to human health and the environment from the chemicals and pollutants that result from manufacturing processes, transportation systems, use of natural resources, production of food and fiber, and our lifestyles. Since environmental protection requires that people and companies be limited in what they can or cannot do, it is imperative that these requirements be based on sound, scientific data. Early environmental protection efforts were designed to protect people and the environment from the bacteria and viruses in sewage effluent. The science that supported this was also relatively simple: the bacteria and viruses were either present or not and if they were present, people got sick and, in some cases, died.

Development of new chemicals in industrial processing, solvents, pesticides, etc. has resulted in a much more complex scientific data base. Now, the issue is not merely if a chemical or pollutant is present, the questions of "how much" and "what is the impact on human health and the environment" must also be addressed. Some of the data needed comes from compliance monitoring, that is the monitoring that a permittee does as a condition of an environmental permit. Unfortunately, compliance monitoring does not tell us how the environment is responding to the pollutant and, ultimately, how the pollutant may be affecting human health by being breathed, ingested or absorbed through skin. The other source of data is from ambient monitoring and special studies. Agency resources have not been sufficient to provide adequate monitoring data and even greater demands will be made for such data in the future.

TOXICS: MERCURY

Management of persistent toxics in the environment is difficult to achieve. This is a problem which cuts across all media; toxics are found in air emissions, in the discharge of treated or untreated wastewater effluent, and in the waste stream disposed of on land. Of the toxics, mercury is one of the most pressing. Mercury, a naturally-occurring element, is contained in all fossil fuels. Thus, mercury can be released into the environment when power is produced at the major generating facilities, as automobiles are driven, or industry generates power. In addition, mercury, as well as other toxics released into the environment, travels airborne for great distances. The human health effects of persistent toxics are manifested in fish-consumption advisories. Reducing the level of mercury and other toxics below levels known to cause human health problems will be a priority for the agency and will require cooperation of other states and nations, as this is a global issue.

CLEAN AIR ACT AMENDMENTS

Clean Air Act Amendments of 1990 (CAAA) raise the curtain on a new era of clean air nationwide. The 4 most important goals of the CAAA are: to bring all cities into attainment of health-based standards; to cut air toxic emissions by 75%; to reduce sulfur dioxide emissions by 10 million tons; and to phase out 100% of chlorofluorocarbons (CFC) by the year 1995. The CAAA expands the requirements of existing air regulatory and monitoring programs, and adds many new federal programs including an operating permits program, air toxics regulation, acid rain regulation, CFC regulation, and a small-business assistance program. The CAAA envisions that the EPA will develop the myriad of regulations and that the states will implement the new regulations. In order to fund state efforts and to ensure that each state makes an equivalent commitment to provide adequate funding, the CAAA requires the implementation of the fee system. The minimum fee requirement is the \$25 per ton of regulated pollutant up to a 4,000 ton cap on each pollutant per facility and the cost of inflation adjusted annually which the legislature adopted and Governor Carlson signed into law in 1991. The first year for this minimum commitment to go into effect in F.Y. 1994.

AGENCY: Pollution Control Agency
(Continuation)

COMPUTERIZATION: ENVIRONMENTAL COMPLIANCE MANAGEMENT SYSTEM

The Legislative Auditor recommended improvements in the agency's internal management function by updating the computer system. The implementation of these recommendations is a very high priority for the agency.

To address the computerization issue, the agency retained the services of a consultant who has completed an analysis of our needs. The resulting Compliance Management System would allow the linkage of our various data bases, allow the development of automated permit writing systems, provide electronic flagging of compliance monitoring data and allow management tracking of permits and compliance problems. The existing computer system does not provide for any of these linkages or management tracking.

The basic functions being evaluated across Air, Water, Solid Waste and Hazardous Waste are permitting, compliance determination and enforcement. The impetus for this analysis and change comes from four directions.

- The MPCA Commissioner's interest in improving agency business operations and using computer technology to support the changes;
- The agency's Strategic Information Plan, which identifies the development of an automated environmental compliance management system as the highest priority for improving the way staff accomplish their work.
- The Legislative Auditor's report (1991), which identified areas in the agency's operations that needed improvement, particularly areas where computer technology could assist in fulfilling legislative mandates.
- An audit by an environmental group which identified areas that, could be improved and which the agency could address through a better use of computer technology.

It is important to note that the proposed Environmental Compliance Management Systems will be a tool that support fundamental pollution control functions required by both state and federal laws. These functions must be continued regardless of the state's environmental organizational structure. The proposed computerized systems will be needed to respond to and manage basic pollution control responsibilities that are increasing each year.

REGIONALIZATION

The agency is improving its service delivery throughout the state by strengthening regional offices. By evaluating and analyzing each program, the agency has identified responsibilities and tasks which would be more effective if located in the regions. Regionalization as a strategy will allow the agency to:

- provide the general public and the regulated community with greater accessibility to agency staff;
- achieve faster response to inquiries from the public and the regulated community;

- create more effective feedback loops between agency policy makers and clients, political representatives, and the general public;
- achieve a greater level of effort in reaching and maintaining compliance with environmental regulations;
- provide greater emphasis on environmental issues unique to specific geographic areas of the state; and,
- respond more effectively and quickly to environmental emergencies.

GOALS AND STRATEGIES

Goal: A clean environment with clean, clear odorless air; fishable, swimmable water; usable groundwater; and uncontaminated soil.

To achieve this goal, under-regulated pollutants and sources with significant environmental impacts must be brought into compliance with appropriate regulatory standards. Pollution prevention must be integrated into regulatory programs as an incentive to help achieve compliance in more cost-effective ways. Releases of pollutants must be abated to the maximum extent possible by installation of appropriate abatement technology and/or management practice. Existing contaminated sites need to be effectively mitigated or cleaned up. Every effort must be made to reduce obstacles to voluntary compliance and to deter noncompliance with fair, timely enforcement. The agency cannot achieve this goal in isolation: every opportunity must be taken to use and to enhance the delivery of environmental services through the development of effective partnerships with the environmental community, the regulated community, local government, federal government and the state agencies that share our mission to ensure a quality environment for future generations.

Goal: Well-managed Organization

The agency has always been a dynamic organization and continues to have a highly skilled, professional, motivated work force. A strategic planning process will be instituted annually. The agency is committed to fostering innovation and empowering staff and will rely upon a Total Quality Management Program to guide process and program changes and improvements. Management recognizes the need to be creative in finding stable and adequate sources of funding to support environmental protection programs. Management also recognizes the need to ensure progressive human resources management so that our efforts to recruit and train the best and the brightest are successful.

Responsive Service To Stakeholders

The stakeholders of the agency represent those we regulate, those who share our interests in the environment, those who share in the regulation and management of potential threats to the environment, those who enable our actions and those who depend upon clean air, clean water, and clean land for survival. The agency must find ways of determining stakeholder confidence and trust. The relationship with the variety of stakeholders must be suitable for the agency so that we understand stakeholder needs and stakeholders understand the environmental issues and forces that drive our actions. These understandings will require effective two-way communication and a strong commitment on the part of the agency to provide public information and education to enhance environmental awareness and form the bonds of partnership with our stakeholders. During the rest of this decade, we expect a continued growth of public awareness and concern about environmental issues. This public concern will also continue to be a driving force for our environmental protection programs.

AGENCY: Pollution Control Agency
(Continuation)

AGENCY BUDGET PLAN:

In considering how to make decisions to meet the requirements of the 5% cuts to the General Fund and 3.5% cuts to all funds, the agency followed the rationale outlined below:

First, maintain a focus on the overall goals in the agency's strategic plan. These goals proactively address critical environmental issues, design ways to be responsive to customers, and require that the agency be well-managed.

Second, maintain program operational integrity by: 1) maximizing federal funds through maintenance of base programs and assuring that resources are available to capitalize on supplemental federal funds; 2) maintaining point source compliance efforts; 3) continues to develop methods of compliance for nonpoint sources; and 4) establishing and maintaining adequate monitoring and analysis functions to support nonpoint activities.

Finally, implement a budget plan that meets fiscal targets by reducing programs in the following order: 1) cut entire programs and associated complement, 2) save salary dollars through vacancy management, 3) cut supply and expense monies, and 4) cut pass-through funding.

The air quality program increase in fees and complement is included in the agency plan because the fees are statutorily mandated by the federal government and the state legislature.

LCMR RECOMMENDATIONS:

Minnesota River Implementation - continuation

This appropriation is from the Trust Fund to the Commissioner of the Pollution Control Agency to accelerate best management practices (BMPs) adoption and related state and local implementation activities for the Minnesota River Basin. (\$1,100,000 and 2.0 positions.)

Demonstration of Production Scale Waste Collection of Aquaculture

This appropriation is from the Future Resources Fund to the Commissioner of the Pollution Control Agency for a contract with Minnesota Aquafarms to develop, install, operate and monitor a fish waste collection system to evaluate the potential to meet state water quality requirements. (\$100,000.)

Quantify Pesticide and Fertilizer Runoff from Golf Courses

This appropriation is from the Trust Fund to the Commissioner of the Pollution Control Agency for a contract with Suburban Hennepin Regional Park District for a study of the quantity of pesticide and fertilizer runoff water from golf courses and an assessment of the impact of these contaminants on downstream waterbodies. This appropriation must be matched by \$49,000 of nonstate funds. (\$49,000.)

Mercury Reduction in Fish - continuation

This appropriation is from the Trust Fund to the Commissioner of the Pollution Control Agency for a contract with the University of Minnesota to complete pilot studies testing mercury reduction in fish for Minnesota waters. A grant request to supplement this appropriation must be submitted to the U.S. Environmental Protection Agency (EPA) and the results reported to the Legislative Commission on Minnesota Resources. (\$200,000.)

Optical Brighteners: Indicators of Sewage Contamination of Groundwaters

This appropriation is from the Future Resources Fund to the Commissioner of the Pollution Control Agency for a contract with Dakota County to study the correlation of optical brighteners present in domestic sewage from detergent use with non-agricultural nitrogen as interferences with atrazine detection. (\$157,000.)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan except that the Governor proposes to restore the agency cut to Clean Water Partnership grants and proposes to reduce funding for salaries based on salary planning estimates. In addition, the Governor recommends several new environmental initiatives. These include accelerating the installation of a new environmental computer compliance system, additional resources for the State Superfund, a funding proposal to cleanup closed landfills, provide the final installment payment to the Great Lakes Protection Fund, accelerate non-point source and the Minnesota River Basin cleanup, provide additional funding for Clean Water Partnership Grants, and transfer the Petroleum Tank Release Compensation Board from the Department of Commerce to the Minnesota Pollution Control Agency. These initiatives are directed at 2 Governor's priorities, improving customer service and improving quality of life.

Beyond increasing the Clean Water Partnership grant program, which concentrates on reducing non-point source pollution, the Governor recommends another non-point source/Minnesota River Basin initiative. This initiative combines a General Fund recommendation with funding from the Legislative Commission on Minnesota Resources (LCMR) and is intended to build on the LCMR proposed project for the Minnesota River Implementation Plan. Proposed funding for non-point source pollution initiatives are also being recommended for the Minnesota Department of Agriculture, Office of Waste Management (restoration of county block grant cuts), Board of Water and Soil Resources, the Minnesota Public Facilities Authority in the Department of Trade and Economic Development and the University of Minnesota.

LCMR Projects:

The Governor acknowledges the process and allocations of the LCMR; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of the LCMR within the context of the overall budget. With the overall budget priorities in mind, the Governor has repackaged several of LCMR's recommendations relating to non-point source pollution into a unified proposal. On the remaining LCMR proposals the Governor makes no recommendation. See the LCMR section in this budget volume for an overall comparison of the Commission recommendations with the Governor's proposals.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY

PROGRAM RESOURCE ALLOCATION:				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
WATER POLLUTION CONTROL	11,149	12,376	13,537	12,529	14,930	15,873	11,383	12,236	12,278
AIR POLLUTION CONTROL	5,303	14,687	16,870	16,854	17,908	17,770	16,854	18,089	17,946
GROUNDWATER PROTECTION & SOLID WAS	21,379	21,338	30,804	27,067	23,773	35,442	27,067	23,618	37,287
HAZARDOUS WASTE MANAGEMENT	9,229	9,786	10,752	9,118	9,215	9,113	9,118	9,169	9,067
REGIONAL SUPPORT	1,307	1,472	1,518	1,518	1,518	1,518	1,518	1,518	1,518
GENERAL SUPPORT	5,783	6,750	7,035	6,743	6,709	37,721	6,743	6,650	37,863
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	54,150	66,409	80,516	73,829	74,053	117,437	72,683	71,280	115,959
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		564	1,266		1,300				
GENERAL	13,048	10,404	9,387	9,997	9,497	9,229	8,851	8,408	6,732
MN RESOURCES	1,682	140	132		306	1,149			
SPECIAL REVENUE	642	835	855	855	855	835	855	855	835
ENVIRONMENTAL	12,054	16,678	21,973	19,643	20,792	25,352	19,643	21,006	25,812
METRO LANDFILL CONTN	1,516	243	2,217	797	797		797	797	
OPEN APPROPRIATIONS:									
ENVIRONMENTAL	6,491	5,937	7,942	7,942	4,500	44,952	7,942	4,353	46,805
METRO LANDFILL CONTN	4	1							
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		30							
SPECIAL REVENUE	3,698	12,562	13,821	13,345	13,345	13,259	13,345	13,345	13,259
FEDERAL	14,473	18,230	21,285	21,250	22,661	22,661	21,250	22,516	22,516
ENVIRONMENTAL	542	785	1,638						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	54,150	66,409	80,516	73,829	74,053	117,437	72,683	71,280	115,959
POSITIONS BY FUND:									

ENVIRONMENT TRUST		4.0	4.0		2.0			2.0	
GENERAL	205.5	184.0	159.0	152.0	152.0	108.0	152.0	152.0	108.0
MN RESOURCES	12.8	2.0	2.0			2.0			2.0
SPECIAL REVENUE	73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	234.5	260.0	260.0	270.0	270.0	262.0	270.0	270.0	262.0
ENVIRONMENTAL	165.5	212.0	240.0	240.0	252.0	323.0	240.0	256.0	327.0
METRO LANDFILL CONTN	2.0	2.0	2.0	2.0	2.0	.0	2.0	2.0	.0
TOTAL POSITIONS	693.3	737.0	740.0	737.0	751.0	768.0	737.0	755.0	772.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: POLLUTION CNTRL AGENCY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	80,516	80,516	9,387	9,387	49,844	49,844	21,285	21,285
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<1,224>	<1,224>	<24>	<24>	<1,200>	<1,200>		
BIENNIAL APPROPRIATIONS	603	<543>	603	<543>				
APPROPRIATIONS CARRIED FWD	<2,550>	<2,550>			<2,550>	<2,550>		
NON-RECURRING EXPENDITURES	<2,149>	<2,149>			<2,114>	<2,114>	<35>	<35>
LCMR-FUNDED PROJECTS	<1,398>	<1,398>			<1,398>	<1,398>		
INSURANCE PREMIUM HOLIDAY	31	31	31	31				
SUBTOTAL TECH. ADJ.	<6,687>	<7,833>	610	<536>	<7,262>	<7,262>	<35>	<35>
CURRENT SPENDING	73,829	72,683	9,997	8,851	42,582	42,582	21,250	21,250
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	<36>	<42>			<36>	<42>		
FEDERAL RECEIPTS	1,411	1,266					1,411	1,266
OPEN APPROPRIATION ADJUSTMENT	<3,442>	<3,589>			<3,442>	<3,589>		
SUBTOTAL FORECAST ADJ.	<2,067>	<2,365>			<3,478>	<3,631>	1,411	1,266
AGENCY BASE	71,762	70,318	9,997	8,851	39,104	38,951	22,661	22,516

F.Y. 1994-95 INVESTMENT INITIATIVE

LONG-TERM IMPACT:

Minnesota will benefit from research projects that will inventory toxic air emission sources around the Great Lakes, determine the impacts of eating contaminated fish and the effects of toxics on aquatic life. To maximize the effect of the fund, Minnesota should fulfill its total obligation of \$1,500,000.

AGENCY: Pollution Control Agency
PROGRAM:
ACTIVITY:

ITEM TITLE: Great Lakes Protection Fund

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$500	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that these funds support Minnesota's contribution to the Great Lakes Protection Fund. This is the final payment of a \$1.5 million dollar obligation.

The 5 interconnected Great Lakes form the largest system of fresh surface water lakes on earth. Lake Superior directly benefits Minnesota by providing drinking water, supporting waterborne commerce, navigation, manufacturing and power production, encouraging recreation and fishing and sustaining a valuable freshwater ecosystem.

The Great Lakes Protection Fund is a multi-state environmental endowment of \$100 million which is to be used to make grants that help improve Great Lakes water quality and implement the Toxic Substances Control Agreement. The 8 Great Lake state governors agreed in 1989 to make contributions on a basis of water use from the Great Lakes. Individual state contributions range from \$1.5 for Minnesota to \$25 million for Michigan. Each year, 2/3 of the income from the endowment is used to fund regional projects dedicated to preventing and controlling toxins in the Great Lakes. This permanent funding mechanism helps ensure continuous development of needed scientific information and new clean up technologies. A regional approach to the threat of toxic contamination improves coordination between all the jurisdictions surrounding the lakes and help make programs more cost effective.

PROGRAM OUTCOMES:

The fund has selected 3 funding priorities: pollution prevention, removing ecosystem contaminates, and research related monitoring. Government agencies, academic insitutions and non profit organizations may apply for grants. As of August 1992, the state has received \$29,000 in interest dividends from the fund. Approximately \$20,000 in dividends can be anticipated each year.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
 PROGRAM:
 ACTIVITY:

ITEM TITLE: Landfill Cleanup and Solid Waste Management

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
Environmental Fund (Landfill/Solid Waste Account)	\$17,865	\$17,718	\$17,718	\$17,718
General Fund (Ground Water Solid Waste Program)	(1,811)	(1,811)	(1,811)	(1,811)
General Fund (General Support Program)	(421)	(421)	(421)	(421)
Environmental Fund (Fee Account)	(360)	(360)	(360)	(360)
Environmental Fund (MERLA Account)	(1,044)	(1,044)	(1,044)	(1,044)
Environmental Fund (Metro Abatement Account)	(3,500)	(3,353)	(3,353)	(3,353)
Metropolitan Landfill (Contingency Trust Fund)	(797)	(797)	(797)	(797)
Special Revenue	(86)	(86)	(86)	(86)
TOTAL NEW EXPENDITURES	\$9,846	\$9,846	\$9,846	\$9,846
Revenues: (\$000s)				
Environmental Fund (Landfill/Solid Waste Account)	\$17,865	\$17,718	\$17,718	\$17,718
Environmental Fund (Metro Abatement Account)	(3,500)	(3,353)	(3,353)	(3,353)
Environmental Fund (Fee Account)	(360)	(360)	(360)	(360)
Metropolitan Landfill (Contingency Action Trust Fund)	(1,166)	(1,117)	(1,117)	(1,117)
TOTAL NEW REVENUE	\$13,199	\$12,888	\$12,888	\$12,888

Statutory Change? Yes No

If yes, statute affected: M.S. Ch 473.843, 115A.923, 115B

GOVERNOR'S RECOMMENDATION:

The Governor recommends that landfill cleanup programs be consolidated to include cleanup administration and operation of the ongoing Solid Waste Program. The Governor recommends that the following actions occur to finance cleanup of closed landfills and Solid Waste Program administration:

1. Establish a Landfill and Solid Waste Account in the Environmental Fund modelled after the MERLA Superfund Account currently in the Environmental Fund.
2. Transfer the Metropolitan Landfill Abatement appropriation of \$3,500,000 to the Landfill and Solid Waste Account and eliminate the current pass through appropriation to the Metropolitan Council.
3. Transfer the Metropolitan Landfill Contingency Action Trust Fund appropriation of \$797,000 and 2.0 positions and fund balance (estimated to be almost \$8,000,000 at the end of F.Y. 1993) to the Landfill and Solid Waste Account.
4. Transfer the Greater Minnesota Landfill Contingency Action Trust Fund authority from the counties to the state and deposit to the Landfill and Solid Waste Account.
5. Authorize Pollution Control to collect \$2.00 per yard solid waste disposed of at incinerators as a new fee and in addition to the \$2.00 fee of the Metropolitan Landfill Abatement, Metropolitan Landfill Contingency and Greater Minnesota Landfill Contingency Action Programs and deposit to the Landfill and Solid Waste Account. The estimate of revenues from all of these sources listed above combined is \$17,865,000 annually.
6. Reduce \$1,811,000 and 36.0 positions each from the General Fund in the Ground Water Protection and Solid Waste Management Program to be replaced by the Landfill and Solid Waste Account.
7. Reduce \$421,000 and 10.0 positions each year from the General Fund in the General Support Program to be replaced by the Landfill and Solid Waste Account. These General Funds and positions will be replaced by indirect costs assessed to the Landfill and Solid Waste Account.
8. Eliminate the current Solid Waste fee and transfer \$360,000 and 6.0 positions each year from the fee account in the Environmental Fund to the Landfill and Solid Waste Account.
9. Transfer 8.0 positions from the Federal Fund to the Landfill and Solid Waste Account and appropriate \$430,000 from the Landfill and Solid Waste Account each year for program administration. These positions are currently working on landfill cleanup associated with the federal Superfund.
10. Reduce \$1,044,000 and 16.0 positions each year from the State Superfund Account in the Environmental Fund to be replaced by the Landfill and Solid Waste Account. This will free up funding for Superfund cleanups.
11. Appropriate \$330,000 and 5.0 positions each year from the landfill cleanup and solid waste management account (Environmental Fund) for increased solid waste assistance to counties. These positions will be assigned to each of the 5 regional offices.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM:
ACTIVITY:

ITEM TITLE: Landfill Cleanup and Solid Waste Management
 (Continuation)

In summary these recommendations would result in:

1. Solid waste fee generation of \$17,865,000 annually in the Environmental Fund with the following detail:

- \$3,500,000 - Metropolitan Landfill Abatement Account
- \$1,166,000 - Metropolitan Landfill Contingency Action Trust Account
- \$5,366,000 - Greater Minnesota Landfill Contingency Action Trust Fund
- \$7,833,000 - New fees based on \$2.00 per cubic yard of mixed solid waste disposed of at incinerators. (\$4,309,000 Metro Area incinerators. \$3,524,000 Greater Minnesota incinerators.)

2. This recommendation would result in a beginning balance in the Landfill and Solid Waste Account of approximately \$8,000,000 from the transfer of funds from the Metropolitan Landfill Contingency Action Trust Fund. An appropriation rider is also recommended to appropriate the balance to the Pollution Control Agency for landfill cleanup.

3. The following is a breakdown of the proposed annual uses of the Landfill and Solid Waste Account:

- \$12,672,000 for Landfill cleanup
- \$5,193,000 for Pollution Control Solid Waste Program management and General Support program operation
- \$17,865,000

4. The following is a breakdown of the \$5,193,000 each year for the Ground Water Protection and Solid Waste Management Program (\$4,323,000) and General Support Program operation (\$870,000):

Ground Water Protection and Solid Waste Management Program:

\$1,811,000	and	36.0 positions	- Reduction in General Fund to be replaced by Environmental Fund
\$275,000	and	6.0 positions	- Reduction in the Environmental Fund - Fee Account to be replaced by Landfill and Solid Waste Account
\$831,000	and	16.0 positions	- Reduction in the Environmental Fund - MERLA Superfund Account to be replaced by Landfill and Solid Waste Account
\$789,000	and	2.0 positions	- Reduction in the Metropolitan Landfill Contingency Action Fund to be replaced by Landfill and Solid Waste Account
\$344,000	and	8.0 positions	- Transfer of 8.0 positions from the Federal Fund and a new appropriation from the Landfill and Solid Waste Account
\$273,000	and	5.0 positions	- New appropriation from the Landfill and Solid Waste Account. Positions to be assigned in regions.

General Support Program:

\$421,000	and	10.0 positions	- Reduction in General Fund to be replaced by Environmental Fund
\$85,000			- Reduction in Environmental Fund - Fee Account to be replaced by Landfill and Solid Waste Account
\$213,000			- Reduction in Environmental Fund - MERLA Superfund Account to be replaced by Landfill and Solid Waste Account
\$8,000			- Reduction in Metropolitan Landfill Contingency Action Trust Fund to be replaced by Landfill Solid Waste Account
\$86,000			- New appropriation from the Landfill and Solid Waste Account necessary to prorate indirect cost
\$57,000			- New appropriation from the Landfill and Solid Waste Account. Indirect is for 5.0 new positions requested above
\$86,000			- Reduction in Special Revenue Fund (federal indirect cost to be replaced by Landfill and Solid Waste Account

As noted in the above recommendations, the funding and responsibility for landfill cleanup and solid waste management is spread between various funds and governmental entities and jurisdictions. There are 132 permitted landfills that will eventually need to be properly closed, monitored and in some cases operation of pollution abatement equipment will be necessary. By the end of 1993 only 30 of these 132 will be operating. That means that cleanup work at over 100 landfills should commence in the near future. There are technologies developed to properly decommission landfills and mitigate the environmental effects. In addition the agency is responsible for the ongoing permitting, enforcement and solid waste assistance activities at over 800 facilities.

Closed landfills have a high potential to cause significant pollution. Ground water to include drinking water, is contaminated at sites tested near the 132 permitted landfills. There are also potential dangers to wetlands and surface water due to runoff of contaminants. Production of methane and toxic gases have a potential for explosion and adverse health effects.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM:
ACTIVITY:

ITEM TITLE: Landfill Cleanup and Solid Waste Management
(Continuation)

The Governor's recommendation seeks to consolidate these efforts into a cohesive Solid Waste Cleanup and Management Program. The rationale for these request centers around 3 areas: landfill cleanup needs, solid waste management activities and solid waste fees.

1. Landfill cleanup liabilities are estimated to range between \$240 million and \$450 million over the next 20 years. (In some cases monitoring, observation and remediation activities may occur over a longer period.) The wide range in the estimate is due to the type of program that might be used to finance and administer the cleanup efforts. Currently the primary resource and mechanism for landfill cleanup is the Superfund Program. While Minnesota's Superfund Program has been successful in addressing hazardous waste sites cleanups, the use of this program at closed landfills has been found to be time consuming, costly and litigious. Responsible parties seek to spread their costs by suing all waste generators including municipalities, small businesses, restaurants and charities. Superfund does not have sufficient resources to address the landfill cleanup liability in a timely manner. One of the goals of the Governor's recommendation is to separate landfill cleanup from the Superfund Program by securing a specific funding source and creating a streamlined program which reduces the time and money required for investigation and places emphasis on actual cleanup.

Currently there are 2 state programs directed toward the cleanup of closed landfills - one for the metropolitan area and one for Greater Minnesota. The Metropolitan Landfill Contingency Action Trust Funds collects a \$0.50 per yard metro area solid waste fee for the purpose of funding future liabilities of landfill cleanup. On a biennial basis the agency requests appropriations from this fund to provide resources to address specific metro area landfills. The \$0.50 fee generates approximately \$1.2 million each year and the fund, at the end of F.Y. 1993, is anticipated to have a balance of nearly \$8,000,000. The Greater Minnesota Landfill Contingency Action Trust Fund provides authority for the counties in Greater Minnesota to collect \$2.00 per yard solid waste in order to fund future landfill closure costs and other solid waste activities. These funds are controlled by the counties and they are not accounted for by the state.

2. The Pollution Control Agency administers landfill cleanup activities and operates the Solid Waste Regulatory and Monitoring Program through a wide range of funding sources including state General Fund, Solid Waste Permit Fees, state Superfund, federal Superfund and the Metropolitan Landfill Contingency Action Trust Fund. In addition, the agency receives an appropriation to the Landfill Abatement Account for transfer to the Metropolitan Council for various solid waste management activities. The funding source of the Metropolitan Landfill Abatement Account is \$1.50 fee on solid waste disposed at metro landfills. The Metropolitan Council uses these funds for solid waste planning activities and for demonstration grants to municipalities. The need for these activities is diminishing and establishing a funding source for landfill cleanup and administration is a higher priority. The Governor's recommendation seeks to combine these funding sources into a unified program to administer landfill cleanup and operate solid waste regulatory and management activities. The overall rationale for combining

these resources is to maximize available funding and to provide the management flexibility necessary to streamline and efficiently operate the program. The Governor is also recommending an increase of 5.0 solid waste management staff to support activities in Greater Minnesota. There is a definite need for increased solid waste assistance, management and regulatory activities at the county level, and therefore these positions would be assigned to Pollution Control Agency regional offices.

3. Approximately 10 million yards of mixed municipal solid waste are generated in the state each year. The Governor recommends that a \$2.00 per year fee be placed on municipal solid waste disposed at landfills and incinerators to fund landfill clean up and solid waste management and regulatory activities. This fee is anticipated to raise approximately \$17.9 million annually. Currently \$2.00 per yard solid waste fees are collected in the metro area for municipal solid waste disposed of at landfills. This results in collections of approximately \$4.7 million annually. The outstate counties, through the Greater Minnesota Landfill Contingency Program, which allows for a \$2.00 per yard fee on municipal waste disposed of at landfills, have the capability of collecting approximately \$5.4 million. Current fees have a total potential of \$10.1 million annually. The Governor proposes that the \$2.00 per yard fee be extended to all mixed municipal solid waste disposed at incinerators. This fee extension is anticipated to collect an additional \$7.8 million. The rationale for extending the fee is based on the premise that the state needs to address solid waste as a single problem. A \$2.00 per yard fee is one of the recommendations before the United States Congress for the reauthorization of the Resource Recovery and Conservation Act. The implementation of such a mandatory fee on the federal level would make the treatment of solid waste very much like the \$25 per ton required by the federal Clean Air Act of 1990.

PROGRAM OUTCOMES:

1. If adequately funded, all closed landfills will be properly decommissioned to include closing using known technologies, monitoring, and if necessary, containing contaminated groundwater within a 20-year period. Technologies include proper landfill covers, runoff collection systems, gas collection systems and other.
2. Under this recommendation Greater Minnesota counties and the Metropolitan Council would lose funding and this fee collection authority. (Counties would yet have the authority to collect other fees based on solid waste.) However, the amounts necessary to address the problems cannot be generated with the current fee structure. This recommendation relieves the counties of their liability for the ultimate closure costs for landfills cover under this recommendation.
3. Separating landfill cleanup from the Superfund program will allow the cleanup to occur at a faster pace, while at the same time, limited Superfund resources will remain and be better focused to address hazardous waste cleanup.
4. Management of solid waste programs would be centralized under a single funding source which will provide for increased flexibility and program consistency.

LONG-TERM IMPACT:

Over a period of 20 years the municipal solid waste \$2.00 fee per yard would generate \$249 million, which is estimated to be adequate to close and clean up existing landfills, administer the cleanup program and operate the regulatory and solid waste monitoring and assistance activities.

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PROGRAM: Water Pollution Control
AGENCY: Pollution Control Agency

PROGRAM PURPOSE:

The mission of the Water Pollution Control Program is to protect and improve the quality of the state's surface waters. The primary goal is that lakes and streams be fishable and swimmable. The program regulates municipal and industrial point discharges to surface water, controls nonpoint sources or polluted run-off, and sets standards, identifies problems and trends and sets priorities that address the most critical water quality issues. The program seeks to achieve its mission:

By issuing permits that control discharges to surface water and taking appropriate enforcement action.

By assisting municipalities, through the design of financial aid programs, in the construction and long term maintenance of wastewater treatment facilities.

By eliminating combined sewer overflows, separating storm and sanitary sewers in the metropolitan area, and controlling storm water.

By training, assisting and certifying wastewater operators and on-site sewage treatment system professionals.

By providing financial and technical assistance to local units of government to control nonpoint sources of pollution from diverse land-based activities such as urban transportation, farming and construction.

By collecting, analyzing, and interpreting chemical, physical and biological data to provide crucial information to guide state water quality policy decisions.

By developing protective water quality and effluent discharge standards including standards relating to persistent toxic chemicals.

By managing all water pollution problems in a basin or watershed to maximize environmental results.

The Water Pollution Program's mission is directly related to the following Minnesota Milestones' goals:

MINNESOTA MILESTONES: We will improve the quality of the air, water and earth.

Specific indicators for this Milestone that are addressed by the Water Program:

- The percentage of assessed river miles and lake acres that fully support designated uses including the swimmable and fishable goals.

PROSPECTS:

Maintaining Point Source Control While Embracing The Nonpoint Source Challenge

Minnesota's water wealth includes 91,944 miles of streams and rivers; 3,290,101 acres of lakes and reservoirs not including Lake Superior; and 7,500,000 acres of wetlands. Point source permit and compliance activity focuses on 1200 industrial and municipal sources that impact rivers and streams. The Water Program has addressed the conventional point source pollution problem through a series of construction grant programs, permitting activities and compliance management actions. Nonpoint pollution sources encompass 400,000 individual on-site treatment systems, 50,000 feedlots, and 2,000 industrial storm water sources. Monitoring data shows that water pollution problems are caused 3 times more often by polluted run-off (nonpoint source) than from point source discharges. Obviously, if the Water Program is to successfully address the remaining water pollution problems, it must control nonpoint source pollution while maintaining the gains made by controlling point sources. Substantially different techniques and long-term solutions are required to address nonpoint problems. The organization of the division and the program as a whole have been restructured to address this challenge. Services have been redesigned to focus on the needs of the different clientele.

Priority Setting: The federal government sets national goals in environmental protection and pollution control. Minnesota's environmental priorities do not mirror the federal priorities in all cases. Regardless, Minnesota cannot ignore federal mandates and priorities if it wants to continue as the central delegated water pollution control agency and obtain federal funding support. For example, Minnesota places a high priority on the protection of lakes; the federal government is concerned about lakes but places it lower in importance. Pollution control of on-site wastewater treatment systems (septic tanks) is another Minnesota priority not shared by the federal government. To maximize federal funding, state program activities must reflect national priorities. This causes concern among those who want program activities to remedy state problems but solutions are unlikely to occur without specific funding on the state level.

Mercury and Other Persistent Toxics: Increasing levels of mercury in the environment is a problem. The mercury contamination of Northern Minnesota lakes and the 3-5% annual increase in mercury in fish tissue are a known fact. Recent research has identified a new threat from mercury; the long term survivability and existence of the common loon. Levels of mercury in the livers of a large percentage of the loons studied are high enough to cause impaired reproduction and possibly death. Seventeen percent of the loons assessed died of an unidentified source of lead poisoning. In addition to mercury, atmospheric deposition and sediments previously contaminated by toxics continue to be the major sources of pollution. Identification of these types of problems at an early stage allow planning measures to begin. A multimedia, multi-state effort is needed to address environmental threats from toxics.

Basin Management: The Water Pollution Program is instituting a basin management system to more effectively and efficiently achieve environmental results. This involves taking a predictable, holistic approach to assessing waters within a defined geographic area, understanding the causes of non-attainment in that area, setting goals for specific waterbodies, prioritizing areas for the implementation of remedial programs, integrating nonpoint and point source control program efforts, implementing management practices, and evaluating and re-evaluating progress regularly. A basin approach sharply focuses state resources, enhances the sharing of resources, and promotes local government and citizen partnership in defining problems and implementing strategies.

Monitoring and Assessment of Water Quality

Monitoring networks designed to produce trend information needed for water quality assessments focus on 2 areas: special studies and routine surveillance. Special studies identify major regional problems like mercury or focus attention on specific waterbodies like the Mississippi River, or reveal whether a lake is safe to swim in. Routine monitoring provides the benchmarks needed to determine if programs are effective and how the state's water quality is changing. The present monitoring

PROGRAM: Water Pollution Control
AGENCY: Pollution Control Agency
 (Continuation)

efforts are inadequate and cannot provide sufficient information to analyze these problems, establish trends, or develop concise solutions.

OUTCOMES:

Expanded Local Commitment and Shared Resources

The Water Pollution Program has developed partnerships to enhance the effectiveness of water pollution control programs. These partnerships have resulted in more coordination among local, state and federal agencies, less duplication of effort and the pooling of resources to solve complex water quality problems. The nonpoint source activity has been particularly successful in developing new relationships. Examples are the Clean Water Partnership Program, Citizens Lake Monitoring Program, the Lake Assistance Program, and the Minnesota River Project. The Minnesota River Project has created a model for basin water quality assessment. This project pulls together several federal and state agencies, local governments and many citizen groups to assess the basin, design a remedial action plan, and implement solutions to improve the water quality of the Minnesota River. In another example of partnership, Lake Superior has become the focus of major state, federal and international protection efforts. But, since lakes are reflections of their watersheds, Lake Superior's watershed must also be addressed. The St. Louis River is the major United States' tributary to Lake Superior. Minnesota and Wisconsin state agencies are working jointly with a variety of local governmental units, industries, environmental groups and citizens to prepare a remedial action plan to restore the St. Louis River which has been impaired by pollution. The first of 3 stages of the remedial action plan has been completed. Over 100 volunteers have assisted in developing restoration goals for the river and determining the problems of the river.

Compliance Program Improvements

Special attention has been placed on the evaluation of water quality compliance activities to ensure more consistency and to increase efficiency. The Water Program is increasing the use of "general" permits which are designed to maintain an appropriate level of control but addresses multiple facilities under a generic permit. The costs of developing the permit are significantly reduced as are the costs to the individual permittees. A Compliance Management Guide has been developed to assist staff in effectively determining the appropriate assistance or regulatory tool to use. A new tool which has proven to be very effective is the Administrative Penalty Order (APO). Using this tool is much less resource-intensive than a stipulation agreement and has enabled the staff to address more violations.

Great Lakes Protection and Restoration

The Binational Program to Protect and Restore Lake Superior, a partnership between the United States and Canada, is a historic advance in our effort to preserve this Great Lake. The program seeks to protect and restore Lake Superior through establishment of a zero discharge of persistent toxic pollutants demonstration zone, special designations, enhanced regulatory controls and a broad lake management plan. Another major effort to which the Water Pollution Program commits resources is the joint Environmental Protection Agency (EPA) and the Great Lakes states' initiative

to develop consistent water quality standards and implementation procedures for the Great Lakes. This will provide a level playing field for states as they compete for economic growth and development opportunities by eliminating the industrial practice of pollution shopping to gain competitive and economic advantages.

Financial Assistance for Constructing and Maintaining Municipal Wastewater Treatment Systems: Minnesota municipalities have constructed wastewater treatment facilities worth more than \$1.5 billion. These projects were funded by a federal construction grants program and a similar state program. Over 99% of the sewer population of the state is now served by facilities capable of meeting secondary treatment standards. The waters of the State of Minnesota have been substantially improved through this effort. To protect this capital investment, facility improvements must be made in order to maintain operational effectiveness, address growth and comply with more restrictive standards. The federal grants program has ended. So how are these ongoing improvements to be financed? The Water Program, in cooperation with the Minnesota Public Facilities Authority, has developed and implemented a revolving loan program for the construction of municipal wastewater treatment facilities. Utilizing capitalization grants awarded by the EPA, \$200 million in leveraged funds have been generated and loaned to municipalities. During the 1992 legislative session, the Water Program and the Authority requested and received authorization to establish a supplemental financial assistance program, Wastewater Infrastructure Fund, to be used in conjunction with the loan program to assist poor municipalities unable to construct needed wastewater treatment facilities.

OBJECTIVES:

Water Quality Assessments

The magnitude of water in Minnesota makes thorough assessment of our water resources a most difficult challenge. Only 5% of the state's river miles and 17% of our lakes have been assessed. Current information is not representative of the statewide water quality picture because limited monitoring resources have compelled monitoring in areas where pollution is known or expected. The assessment approach utilized in Minnesota is based on national EPA guidance and is part of a mandated federal reporting requirement. Assessment capabilities are affected by the quantity of monitoring performed, the standards or benchmarks utilized in the assessment and our technical ability to find chemicals.

MINNESOTA MILESTONE:

Percentage of "assessed" river miles and lake acres that fully support designated uses including swimmable and fishable goals.

	<u>Fully Support</u>	<u>Do Not Fully Support</u>
River Miles*	22 %	78 %
Lake Acres	11 %	89 %

* Based on select set of permanent stations.

"Fully supporting" the fishable use means lakes and streams where there are no fish consumption advisories that limit consumption. For lakes, "fully supporting the swimmable use includes lakes that exhibit "impaired swimming" less than 10% of the time. A lake which is fully supporting of the swimmable goal generally has a transparency of 6 feet. The above data shows that a majority of our rivers and lakes still do not fully support the uses for which they are designated and that lakes

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PROGRAM: Water Pollution Control
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have the most problems. This reinforces the fact that nonpoint source pollution which primarily affects water quality should be the activity for future emphasis for the Water Program.

Point Source Pollutant Discharge

The point source discharge of pollutants into surface water of the state adversely impacts water quality. Biochemical Oxygen Demand (BOD) and Total Suspended Solids have been the traditional measures of physical and chemical pollution potential of a point source. BOD reduces the oxygen content of water and may become so severe that fish cannot live. Suspended solids discharged in effluent may cause the waterbody to fill in causing a reduction of aquatic life habitat. Solids can also carry nutrients that promote algae blooms and toxic pollutants that kill aquatic life. Discharge permits are the primary control mechanism for point sources and the compliance with the chemical limits in those permits is the most important factor in averting pollution and its associated impacts.

Point Source Discharge of Pollutants into Waters

Pollutants From Point Sources (1991)	Municipal (lbs.)	Industrial (lbs.)
Total Biochemical Oxygen Demand Produced @	80,520,000	4,253,000
Total Biochemical Oxygen Demand Discharged	12,078,000	638,000
Total Suspended Solids Produced @	125,933,000	43,706,000
Total Suspended Solids Discharged	18,890,000	6,556,000

@ Based on conservative secondary treatment estimate of 85% removal

1991-1992 Permit Compliance* With Major Permits Effluent Limits**

	No. of Major Permits	% Compliance	Goal(%)
Municipal	53	90	95
Industrial	28	93	95

* Based on EPA's Significant Noncompliance Criteria

** Any municipal or industrial facility which discharges 1 million gallons per day or more of wastewater is classified as a major facility. All others are minors except some industries discharging less than 1 million gallons per day are classified as majors due to a potential for significant environmental impact. Major dischargers contribute 80% of the point source waste discharged to surface water and therefore are the focus of compliance management activities. Minor discharge compliance has less impact and is listed in the Municipal and Industrial Point Source Activity.

Public Participation

The best environmental decisions are made in consultation with the agency's customer, the general public. Pollution control programs are most effective where members of the public participates in the development of rules, examination of options, and implementation of decisions and policies. The

public provides information and perspectives on a problem or activity that often enhances the implementation of a program and its chances for success.

MILESTONE: People will participate in government and politics.

	1992	2000
Non-mandated Citizen Advisory Committees Established or Active	14	30

Industrial and Municipal Point Source

- Issue new federal and state NPDES/SDS permits within a 9-12 month time frame;
- Re-issue all expiring major NPDES/SDS permits within a 12 month time frame and reduce the backlog of expired minor NPDES/SDS permits to less than 15 % during F.Y. 1994-1995;
- Maintain greater than a 95 % compliance status for major NPDES/SDS facilities and strive to maintain 70-75 % full compliance status for minor NPDES/SDS facilities;
- Develop a "significant minor" category of NPDES/SDS facilities for incorporation into the division's Compliance Management System and maintain greater than an 80 % compliance status for those facilities;
- Increase the use of Administrative Penalty Orders (APO's) as an enforcement tool to return NPDES/SDS facilities to compliance, and to address the reduction in stipulation agreements and litigation efforts resulting from staff resource reductions;
- Implement a federally mandated storm water program which meets the minimum requirements of EPA regulations, and is designed to maximize environmental results;
- In conjunction with the Ground Water Solid Waste Division, develop an environmentally sound strategy to address the management of industrial sludges throughout the state;
- Incorporate pollution prevention into the permitting and enforcement programs for NPDES/SDS facilities;
- Implement measures to enhance the capabilities of the Permit Compliance System Data Base and provide access of the data base to additional staff;
- Develop general permits for additional municipal and industrial discharge categories so that the number of backlog permits to be reissued is reduced, and to address reductions in staff resources;
- Seek other options for operator training so that a greater diversity of courses can be offered and more industrial operators can be brought into training activities;
- Implement the Needs Assessment Program for municipal wastewater treatment facilities so that the communities are fully aware of their future needs, the agency is in a position to identify problems and can address them quickly, and information can be available as to the projected costs anticipated to maintain the wastewater infrastructure investment;
- Continue to streamline the environmental and technical review requirements under the State Revolving Loan and Wastewater Infrastructure Funds so that minimum administrative resources are

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PROGRAM: Water Pollution Control
AGENCY: Pollution Control Agency
(Continuation)

required and the process is easily understandable for those communities needing financial assistance to address their wastewater treatment needs;

Environmental Assessment and Direction

- Amend Water Quality Rule 7050 to incorporate revised standards for dredge disposal, toxics, biological criteria, wetlands, clarify rule provisions on natural water quality and non-degradation, add waters to the domestic consumption class and add to the list of outstanding resource value waters.
- Implement the Lake Superior Binational Agreement so that Minnesota is a fully active participant in this international effort to protect and restore Lake Superior.
- Complete Stage II of the Remedial Action Plan for the St. Louis River system by working with all interested parties in a cooperative manner.
- Participate in the multi-state/EPA effort on the Great Lakes Initiative to improve and protect the water quality of Lake Superior and provide consistent water quality standards throughout the Great Lakes Basin.
- Implement the 401 certification requirements of the Clean Water Act so that the governor's executive order on no net loss of wetlands is complied with to the maximum extent practical.

Nonpoint Source Pollution

- Continue to improve and refine the administration of the Clean Water Partnership Program to support and enhance local ability to control nonpoint source pollution.
- Finalize Minnesota River Assessment Project and continue coordination and development of the implementation plan to meet the governor's 10 year goal for swimming and fishing in the Minnesota River.
- Continue to streamline state administration of the federal Clean Lakes Program while maximizing use of federal funds.
- Effectively manage the feedlot program by: reducing or eliminating the permit application backlog; enforcing feedlot regulations to reduce pollution problems; promoting better use of animal waste as fertilizer through educational efforts; providing training opportunities and recruiting new counties into the county feedlot program; and continuing to use the Feedlot Advisory Group.
- Continue to refine the nonpoint source management plan to establish a comprehensive program to control nonpoint sources of pollution while maximizing federal funds.
- Work with other state and local stakeholders to establish a comprehensive plan for protecting Minnesota's lake resources.

PROGRAM PLAN:

Since nonpoint source pollution accounts for the majority of the remaining unregulated pollution of state waters, these activities are a high priority. Resource reductions are targeted at the point source area where maintaining an effective regulatory presence is still necessary. The basic goal of the Water Pollution Program is to assure compliance with state pollution control rules and statutes. Actions and activities that secure and maximize use of federal funds will be maintained if possible. Technical assistance, support activities, and supply and expense funds will be reduced as needed to meet resource reduction and inflation needs. The Water Program plans to deal with the reduced resources and the effects of inflation as follows:

General Fund Reductions

- A reduction in supply and expense spending will be required in F.Y. 1995 to assist in dealing with the impact of inflation.
- Compliance management activities will be reduced .5 staff position in F.Y. 1994 and .5 staff position in F.Y. 1995.
- Technical review, assistance, and support for regulatory activities for municipal and industrial point sources of pollution will be reduced 2 staff positions in F.Y. 1994 and 3 positions in F.Y. 1995.
- There will be a 1 staff position reduction in the assessment and evaluation of toxic problems in F.Y. 1994-95.
- Because of the loss of staff due to reduced resources, less clerical staff is needed and will be reduced by 2 positions for the biennium.
- Because of the loss of staff due to reduced resources, less supervisory staff is needed and will be reduced by 2 positions for the biennium.

Environmental Fund Reductions

- Technical review, assistance, and support for regulatory activities for municipal and industrial point sources of pollution will be reduced 1 staff position in F.Y. 1995.
- Quality Assurance/Quality Control activities will be reduced .5 staff position in F.Y. 1994 and F.Y. 1995.
- A reduction in supply and expense spending will be required in both F.Y. 1994 and F.Y. 1995 to assist in dealing with the impact of inflation.
- Wastewater treatment facility operator assistance will be reduced 1 position in F.Y. 1994 and F.Y. 1995.
- Wastewater treatment facility operator training will be reduced 1 position in F.Y. 1995.

LCMR RECOMMENDATIONS:

Minnesota River Implementation - continuation

This appropriation is from the Trust Fund to the Commissioner of the Pollution Control Agency to

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PROGRAM: Water Pollution Control
AGENCY: Pollution Control Agency
 (Continuation)

accelerate best management practices (BMPs) adoption and related state and local implementation activities for the Minnesota River Basin. (\$1,100,000 and 2 positions.)

Demonstration of Production Scale Waste Collection in Aquaculture

This appropriation is from the Future Resources Fund to the Commissioner of the Pollution Control Agency for a contract with Minnesota Aquafarms to develop, install, operate and monitor a fish waste collection system to evaluate the potential to meet state water quality requirements. (\$100,000.)

Quantify Pesticide and Fertilizer Runoff from Golf Courses

This appropriation is from the Trust Fund to the Commissioner of the Pollution Control Agency for a contract with Suburban Hennepin Regional Park District for a study of the quantity of pesticide and fertilizer runoff water from golf courses and an assessment of the impact of these contaminants on downstream waterbodies. This appropriation must be matched by \$49,000 of nonstate funds. (\$49,000.)

Mercury Reduction in Fish - continuation

This appropriation is from the Trust Fund to the Commissioner of the Pollution Control Agency for a contract with the University of Minnesota to complete pilot studies testing mercury reduction in fish for Minnesota waters. A grant request to supplement this appropriation must be submitted to the U.S. Environmental Protection Agency (EPA) and the results reported to the Legislative Commission on Minnesota Resources. (\$200,000.)

Optical Brighteners: Indicators of Sewage Contamination of Groundwater

This appropriation is from the Future Resources Fund to the Commissioner of the Minnesota Pollution Control Agency for a contract with Dakota County to study the correlation of optical brighteners present in domestic sewage from detergent use with non-agricultural nitrogen as interferences with atrazine detection. (\$157,000.)

REVENUE:

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated-General:Penalties	\$392	\$34	\$523	\$110	526
-Environ:Penalties		264		264	
-Fees	1,381	1,569	2,361	2,361	2,361
Dedicated-Special	257	189	105	113	113
-Federal	4,197	5,014	5,769	5,772	5,812
Total Revenue	\$6,227	\$7,070	\$8,758	\$8,620	8,812

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency except that the Governor proposes to restore the agency cut to Clean Water Partnership grants and proposes to reduce the funding for salaries based on salary planning estimates. In addition, the Governor recommends several new environmental initiatives in this program. They include providing the final installment payment to the Great Lakes Protection Fund, accelerating non-point source and the Minnesota River Basin cleanup, and providing additional funding for Clean Water Partnership Grants. Beyond increasing the Clean Water Partnership grant program which concentrates on reducing non-point source pollution, the Governor recommends another non-point source/Minnesota River Basin initiative. This initiative combines a General Fund recommendation with funding from the Legislative Commission on Minnesota Resources (LCMR) and is intended to build on the LCMR proposed project for the Minnesota River Implementation Plan. Proposed funding for non-point source pollution initiatives are also being recommended for the Minnesota Department of Agriculture, Office of Waste Management (restoration of county block grant cuts), Board of Water and Soil Resources, the Minnesota Public Facilities Authority in the Department of Trade and Economic Development, and the University of Minnesota.

LCMR Projects:

The Governor acknowledges the process and allocations of the LCMR; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of the LCMR within the context of the overall budget. With the overall budget priorities in mind, the Governor has repackaged several of LCMR's recommendations relating to non-point source pollution into a unified proposal. On the remaining LCMR proposals the Governor makes no recommendation. See the LCMR section in this budget volume for an overall comparison of the Commission recommendations with the Governor's proposals.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT & DIRECTI	2,798	2,265	2,385	2,056	2,513	2,530	2,056	2,056	2,030
INDUSTRIAL & MUNICIPAL SOURCES	3,393	4,723	4,347	4,225	4,151	4,066	4,225	4,191	4,105
NON-POINT POLLUTION SOURCES	4,958	5,388	6,805	6,248	8,266	9,277	5,102	5,989	6,143
TOTAL EXPENDITURES BY ACTIVITY	11,149	12,376	13,537	12,529	14,930	15,873	11,383	12,236	12,278
GOV'S INITIATIVES:			FUND						
(A) GREAT LAKES PROTECTION FUND			GEN			500			
(A) SALARY PLANNING ESTIMATES			GEN			<104>			<105>
(A) SALARY PLANNING ESTIMATES			ENV			<53>			<53>
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<1,100>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<200>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<100>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<49>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<157>			
(B) RESTORE REDUCTION TO CMP GRANTS			GEN			57			
(B) CLEAN WATER PARTNERSHIP GRANTS			GEN			800			
(B) NON-POINT SOURCE/ MN RIVER IMPEMENTATION			GEN			200			200
(B) NON-POINT SOURCE/ MN RIVER IMPEMENTATION			MNR			1,149			
TOTAL GOV'S INITIATIVES						943			42
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		564	1,266		1,300				
GENERAL	4,754	4,609	3,873	4,465	4,324	5,777	3,319	3,281	3,376
MN RESOURCES	988	140	132		306	1,149			
ENVIRONMENTAL	1,095	1,972	2,044	2,045	2,045	1,992	2,045	2,045	1,992
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	117	115	403	200	200	200	200	200	200
FEDERAL	4,195	4,976	5,819	5,819	6,755	6,755	5,819	6,710	6,710
TOTAL FINANCING	11,149	12,376	13,537	12,529	14,930	15,873	11,383	12,236	12,278

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENT TRUST	.0	4.0	4.0	.0	2.0	.0	.0	2.0	.0
GENERAL	70.0	85.0	77.0	70.0	70.0	72.0	70.0	70.0	72.0
MN RESOURCES	5.3	2.0	2.0	.0	.0	2.0	.0	.0	2.0
FEDERAL	71.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0
ENVIRONMENTAL	29.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
TOTAL POSITIONS	175.3	202.0	194.0	181.0	183.0	185.0	181.0	183.0	185.0

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BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Water Pollution Control
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity includes the assessment and evaluation of the water quality of Minnesota lakes, rivers and streams; identification of pollution problems; analyses of trends; development of new programs and implementation of plans; and provides leadership and management for the water program. Specific actions performed by this activity are to:

- Establishes ambient water quality standards for lakes and waterways;
- Sets wastewater discharge limitations;
- Conducts special studies of toxic pollutant problems;
- Maintains and provides to citizens and other interested parties 30 years of data on over 2000 lakes and 4000 miles of rivers;
- Lead, support and manage water program activities.
- Certify, waive or deny Section 401 for federal 404 permits.

BUDGET ISSUES:

Impacts from reductions listed in the Water Program's program plan are as follows:

Toxic Substance Assessments

■ Reduced level of efforts in persistent toxic pollutant problem identification will mean there will be an increased likelihood that toxic pollutant problems will not be identified or there will be delayed implementation of remedial programs. This may have serious health impacts on fish and wildlife populations and human health. The longer a problem goes unidentified the more extensive the adverse impacts will be and the more difficult the recovery of the environment.

■ There will be a loss in public confidence that the Water Program is protecting the public and fulfilling its mission.

Quality Assurance/Quality Control (QA/QC)

■ The QA/QC efforts of the Water Program will be reduced to just completing the basic mandatory requirements of our federal grants.

■ All technical assistance to permittee laboratories, citizens and others would be eliminated. Examples of the technical assistance that will no longer be provided are: answers to questions concerning laboratory methodology, interpretation of the federal regulations and the Environmental Protection Agency guidance on standard laboratory methods, and providing permittees with information concerning currently certified laboratories.

■ The potential for improper analytical methods to be utilized will be increased and there will be increased lack of confidence in the data generated by permittee laboratories.

■ Inaccurate laboratory data may mean water pollution may be occurring and we are unaware of it.

EFFICIENCY MEASURES:

Quantity of Assessed Waters	1982	1992	%Increase
Rivers (miles)	2,708	4,634	71
Lakes (acres)	17,298	2,882,818	16,500
(Numbers)	1,250	2,000	60

This measure shows the improvement in the amount of information available on Minnesota's surface water. Lake information by number of acres has increased substantially because of a concentration on larger lakes. About 2,000 of the state's 12,000 lakes or about 17% of the lakes have been assessed. Consistent with the Minnesota Water Resources Monitoring Plan, the Surface Water Monitoring Program needs to be redesigned so that it: 1) includes sites that are selected to identify and track suspected problems; 2) maintains long-term sites so that we can continue to identify trends; and 3) includes a statistically-based sample of sites that would allow for generalization to be made about statewide water quality. For rivers, this can be done by adding 400 sites representing approximately 4,000 river miles. For lakes, this can be done by adding 100 routine sampling stations, adding 700 lakes to the Citizen Lake Monitoring Program, and more importantly, increasing the number of pollution types (toxics, nutrients, bacteriological, solids) being monitored.

Criteria For Assessment	1982	1992	%Increase
Water Quality Toxic Standards Established	6	54	900

Many conventional pollutant standards have been established for the last 20 years but the level of concern for toxic chemicals has only arisen in the last decade. The establishment of toxic standards has increased due to our increased ability to find them at lower levels and our heightened concern for toxic impacts.

Water Bodies Assessed For Fish Consumption Advisories	F.Y. 1982	F.Y. 1992
Rivers	7	31
Lakes	23	357

Fish consumption advisory increases are due to changes in criteria used for determination of human health impact and the increase in number of rivers and lakes monitored. In 1982, any water body that had fish above 2.0 parts per million PCB's had a "do not eat" advisory. In 1992, any water body that had fish with .5 parts per million PCB's earned a "do not eat" advisory.

PCB Concentrations* In Carp Of The Metro Area Of The Mississippi River

1973-1978	117 ug/g
1979-1984	55 ug/g
1985-1988	12 ug/g

1994-95 Biennial Budget

BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Water Pollution Control
AGENCY: Pollution Control
 (Continuation)

* Lipid normalized values to provide comparable information.

PCB levels in fish have decreased up to 90% in the Mississippi River which indicates this problem is responding to our control efforts. Mercury levels of fish in state rivers also decreased 60% from 1970 to 1977 as a result of our point source program; but success at controlling mercury in lakes has not reached a point where levels in fish have decreased. Mercury levels in fish have been increasing in some northern Minnesota lakes at a rate up to 3% per year when comparing museum specimens collected in the 1930's to 1980's collections and 5% per year when comparing 1970's lake fish to 1980's lake fish. The rate of mercury accumulating in fish appears to be increasing.

Mean Mercury Concentrations in Fish Collected at all Stations from the Red, St. Louis, and Mississippi Rivers from 1970 to 1977.

<u>Year</u>	Fish Tissue Concentration in Ug/g
1970	.76
1971	.51
1972	.45
1973	.45
1974	Not Sampled
1975	.43
1976	.41
1977	.41

Percent Increase in Mercury in Northern Pike Utilizing Fish Collected in the 1980's and Fish Collected in the 1930's

<u>Lake (County)</u>	<u>Total % Increases</u>	<u>Annual Increase Based on 50 Years</u>
Sawbill (Cook)	156	3.1
Alton (Cook)	80	1.6
Side (St. Louis)	150	3.0
Winnibigoshish (Cass)	50	1.0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,781	1,240	1,376	1,257	1,257	1,231	1,257	1,257	1,231
EXPENSES/CONTRACTUAL SRVCS	711	657	741	566	566	566	566	566	566
MISC OPERATING EXPENSES	30	185	145	134	134	634	134	134	134
SUPPLIES/MATERIALS/PARTS	221	74	51	43	43	43	43	43	43
CAPITAL EQUIPMENT	55	20	23	7	7	7	7	7	7
OTHER			1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	2,798	2,176	2,337	2,008	2,008	2,482	2,008	2,008	1,982
LOCAL ASSISTANCE		89	48	48	505	48	48	48	48
TOTAL EXPENDITURES	2,798	2,265	2,385	2,056	2,513	2,530	2,056	2,056	2,030
GOV'S INITIATIVES:									
			FUND						
(A) GREAT LAKES PROTECTION FUND			GEN			500			
(A) SALARY PLANNING ESTIMATES			GEN			<23>			<23>
(A) SALARY PLANNING ESTIMATES			ENV			<3>			<3>
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<200>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<100>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<157>			
TOTAL GOV'S INITIATIVES						17			<26>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		220	210		200				
GENERAL	1,380	995	716	729	729	1,206	729	729	706
MN RESOURCES	589	140	132		257				
ENVIRONMENTAL	187	239	441	441	441	438	441	441	438

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		13	87	87	87	87	87	87	87
FEDERAL	642	658	799	799	799	799	799	799	799
TOTAL FINANCING	2,798	2,265	2,385	2,056	2,513	2,530	2,056	2,056	2,030
POSITIONS BY FUND:									
ENVIRONMENT TRUST	.0	2.0	2.0	.0	.0	.0	.0	.0	.0
GENERAL	30.0	25.0	23.5	16.5	16.5	16.5	16.5	16.5	16.5
MN RESOURCES	3.3	2.0	2.0	.0	.0	.0	.0	.0	.0
FEDERAL	17.5	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
ENVIRONMENTAL	.0	.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL POSITIONS	50.8	38.0	37.5	26.5	26.5	26.5	26.5	26.5	26.5

1994-95 Biennial Budget

BUDGET ACTIVITY: Industrial and Municipal Sources
PROGRAM: Water Pollution
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity encompasses the point source pollution control and focuses on the achievement of compliance with wastewater discharge permits issued to industrial and municipal facilities. The activity includes:

- Technical assistance to help facilities comply with the terms and conditions of their permits.
- In cooperation with the Public Facilities Authority, the technical and environmental review activities necessary for municipalities to secure financial assistance to construct or upgrade wastewater treatment facilities.
- Engineering review of industrial and municipal wastewater treatment plant facilities to provide reasonable assurance that the treatment works, when constructed, will meet its discharge limitations and thus protect the receiving water's designated use.
- Issuance of permits for new facilities to ensure that discharges comply with states and federal law.
- Reissuance of existing permits to comply with federal regulations and state rules which specify that permits can be issued for a maximum 5 year duration.
- Tracking of compliance with permit provisions such as discharge monitoring reports, correspondence, enforcement documents and other reports.
- Identification of permit violations by retrievals from the Permit Compliance System (PCS) data base and inspection activities.
- Enforcement activities to return facilities to compliance within a reasonable time frame.
- Training and certification of wastewater treatment plant operators to ensure that facilities are operated and maintained to meet permit conditions and thereby protect the receiving waters designated use.

BUDGET ISSUES:

Impacts from reductions listed in the Water Program's program plan are as follows:

Compliance Management

- Reduced identification of facilities in noncompliance with reporting requirements, compliance schedules and effluent limits thereby increasing the noncompliance rate for municipal and industrial facilities.

- Reduction of preventative compliance activities and movement to a reactive mode whereby noncompliance is addressed only after it becomes severe and requires resource intensive enforcement remedies.

Technical Review

- Plan and specification review activities will be reduced by 25% thereby increasing likelihood of performance problems that will have to be corrected after the fact or that will result in noncompliance which will negatively impact the environment and will require enforcement action.
- Inspection of minor facilities will be reduced during construction by 25% thereby increasing likelihood of performance problems that will have to be corrected after the fact or that will result in noncompliance which will impact the waters of the state and require enforcement action.
- Assistance activities with cities and their consulting engineers will cease which will eliminate an effective tool to remove obstacles to voluntary compliance.

Operator Assistance

- The number of communities that would receive operator assistance will be reduced by 50%.

Operator Training

- The number of instructors at each training course will be reduced by 1 thereby reducing the quality of the training and resultant effectiveness.

Supervisory and Clerical

- Reduction in the number of professional staff will mean that less clerical support will be needed and less supervision will be required.

EFFICIENCY MEASURES:

	Million	
	<u>F.Y. 1982</u>	<u>F.Y. 1992</u>
Population with Central Treatment Systems	3.03	3.330
Wastewater Treatment System		
Percent With No Treatment	26.0	0.1
Percent With Primary Treatment	0.0	0.2
Percent With Secondary Treatment	63.0	80.5
Percent With Advanced Tertiary Treatment	11.0	18.6
Percent With Land Application (No Discharge)	---	0.6

Federal and State contribution to Minnesota Wastewater Treatment to Over 385 Municipalities 1973-1992 in Millions of Dollars.

Area	Federal	State	% of Total		% of Sewered Population
			Tot.Grants	Grant Funds	
7-County Metro	374.5	134.5	509	41	62
Greater Minnesota	555.7	185.8	741.5	59	38
Total	930.2	320.3	1,250.5	100	100

1994-95 Biennial Budget

BUDGET ACTIVITY: Industrial and Municipal Sources
PROGRAM: Water Pollution
AGENCY: Pollution Control
 (Continuation)

1991-1992 Permit Compliance Based On Strict Compliance With Effluent Standards

	MUNICIPAL		INDUSTRIAL	
	Universe of permits	Percent Compl	Universe of permits	Percent Compl
Minors	614	75.0	460	80.0

Wastewater Treatment Plant Operator Training*

	<u>F.Y. 1986</u>	<u>F.Y. 1991</u>
Courses Given	14	23
Attendance	1,264	1,776

* A well trained, competent operator can mean a 50% increase in the efficiency of the wastewater treatment process.

The agency has established a strong program of training and assistance to the operators of wastewater treatment facilities. The Water Pollution Program holds 15 to 25 operator training sessions per year, and 2,742 professionals currently are certified. The program has become recognized as a national leader in providing these operators with the tools necessary to ensure that their facilities meet water quality standards. The program also provides operators with the knowledge and skills needed to protect the significant amount of local, state and federal dollars invested in these facilities.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: INDUSTRIAL & MUNICIPAL SOURCES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,201	3,688	3,753	3,753	3,679	3,594	3,753	3,719	3,633
EXPENSES/CONTRACTUAL SRVCS	222	247	341	243	243	243	243	243	243
MISC OPERATING EXPENSES	209	116	130	130	130	130	130	130	130
SUPPLIES/MATERIALS/PARTS	82	38	29	29	29	29	29	29	29
CAPITAL EQUIPMENT	20	38	69	69	69	69	69	69	69
OTHER	126	124	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	2,860	4,251	4,323	4,225	4,151	4,066	4,225	4,191	4,105
LOCAL ASSISTANCE	533	472	24						
TOTAL EXPENDITURES	3,393	4,723	4,347	4,225	4,151	4,066	4,225	4,191	4,105
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES				GEN	<35>				<36>
(A) SALARY PLANNING ESTIMATES				ENV	<50>				<50>
TOTAL GOV'S INITIATIVES						<85>			<86>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	958	1,620	1,174	1,150	1,076	1,041	1,150	1,116	1,080
ENVIRONMENTAL	908	1,733	1,603	1,604	1,604	1,554	1,604	1,604	1,554
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	114	102	207	108	108	108	108	108	108
FEDERAL	1,413	1,268	1,363	1,363	1,363	1,363	1,363	1,363	1,363
TOTAL FINANCING	3,393	4,723	4,347	4,225	4,151	4,066	4,225	4,191	4,105

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: INDUSTRIAL & MUNICIPAL SOURCES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	10.0	36.0	24.5	24.5	24.5	24.5	24.5	24.5	24.5
FEDERAL	25.5	26.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
ENVIRONMENTAL	29.0	35.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
TOTAL POSITIONS	64.5	97.0	84.5	84.5	84.5	84.5	84.5	84.5	84.5

1994-95 Biennial Budget

BUDGET ACTIVITY: Nonpoint Pollution Sources
PROGRAM: Water Pollution Control
AGENCY: Pollution Control

<u>State F.Y.</u>	<u>No. of Active Projects</u>	<u>Total Grant Obligations</u>
1989	14	\$790,500
1990	25	\$1,907,000
1991	30	\$2,515,000

ACTIVITY DESCRIPTION:

This activity protects and improves the water quality of Minnesota lakes, streams and ground water by creating a partnership with local government to prevent nonpoint sources of pollution. This activity:

- Provides technical assistance and grant money through the state Clean Water Partnership Program and the federal Clean Lakes Program to identify water quality problems and implement improvements.
- Trains and certifies on-site sewage treatment professionals to ensure that septic systems are properly designed, installed and maintained.
- Provides technical assistance to counties for on-site sewage treatment design.
- Provides grant money to local governments for the installation of on-site treatment systems.
- Directs a multi-level government and citizen effort to improve the water quality of the Minnesota River by evaluating the problems, offering technical solutions and assisting in implementation.
- Develops and implements a nonpoint source management plan for the State of Minnesota in conjunction with 15 other state, federal, and local agencies, including application for federal nonpoint source grant money and distribution of these funds to the other participating agencies.
- Provides technical assistance, such as engineering design and hydrological and limnological evaluation, to assist in the development of local water plans and approve final implementation strategies.
- Conducts assessment and monitoring of lakes and develops protective criteria and standards.

EFFICIENCY MEASURES:

The Clean Water Partnership provides local governments with the resources to protect and improve lakes, streams and ground water degraded by nonpoint source pollution. Local leadership and expertise, combined with technical assistance from the state, create an effective means of controlling pollution and restoring water quality.

Clean Water Partnership Program: Cumulative Summary By Fiscal Year of Projects, Grant Obligations, and Grant Disbursements.

Lake Assessment Lake Program

This program is a cooperative effort between the agency and local organizations to monitor and evaluate lake water quality.

<u>Year</u>	<u>No. of Lakes Participating In Program</u>
1985	3
1986	4
1987	8
1988	13
1989	11
1990	10
1991	13
1992	16
1995	18

Feedlot Certificates/Permits Issued by Animal Units (A.U.)

The trend in animal agriculture is toward fewer and larger facilities. There has been an increase in Minnesota over the last 3 years in facilities handling over 300 animal units. An animal unit represents the amount of waste generated by one 1,000 pound steer. This is approximately equivalent to 10 adult humans.

1994-95 Biennial Budget

BUDGET ACTIVITY: Nonpoint Pollution Sources
PROGRAM: Water Pollution Control
AGENCY: Pollution Control
(Continuation)

Animal Units	1989		1990		1991	
	# Issued	A.U. Covered	# Issued	A.U. Covered	# Issued	A.U. Covered
0-50	42	1,187	43	1,020	36	926
51-100	61	4,499	80	6,166	85	6,358
101-200	81	11,823	90	12,398	97	14,260
201-300	41	10,000	22	5,242	41	10,167
301-500	31	12,093	29	11,096	39	15,358
501-750	17	10,491	25	15,041	22	13,308
751-1000	9	8,132	15	13,380	18	16,127
1001-1500	2	2,651	11	14,067	8	9,981
1501-2000	2	3,506	5	9,063	8	13,455
2001-4000	2	6,650	8	20,555	4	8,940
over 4000	<u>2</u>	<u>10,761</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>8,580</u>
Totals	290	81,793	328	108,028	359	117,460

Individual Sewage Treatment System Exam/Certification Summary

The agency and University of Minnesota jointly offer a nationally recognized training program for professionals working in the on-site sewage treatment industry. The agency administers a voluntary certification program for people who have completed the training and pass an exam. There is an increased demand for the training and the number of certificates issued has increased in the past 4 years.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Certificates Issued	286	338	494	549

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: NON-POINT POLLUTION SOURCES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,057	2,687	3,325	3,259	3,477	3,477	3,259	3,303	3,327
EXPENSES/CONTRACTUAL SRVCS	584	425	506	135	135	259	135	135	259
MISC OPERATING EXPENSES	57	108	104	97	97	100	97	95	98
SUPPLIES/MATERIALS/PARTS	81	47	25	19	19	20	19	19	20
CAPITAL EQUIPMENT	87	21	63	53	22	24	53	22	24
OTHER						44			
SUBTOTAL STATE OPERATIONS	2,866	3,288	4,023	3,563	3,750	3,924	3,563	3,574	3,728
AIDS TO INDIVIDUALS		1							
LOCAL ASSISTANCE	2,092	2,099	2,782	2,685	4,516	5,353	1,539	2,415	2,415
TOTAL EXPENDITURES	4,958	5,388	6,805	6,248	8,266	9,277	5,102	5,989	6,143
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<46>			<46>
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<1,100>			
(B) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<49>			
(B) RESTORE REDUCTION TO CHP GRANTS			GEN			57			
(B) CLEAN WATER PARTNERSHIP GRANTS			GEN			800			
(B) NON-POINT SOURCE/ MN RIVER IMPEMENTATION			GEN			200			200
(B) NON-POINT SOURCE/ MN RIVER IMPEMENTATION			MNR			1,149			
TOTAL GOV'S INITIATIVES						1,011			154
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		344	1,056		1,100				
GENERAL	2,416	1,994	1,983	2,586	2,519	3,530	1,440	1,436	1,590
MN RESOURCES	399				49	1,149			

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: NON-POINT POLLUTION SOURCES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3		109	5	5	5	5	5	5
FEDERAL	2,140	3,050	3,657	3,657	4,593	4,593	3,657	4,548	4,548
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	4,958	5,388	6,805	6,248	8,266	9,277	5,102	5,989	6,143
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

ENVIRONMENT TRUST		2.0	2.0		2.0			2.0	
GENERAL	30.0	24.0	29.0	29.0	29.0	31.0	29.0	29.0	31.0
MN RESOURCES	2.0					2.0			2.0
FEDERAL	28.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0	41.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	60.0	67.0	72.0	70.0	72.0	74.0	70.0	72.0	74.0

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: Water Pollution Control
ACTIVITY: Nonpoint Pollution Sources

ITEM TITLE: Non-Point Source - Minnesota River Implementation

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
MN Future Resources Fund	\$1,149	\$-0-	\$-0-	\$-0-
General Fund	\$200	\$200	\$200	\$200

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$1,549,000 be appropriated to support nonpoint source activities in the Minnesota River Basin. The breakdown of this request includes \$1,149,000 and 2.0 positions from the Minnesota Future Resources Fund which was recommended by the Legislative Commission on Minnesota Resources, and \$200,000 and 2.0 positions from the General Fund each year of the biennium. (The \$1,549,000 recommendation by the Legislative Commission on Minnesota Resources (LCMR) includes 2 projects: Minnesota River Implementation for \$1,100,000 and golf course runoff for \$49,000). The appropriation from the Minnesota Future Resources Fund is requested for the first year and available for both years of the biennium.

Serious deterioration of the Minnesota River has occurred over the past century as a result of agricultural and urban development. In an effort to better understand the impacts of human activities on the water quality of the Minnesota River, a 4-year study of the Minnesota River was initiated in 1989. This study, called the Minnesota River Assessment Project, examines physical/chemical conditions, biological systems, and land use impacts on water quality. Information from this study will assist state and local governments in developing achievable water quality goals for the river and implementation programs for the basin.

The Minnesota River Assessment Project has been funded by the Legislative Commission on Minnesota Resources, with matching Funds provided by U.S. Department of Agriculture, U.S. Geological Survey, and U.S. Environmental Protection Agency. A total of \$1,400,000 has been devoted to the study. A number of federal, state and local organizations have been cooperating closely on conducting this study.

In the future, resources will be shifted from assessment of the problems to implementation of solutions. To assist in planning for the implementation phase of the project, a Citizen's Advisory Committee has been formed. This committee, consisting of representatives of the many organizations and interest groups, is working together to formulate recommendations for improving water

quality and the environment within the Minnesota River's 16,770 square mile watershed. These recommendations will be developed for use by the legislature, state and local governments.

This funding initiative will support the implementation of recommendations that the Citizen's Advisory Committee develops, as well as other ongoing or new programs developed by state agencies or the legislature. Funds will be used to support activities such as education, technical support, demonstration projects, research, trend monitoring and program evaluation activities.

PROGRAM OUTCOMES:

Each activity funded by this initiative will need to be coordinated among all natural resource agencies with interests in the Minnesota River Basin. This will ensure that the maximum efficiencies are achieved and that duplication of effort does not occur.

Education programs will be an important aspect of this initiative. Raising general awareness of the river's water quality problems will be a critical building block upon which to promote structural and nonstructural best management practices in the basin. This will likely include adult, as well as children's education programs.

Technical assistance will be specifically targeted to areas where there is the greatest need. Technical assistance is greatly needed, for example, in the area of manure management. Specifically, this initiative will fund a study that will evaluate the effectiveness of developing manure management plans for individual farmers in the basin.

As a result of the Minnesota River Assessment Project, staff have determined that there is a need to better understand the impact of "surface inlets" associated with tiling on water quality. Results of this study would become the basis for making recommendations for drainage system modifications. These modifications would be developed so that the productive capability of the soils is maintained, yet would reduce the delivery of sediment and nutrients to the river.

Finally, trend monitoring is needed to track and analyze changes in water quality in the mainstream and tributaries over the life of the project. Data collected would be useful to modelers and local water planning professionals who are developing local water plans within the basin.

LONG-TERM IMPACT:

This funding initiative will form the basis of a 10-year implementation strategy for the Minnesota River. The end goal of this strategy is to ensure that the Minnesota River is a "swimmable and fishable" resource once again. The initiative will help ensure coordination among natural resource agencies and prevent duplication of efforts in the basin. The project will result in an improved awareness among the general public of the nonpoint source pollution problems in the Minnesota River Basin. The initiative will foster a partnership between people living in the basin and the natural resource agencies which are working to implement solutions to water quality problems in the basin.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: Water Pollution Control
ACTIVITY: Nonpoint Pollution Sources

ITEM TITLE: Clean Water Partnership

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- Grants	\$800	\$-0-	\$800	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$800,000 in General Funds be appropriated for the Clean Water Partnership Program to protect Minnesota's water resources and to increase efforts in controlling nonpoint source pollution. The \$800,000 in pass through grants to local governments to protect and improve specific water bodies is requested in the first year to be available for each year of the biennium.

The Clean Water Partnership Program provides financial assistance through grants and technical assistance to lead watershed management projects for nonpoint source pollution control. Nonpoint sources of pollution are the major reason that a number of Minnesota's water resources are not clean enough to support desired uses, ranging from drinking water to fishing, swimming and boating. Clean Water Partnership projects begin with a desire by local governments to improve a water resource that has been polluted by land-use related activities. There has been tremendous interest in participating in this innovative program. Less than a third of the applications received have been funded due to limited resources.

Of the 32 current projects, 30 of them are in the diagnostic phase and 2 are currently in the implementation phase. During the current Clean Water Partnership application cycle the agency received requests for \$700,000 (8) for diagnostic projects and \$1,650,000 (8) in implementation projects. Four of each type of these projects were in the Minnesota River Basin. An additional 22 projects will be completing their diagnostic studies in the next 2 years, including 5 in the Minnesota River Basin. Also included in those 22 are significant projects like the Minneapolis Chain of Lakes, Rochester Wellhead Protection, Whitewater River and others.

PROGRAM OUTCOMES:

Project sponsors collect water quality data and information on the surrounding watershed to identify water quality goals, sources of pollution and the combination of management practices necessary to achieve the water quality goals. The management practices are then implemented to restore water quality. This agency provides technical and administrative support to these projects.

The Clean Water Partnership Program combines the initiative, leadership and knowledge of local governments with the technical resources of the state in a joint cooperative effort to control pollution to lakes, streams and ground water. This combination of state and local resources creates an effective and efficient partnership for controlling pollution that is beneficial to state and local governments as well as our natural resources.

Clean Water Partnership is a flexible program that reflects local needs and desires for pollution control, while being effective and cost efficient for the state because of the partnership created.

LONG-TERM IMPACT:

The program combines the initiative, leadership and knowledge of local governments with the financial and technical resources of the state in a joint cooperative effort to protect and restore lakes, streams and aquifers within the local government's jurisdiction.

Since the program was established, 35 projects have been selected to receive funding. The \$4.4 million of state funds that has been granted to these projects has been matched, representing over \$8.8 million of state and local efforts for pollution control. These funds also provide match for federal funds through Section 319 of the Clean Water Act. Therefore, the state funds have a potential of leveraging significant environmental benefit to the state, by matching local and federal dollars, and the water quality of the state is improved and protected.

1994-95 Biennial Budget

PROGRAM: Air Pollution Control
AGENCY: Pollution Control Agency

PROGRAM PURPOSE:

The Air Pollution Control Program is the ambient air quality protection program of state government. The program's primary goal is clean, clear, odorless air. The mission of the program is to improve and maintain air quality levels to protect human health and the environment. The program strives to achieve this mission by:

By assessing the environmental impacts of air pollutant emissions from industrial point sources and nonpoint air pollution sources;

By providing the direction to minimize or abate air pollutant environmental impacts through development of rules and programs;

By conducting a regulatory program for industrial point sources so that compliance with state and federal environmental laws, rules and permits is achieved in an efficient and effective manner; and

By developing programs to abate environmental impacts from nonpoint air pollution sources, such as automobiles and development which generates traffic.

The program contributes to the Minnesota Milestones theme, "Our Surroundings". The agency is the lead for the goal, "We will improve the quality of the air, water and earth". The program's indicators are: "Number of days per year that air quality standards were not met and "Air pollutants emitted from stationary sources".

PROSPECTS:

1990 Clean Air Act Amendments

The Minnesota Legislature has authorized expansion of the Air Pollution Control Program to meet initial requirements of the 1990 Clean Air Act Amendments (CAAA). In 1991, the legislature put into place the CAAA's requirement for an air emission fee collection system based on the concept of "polluter pays", required that air emission fees replace all General Fund appropriations, and authorized a 3 year fee schedule in order to meet the minimum fee commitment. F.Y. 1994 is the third year of the 3 year fee-increase schedule. In both 1991 and 1992, the legislature increased the Air Pollution Control Program's staff complement to implement the new federal requirements. In 1992, the legislature authorized the new Act's requirement for an air quality Small-Business Assistance Program.

The CAAA will continue to direct change in the Air Pollution Control Program in F.Y. 1994-95. The new federal operating permit program for industrial point sources must be implemented during the biennium. The CAAA expands the number of regulated pollutants from 6 to more than 190. This will bring under regulation Minnesota sources never before regulated and increase the program's work load substantially. New rules and state implementation plans will also have to be developed. The Vehicle Inspection Program, started during the last biennium as a requirement of the CAAA, will continue during this biennium.

OUTCOMES:

Environmental Assessment and Direction

The air quality program has been successful in reducing the number of days per year that the air quality standards were not met.

Minnesota Milestones: Number of days per year that air quality standards were not met.

Table with 4 columns: Year, 1970, 1980, 1990. Row 1: Data, 142, 120, 35

The agency has implemented the requirements of the CAAA and met all deadlines. Submittals to EPA include plans for bringing areas of Minnesota that violate federal sulfur dioxide and particulate matter standards into compliance and proposals for a Small Business Technical Assistance Program, for a Vehicle Inspection Program and for an Oxygenated Fuels Program.

Important air quality rules adopted include:

- 1. Emergency and permanent air emission fee rules enabling the division to collect fees based on tons of pollutants emitted.
2. Lead rules pertaining to residential sandblasting designed to effectively regulate lead emissions with the least amount of oversight by the agency.
3. Vehicle inspection rules and open burning rules revised to make programs more efficient and less burdensome to the public.
4. Air quality "offset" rules revised and submitted to EPA for approval. These rules will provide more flexibility for permitting construction and modification activities of Minnesota industries.
5. The waste combustor rules will be adopted by the end of F.Y. 1993.

The agency obtained funds from industry for a toxic pollutant ambient air monitoring study in the Pine Bend area of Dakota County. The results will be published by the end of F.Y. 1993 and will be used to devise a strategy to reduce toxics.

The division conducted a toxic air pollutant monitoring study in the metro area that shows non-point air pollution sources (i.e., motor vehicles and wood burning stoves) contribute over 70% of the risks from carcinogenic toxics in our urban air.

Industrial Point Sources

Between 1980 and 1990, emissions decreased by 24% while the number of sources decreased less than 1%.

Minnesota Milestones: Air pollutants emitted from stationary sources.

Table with 3 columns: Category, 1980, 1990. Row 1: Total emissions of regulated pollutants into the air (thousands of tons), 682, 519. Row 2: Total number of sources reporting emissions, 768, 735

1994-95 Biennial Budget

PROGRAM: Air Pollution Control
AGENCY: Pollution Control Agency
(Continuation)

■ The division used the Total Quality Management (TQM) process to identify ways to shorten the time it takes to issue permits and to reduce the division's backlog of permit applications. This effort has resulted in the following improvements and changes to the permitting program:

1. Consultant and permittee training workshops for 300 were held in May and November 1992 to improve the quality and completeness of initial permit applications submitted to the division.

2. "Pronto" permits were developed to provide a means to quickly permit small construction and modification activities. Over 35 "pronto" permits have been issued since implementation began in F.Y. 1992.

3. A team of permit engineers who developed general (rather than individual) permits for 7 types of facilities. The permit application backlog was reduced by 200 as a result of this effort.

■ The agency issued several very complex permits including permits for the Potlatch paper mill expansion, Koch's clean fuels project, Ashland's clean fuels project, LTV's power plant re-startup, and Mayo Clinic's medical waste incinerator within prescribed time frames.

■ The number of compliance determinations increased 38% during the biennium as compared to F.Y. 1990 levels.

■ The division started to use the Administrative Penalty Order (APO) authority in an effort to streamline the enforcement process. The APO allows the agency to expedite settlement of facility violations.

■ The division added 3 air quality inspectors to the Brainerd, Detroit Lakes and Marshall regional offices as part of an agency-wide effort to improve services.

Nonpoint Air Pollution Sources

■ The division took several actions to bring the state closer to meeting the federal carbon monoxide standard including:

1. Successful implementation of the Vehicle Inspection Program which tested 1.3 million cars in the metro area and resulted in an estimated decrease of 27,000 tons of carbon monoxide emitted to the air.

2. Reduced carbon monoxide in the St. Cloud area so that EPA formally declared the area an "attainment area" which met the federal standard. This results in cost savings for both the city and the state.

3. Recommended that EPA designate the city of Duluth and St. Louis County as an "attainment area" for the carbon monoxide standard.

4. Successful start up of federal Oxygenated Fuel Program in the metro area on 11-01-92.

■ Streamlined the process of obtaining vehicle inspection extensions and exemptions by shifting issuance of extensions and exemptions from the agency's St. Paul office to the 11 inspection stations around the metro area. This was done without increasing the cost of the program.

■ To reduce the time and cost of the Vehicle Inspection Program to owners of large fleets, the agency developed a permitting program for fleet vehicles and issued 25 fleet permits.

■ Issued all indirect source permits within 60 days of receipt of completed permit applications.

OBJECTIVES:

The program's major objective for the biennium is to continue the timely expansion of the Air Pollution Control Program as required by the CAAA.

Environmental Assessment and Direction

■ Minnesota's air quality just barely meets the federal ozone standard. In order to stay below the standard and avoid new costly federal regulations, the agency must continue action to minimize emissions of carbon monoxide and hydrocarbons.

■ Expand the division's air monitoring sites so that pollutants of concern are monitored, problems identified, and the effectiveness of the division's programs are measured over time.

■ Prepare and submit to EPA state implementation plans required to improve air quality and to meet CAAA deadlines.

■ Amend air quality rules to incorporate all delegated federal requirements and to eliminate as many areas of conflict as possible. The agency's goal is to align state and federal air quality programs so that Minnesota companies have fewer regulations to keep track of, thereby simplifying the compliance process.

■ Develop permits-by-rule for state-only regulated sources so that the permitting process is more efficient.

■ Complete state air toxics rules.

Industrial Point Sources

■ Implement the CAAA's Title V operating permits program.

■ Issue new construction and existing facility expansion permits in a timely manner.

■ Continue to implement permitting efficiency measures so that the existing permit application backlog is reduced by 50% during the biennium.

■ Improve the quality of permit application forms so that permit processing is more efficient.

■ Establish the Small Business Technical Assistance Program required by the CAAA.

■ Implement the state and federal chlorofluorocarbon (CFC) regulations.

■ Expand the emission inventory to include all pollutants and sources regulated by the CAAA. As stated in the Minnesota Milestones indicator, "Emissions of criteria pollutants," the program's goal is to have all emission sources identified by 2010.

1994-95 Biennial Budget

PROGRAM: Air Pollution Control
AGENCY: Pollution Control Agency
 (Continuation)

■ Implement a divisional integrated data management system to streamline the permitting, compliance determination and enforcement process.

■ Fully implement the Administrative Penalty Order authority in the enforcement program.

Nonpoint Air Pollution Sources

■ Continue the current Vehicle Inspection Program during the biennium.

■ Evaluate the need for an enhanced Vehicle Inspection Program that will reduce ambient ozone concentrations and toxic air pollutant emissions from motor vehicles.

■ Provide vehicle inspection mechanics' training.

■ Coordinate CAAA and Intermodal Surface Transportation Efficiency Act (ISTEA) requirements so that federal transportation funds continue to be received by the Minnesota Department of Transportation.

■ Fully implement the state and federal Oxygenated Fuel Program.

PROGRAM PLAN:

Air Emission Fees

The CAAA establishes minimum elements of a permit program to be administered by any delegated air pollution control program, and includes a procedure for the collection of fees "sufficient to cover all reasonable costs required to develop and administer the permit requirements". The CAAA also requires annual fees and appropriations be sufficient to cover inflationary costs. The Legislature enacted and Governor Carlson signed into law an air emission fee procedure for this purpose in 1991 (M.S. §116.07, subd. 4d.(b)-(d)). The appropriation of funds collected from fees and the approval of additional complement dedicated to the expanded responsibilities of the CAAA will allow the agency to administer a fully delegated Air Pollution Program which meets the requirements of the CAAA. The agency would not be able to develop and implement a delegated program without this appropriation and if not delegated to the state, the EPA would administer the program at the federal level. By 1995, over 120 new air quality regulations will be adopted by the federal government. Elevated program outcomes (permits issued, inspections, compliance determinations) will result from an expanded universe of sources and list of pollutants subject to regulation. The program proposes adding 16 positions during the biennium, 12 complement will be added in F.Y. 1994, and 4 additional complement in F.Y. 1995 as follows:

■ In F.Y. 1994, the Environmental Assessment and Direction Programs will increase by 4 in the areas of division program administration, air toxics, and division training coordinator.

■ In F.Y. 1994, the Industrial Point Source Programs will increase by 7 in the areas of permitting, monitoring and testing data review, facility inspections, facility enforcement and clerical support.

■ In F.Y. 1994, the Nonpoint Air Pollution Source Programs will increase by 1 in the area of transportation planning.

■ In F.Y. 1995, the Environmental Assessment and Direction Programs will increase by 1 in the area of air dispersion modeling.

■ In F.Y. 1995, the Industrial Point Source Program will increase by 3 in the areas of the Small Business Assistance Program, monitoring and testing data review and facility inspection.

Vehicle Inspection Fees

The program plans to deal with the effects of inflation in the program funded by vehicle inspection fees during the biennium as outlined below:

■ Reduce supply and expense spending each year.

■ In F.Y. 1995, 1 position will be held vacant.

REVENUE:

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated-General:Penalties	\$1,082	\$143	\$1,000	\$125	\$1,000
-Environ:Penalties		1,017		987	
-Fees	827	3,495	5,167	6,352	6,572
Dedicated-Special:Income Agreements	445	625	242	272	272
-Special:Vehicle Emission		99	110	110	110
-Federal	1,280	1,929	1,813	1,813	1,813
-Other		30			
Total Revenue	\$3,634	\$7,338	\$8,332	\$9,659	\$9,767

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT & DIRECTI	2,615	3,559	3,238	3,222	3,703	3,654	3,222	3,759	3,709
INDUSTRIAL POINT SOURCES	1,945	2,459	3,187	3,187	3,714	3,648	3,187	3,838	3,768
NON-POINT AIR POLLUTION SOURCES	743	8,669	10,445	10,445	10,491	10,468	10,445	10,492	10,469
TOTAL EXPENDITURES BY ACTIVITY	5,303	14,687	16,870	16,854	17,908	17,770	16,854	18,089	17,946
GOV'S INITIATIVES:			FUND						
(A) SALARY PLANNING ESTIMATES			SR			<20>			<20>
(A) SALARY PLANNING ESTIMATES			ENV			<118>			<123>
TOTAL GOV'S INITIATIVES						<138>			<143>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,939	453							
MN RESOURCES	370								
SPECIAL REVENUE	642	835	855	855	855	835	855	855	835
ENVIRONMENTAL	580	3,084	4,431	4,431	5,485	5,367	4,431	5,666	5,543
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		30							
SPECIAL REVENUE	498	8,355	9,771	9,755	9,755	9,755	9,755	9,755	9,755
FEDERAL	1,274	1,930	1,813	1,813	1,813	1,813	1,813	1,813	1,813
TOTAL FINANCING	5,303	14,687	16,870	16,854	17,908	17,770	16,854	18,089	17,946
POSITIONS BY FUND:									
GENERAL	33.5	11.0	.0	.0	.0	.0	.0	.0	.0
MN RESOURCES	2.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	25.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
FEDERAL	33.5	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
ENVIRONMENTAL	11.0	43.0	72.0	72.0	84.0	84.0	72.0	88.0	88.0

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	105.0	118.0	136.0	136.0	148.0	148.0	136.0	152.0	152.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Air Quality
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity provides overall management for the Air Pollution Control Program and includes monitoring, providing guidance and direction for improving air quality in Minnesota and for implementing the requirements of the federal Clean Air Act Amendments of 1990. Specific programs included in this activity that relate directly to the Air Act involve the development of new rules and the revision of existing rules in order to implement the new permitting program as required. Air quality planning must identify areas of the state that meet air quality standards and develop plans to improve air quality in the parts of the state that do not meet standards. This activity includes Air Quality Monitoring, the Acid Rain Program and the Air Toxics Program. Legislation passed last session requires an increase in air quality monitoring to include statewide air toxics monitoring.

BUDGET ISSUES:

F.Y. 1994 is the third year of the air emission fee schedule increase. Air emission fees will also increase during the biennium to accommodate inflation as required by law. In F.Y. 1994, 4 positions will be added to this budget activity. First, a management analyst position will be created to ensure incorporation of new federal programs into existing programs in the most efficient and effective manner possible. Second, 2 air toxics positions will be added to conduct facility air toxics reviews. Third, a division training coordinator will be added to ensure appropriate training occurs for division staff and the regulated community. In F.Y. 1995, 1 position will be added to conduct air dispersion modeling.

Legislation passed last session requires the development and implementation of a monitoring network for toxic air pollutants. The program will be hard pressed to meet this legislative requirement without an increase in both complement and funding.

EFFICIENCY MEASURES:

Number of Monitoring Sites	<u>1980</u>	<u>1990</u>	<u>1991</u>
Sulfur Dioxide	32	17	17
Nitrogen Oxides	23	4	4
Carbon Monoxide	9	11	12
Fine Particulates	0	32	32
Lead	21	7	7
Acid Deposition	0	5	5

The location and number of monitoring sites in the state have been adjusted over time to reflect the changing needs of the air program. For example, activities over the past decade have pinpointed the areas where lead, nitrogen oxide and sulfur dioxide are most likely to be a problem. Consequently, the number of sites needed to monitor for those pollutants was reduced. Carbon

monoxide has become a more significant problem in the Twin Cities and the number of monitoring sites was increased. There was no standard for fine particulates or acid deposition in 1980, but now that standards exist, monitoring is needed.

Number Times Standards Exceeded	<u>1980</u>	<u>1990</u>	<u>1991</u>
Sulfur Dioxide	14	0	0
Nitrogen Oxides	0	0	0
Carbon Monoxide	37	1	2
Fine Particulates	-	4	0
Lead	8	3	0
Acid Deposition	-	49	150

The information shown above is indicative of the success of the Air Quality Program in Minnesota. Statewide, the air in Minnesota is cleaner now than it was in 1980. However, this information also demonstrates where attention needs to be focused in the future.

Year	<u>1980</u>	<u>1990</u>	<u>1994-95</u>
Number of Air Quality Nonattainment Areas	14	10	5
Number of Orders to Reduce Emissions	0	0	20
Number of SIP* Revisions Per Year	1	1	4
Number of Federal SIP Approvals Per Year	1	1	4
% of EPA SIP Deadlines Met	50%	50%	90+ %
Number of New Rules Initiated/Completed	1	1	3
Number of Rules Needing Revision	9	14	6

*State Implementation Plan to meet air quality standards.

The information listed above is indicative of the increasing federal requirements placed on the agency's air program by the new Clean Air Act. Failure to meet the requirements can result in sanctions from EPA.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL
ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,617	1,921	2,309	2,309	2,436	2,387	2,309	2,471	2,421
EXPENSES/CONTRACTUAL SRVCS	576	797	594	578	803	803	578	864	864
MISC OPERATING EXPENSES	128	148	162	162	167	167	162	169	169
SUPPLIES/MATERIALS/PARTS	157	252	111	111	145	145	111	123	123
CAPITAL EQUIPMENT	108	413	49	49	139	139	49	119	119
OTHER	29	28	13	13	13	13	13	13	13
SUBTOTAL STATE OPERATIONS	2,615	3,559	3,238	3,222	3,703	3,654	3,222	3,759	3,709
TOTAL EXPENDITURES	2,615	3,559	3,238	3,222	3,703	3,654	3,222	3,759	3,709
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES						<49>			<50>
TOTAL GOV'S INITIATIVES						<49>			<50>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,285	441							
MN RESOURCES	157								
ENVIRONMENTAL		1,611	2,160	2,160	2,641	2,592	2,160	2,697	2,647
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		30							
SPECIAL REVENUE	403	281	181	165	165	165	165	165	165
FEDERAL	770	1,196	897	897	897	897	897	897	897
TOTAL FINANCING	2,615	3,559	3,238	3,222	3,703	3,654	3,222	3,759	3,709

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: AIR POLLUTION CONTROL
 ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
GENERAL	24.5	11.0	.0	.0	.0	.0	.0	.0	.0
MN RESOURCES	1.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
FEDERAL	18.0	19.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
ENVIRONMENTAL	.0	21.0	29.0	29.0	32.0	32.0	29.0	33.0	33.0
=====									
TOTAL POSITIONS	46.5	54.0	53.0	53.0	56.0	56.0	53.0	57.0	57.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Industrial Point Sources
PROGRAM: Air Pollution Control
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity manages the Air Quality Regulatory Programs for industrial point sources. The programs included in this activity are permitting, compliance determination, enforcement and small business technical assistance.

The Permitting Program is responsible for issuing air pollution control permits to industrial point sources to protect public health and the environment and meet state and federal air quality standards and requirements.

The Compliance Program determines the compliance status of industrial point sources through the review of emissions testing, continuous emissions monitoring data and other enhanced monitoring data, and source inspections. This program maintains databases for source-specific compliance information, permit and enforcement action tracking, annual emissions of permitted sources, and collects air quality fees based upon reported annual emissions.

The Enforcement Program inspects, conducts enforcement actions, and, where appropriate, collects civil monetary penalties for noncompliance with state and federal air quality regulations. In addition, this program determines the compliance status of asbestos demolition/renovation projects through project inspections and conducts enforcement action, including the collection of civil penalties, for noncompliance with asbestos regulations.

The Small Business Technical Assistance Program is currently being developed. It is a requirement of the 1990 Clean Air Act Amendments, and the legislature authorized this program in the 1992 legislative session. This program will provide assistance to small business in meeting the requirements of the Clean Air Act, and includes an ombudsman, who will act on behalf of small businesses.

BUDGET ISSUES:

F.Y. 1994 is the third year of the air emission fee schedule increase. Air emissions will also increase during the biennium to accommodate inflation as required by law. In F.Y. 1994, 7 positions will be added to this budget activity as follows: 2 permit engineers, 1 monitoring and test data reviewer, 2 facility inspectors, an enforcement supervisor and a clerical position. In F.Y. 1995, 3 positions will be added to this budget activity to increase the division's technical assistance to small businesses, reviews of monitoring and test data to conduct facility inspections.

EFFICIENCY MEASURES:

PERMITS	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Number of permits issued	219	242	249
Cost per permit	NA	NA	\$4,000

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Number of applications received	234	490	359
Staff time in hours per permit	NA	93	125*

*Loss of 6 experienced permit writers in 1991 and the addition of 12 inexperienced permit writers resulted in more hours per permit.

COMPLIANCE DETERMINATIONS	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
Stack tests performed and reviewed	178	205	242
Continuous emission reports reviewed	134	182	202
Stationary source inspections	476	483	514
Asbestos demolition/renovations inspections	36	162	175
ENFORCEMENT ACTIONS			
Total	131	151	151*

* Backlog of over 95 enforcement cases in F.Y. 1992 because of increased emphasis on compliance determinations and inspections.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL
ACTIVITY: INDUSTRIAL POINT SOURCES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,589	1,992	2,650	2,650	2,948	2,882	2,650	3,053	2,983
EXPENSES/CONTRACTUAL SRVCS	266	319	303	303	418	418	303	408	408
MISC OPERATING EXPENSES	58	106	156	156	171	171	156	173	173
SUPPLIES/MATERIALS/PARTS	15	28	37	37	116	116	37	78	78
CAPITAL EQUIPMENT	4	14	41	41	61	61	41	126	126
OTHER	13								
SUBTOTAL STATE OPERATIONS	1,945	2,459	3,187	3,187	3,714	3,648	3,187	3,838	3,768
TOTAL EXPENDITURES	1,945	2,459	3,187	3,187	3,714	3,648	3,187	3,838	3,768
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
						<66>			<70>
TOTAL GOV'S INITIATIVES						<66>			<70>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	617	12							
MN RESOURCES	213								
ENVIRONMENTAL	516	1,374	2,164	2,164	2,691	2,625	2,164	2,815	2,745
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	95	339	107	107	107	107	107	107	107
FEDERAL	504	734	916	916	916	916	916	916	916
TOTAL FINANCING	1,945	2,459	3,187	3,187	3,714	3,648	3,187	3,838	3,768

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: AIR POLLUTION CONTROL
 ACTIVITY: INDUSTRIAL POINT SOURCES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
GENERAL	8.0	.0	.0	.0	.0	.0	.0	.0	.0
MN RESOURCES	1.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
FEDERAL	15.5	25.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
ENVIRONMENTAL	10.0	20.0	41.0	41.0	49.0	49.0	41.0	52.0	52.0
=====									
TOTAL POSITIONS	36.5	47.0	66.0	66.0	74.0	74.0	66.0	77.0	77.0

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BUDGET ACTIVITY: Nonpoint Air Pollution Sources
PROGRAM: Air Quality
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity manages programs that relate to nonpoint air pollution sources which includes the motor vehicle emissions inspections, transportation planning, the issuance of indirect sources permits and noise pollution.

To meet air quality standards and to comply with the Clean Air Act, the Motor Vehicle Emission Inspection and Maintenance Program was authorized by the legislature in 1988 to reduce air pollution in the Twin Cities Metro Area. In addition to reducing carbon monoxide, the program reduces hydrocarbons from motor vehicles that contribute to the formation of ozone and toxic air pollutants such as benzene and formaldehyde. The agency has a contract with a vehicle emission testing company who designed, constructed and currently operates the 11 vehicle inspection station network. The program has been very successful in identifying the motor vehicles that are "gross polluters" and in need of maintenance and repair. This program was formally submitted to the Environmental Protection Agency (EPA) in November 1992 as a part of the State Implementation Plan (SIP) required by the Clean Air Act. The Act requires a commitment to continue this program in order to attain and maintain air quality standards in the Twin Cities.

Transportation planning activities involve the review of transportation-related development projects to ensure that air quality will not be severely degraded and that the projects conform to the requirements of the Clean Air Act. The Conformity provisions of the Act and the new federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) expand the transportation planning/review process and require greater review by the agency to ensure that the specific air quality and environmental provisions of these 2 acts are met.

The Indirect Source Permit Program requires that permits be issued before construction of certain projects affecting motor vehicle traffic that could significantly degrade air quality. Typical projects include freeways, entertainment and sports centers, large office complexes, shopping malls, and mixed land-use development.

The Noise Program was established to help reach compliance with the state noise standards. The staff participate in the environmental review and permitting of projects that create noise such as highway construction. Staff also monitor noise levels and assist local units of government to help resolve noise issues. A separate staff position funded through an agreement with the Metropolitan Airports Commission (MAC) works solely on noise issues related to airports and provides oversight to the MAC airport noise monitoring program.

BUDGET ISSUES:

F.Y. 1994 is the third year of the air emission fee schedule increase. Air emissions will also increase during the biennium to accommodate inflation as required by law. In F.Y. 1994, 1 position will be added to this budget activity. The additional position will conduct transportation planning activities.

To accommodate the 3.5% per year cost of inflation, the I/M Program budget is proposed to be reduced by \$29,900 in F.Y. 1994 and \$60,900 in F.Y. 1995. This reduction will not affect the fee charged for vehicle inspections and will not reduce the total amount of money collected for the program.

EFFICIENCY MEASURES:

Year	1990	1991	1992
Number of vehicles inspected	0	0	1,300,000
Number of gross polluters identified	0	0	123,000
Number of noise investigations	150	150	150

These measures reflect the success of the Vehicle Inspection Program and the level of activity associated with issuance of indirect source permits and response to noise complaints.

REVENUE:

The Vehicle Emission Inspection and Maintenance Program (I/M) collects an \$8.00 fee for inspections to cover the cost of the private contractor who tests the vehicles and to cover agency administration costs. In F.Y. 1992 the agency collected \$9,980,968 for vehicle inspections and paid the contractor \$7,713,900. The contractor's payment is based on a per paid inspection rate that was set in contract. The total collected is based on fees collected for 1,234,000 vehicles. Some vehicles have been tested in F.Y. 1992 that did not pay their inspection fee until sometime after June 30, 1992. The difference between the amount collected and the amount paid to the contractor includes the amount appropriated to the agency to oversee the program, \$1,200,000, and an amount to be used to begin paying off a loan made to the I/M program from the Motor Vehicle Transfer Fund.

In order to improve customer service, the I/M contract was amended to require the contractor to provide additional telephone operators and customer service representatives at each inspection station. This will result in a higher per vehicle payment to the contractor in F.Y. 1993 and subsequent years. This will not affect the per vehicle fee charged for the inspection. However, it will affect the amount of money left in the vehicle inspection account after payments to the contractor and to the agency for oversight. The balance available for repayment of loan will be reduced. Once the loan is repaid, the vehicle inspection fee can be adjusted downward so that the balance in the vehicle inspection account will be eliminated by 1997, the end of the initial contract period.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL
ACTIVITY: NON-POINT AIR POLLUTION SOURCES

ACTIVITY SUMMARY	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	489	719	653	653	688	665	653	688	665
EXPENSES/CONTRACTUAL SRVCS	95	7,802	9,616	9,616	9,618	9,618	9,616	9,619	9,619
MISC OPERATING EXPENSES	29	35	52	52	55	55	52	56	56
SUPPLIES/MATERIALS/PARTS	35	45	45	45	51	51	45	50	50
CAPITAL EQUIPMENT	95	68	79	79	79	79	79	79	79
SUBTOTAL STATE OPERATIONS	743	8,669	10,445	10,445	10,491	10,468	10,445	10,492	10,469
TOTAL EXPENDITURES	743	8,669	10,445	10,445	10,491	10,468	10,445	10,492	10,469
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES			SR			<20>			<20>
(A) SALARY PLANNING ESTIMATES			ENV			<3>			<3>
TOTAL GOV'S INITIATIVES						<23>			<23>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	37								
SPECIAL REVENUE	642	835	855	855	855	835	855	855	835
ENVIRONMENTAL	64	99	107	107	153	150	107	154	151
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		7,735	9,483	9,483	9,483	9,483	9,483	9,483	9,483
TOTAL FINANCING	743	8,669	10,445	10,445	10,491	10,468	10,445	10,492	10,469

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: AIR POLLUTION CONTROL
 ACTIVITY: NON-POINT AIR POLLUTION SOURCES

ACTIVITY SUMMARY	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	1.0	.0	.0	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	20.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
ENVIRONMENTAL	1.0	2.0	2.0	2.0	3.0	3.0	2.0	3.0	3.0
TOTAL POSITIONS	22.0	17.0	17.0	17.0	18.0	18.0	17.0	18.0	18.0

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PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency

PROGRAM PURPOSE:

The mission of Ground Water Protection and Solid Waste Management is to protect, preserve and restore Minnesota's land and groundwater resources through the development and implementation of waste management programs. The primary goals of the program are to ensure that groundwater is uncontaminated and that contaminated soil is cleaned up. The mitigation of the long term environmental effects from waste facilities is accomplished through the proper disposal or reuse of solid waste from homes, businesses and organizations in the state; managing clean-up of waste sites; conducting monitoring and data assessment for trend analysis, pollution problem identification; and implementing policies based on strategic plans.

The program accomplishes these activities:

By issuing permits to solid waste management facilities that set standards for the prevention, control or clean up of pollution; limits the release of pollutants; directs construction or operation of a facility; and controls the storing, collecting, transporting and processing of waste.

By using education and training to help the regulated community meet the requirements of pollution rules.

By taking enforcement action when education and training have failed.

By assessing and guiding state and federal policy making for managing solid waste and protecting ground water.

By analyzing and interpreting solid waste industry data to support and develop reports with recommendations for future action and rules.

By assuring that waste management programs are implemented in a cost effective and environmentally sound manner.

By expediting clean up of hazardous waste contamination and waste tire sites, as well as identifying new sites requiring cleanup based on the risk to human health and the environment.

By monitoring and assessing ambient ground water quality.

This mission is directly related to 2 of the Minnesota Milestones' goals:

- Minnesotans will act to protect and enhance the environment;
- We will improve the quality of the air, water and earth.

Specific Milestones that the programs address include solid waste recycling, ensuring that adequate facilities exist to reduce highway litter, proper management of solid waste that is not recycled and those relating to surface and groundwater quality. The program also impacts organic pollutants that

enter rivers and other surface waters, protects both public and private water supplies to ensure that they remain drinkable, and mitigates the release of pollutants.

PROSPECTS:

Cooperative Solid Waste Management Initiative

One goal of the program is to properly manage all solid waste generated. Opportunities to achieve efficiencies are being studied. The program is taking a leadership role to assist counties in examining regional waste management structures (districts or joint power agreements, including interstate cooperation) that will achieve economies of scale. As a result, a management system based on the waste hierarchy can be more easily created for all the waste generated in a given area. Consequently, the ability of the program to effectively provide technical assistance, timely permit reviews and compliance action should increase. Although it is premature to consider specific proposals, the program is also evaluating market-based approaches (much like those mandated in the federal Clean Air Act amendments) that could help solid waste management become more cost-effective.

Making Better Decisions/Comparative Risk

An estimated 900 million dollars is spent on recycling and waste management in the state. Data assessment provides information to determine whether the right programs are being implemented and provides a basis for addressing emerging environmental issues. Evaluation systems for comparing cost to risk reduction benefits for health risk, ecological risk, and prevention of cross-media transfer of pollution are under development.

Compliance

The program uses education and training to help the regulated community meet the requirements of environmental laws and standards. When education and training have failed, enforcement actions are implemented to return a facility to compliance, maintain compliance or evaluate the need for corrective action. With the passage of the Environmental Enforcement Act, the Solid Waste Program obtained new tools to protect Minnesota's resources. The program is taking full advantage of administrative penalty orders and have started criminal investigations to correct disregard for pollution rules and regulations.

Waste Tire Cleanup

In the past 7 years, the award-winning Waste Tire Management Program has successfully created an infrastructure of market development and tire collection and processing industries to support continued tire waste management without state oversight or funding. The waste tire cleanup funding will sunset in 12-31-94. By 1995, the program will have cleaned up all known tire dumps.

Landfill Cleanup

Superfund has been the only tool that has been effective in forcing responsible parties to clean up landfill sites. However, the costs of legal action and time needed to go through this process are major drawbacks to accomplishing the goals of clean groundwater. The program is currently refining the cost estimate for proper closure and remediation of groundwater affects by landfills. The estimate for implementing a program range from \$240 to \$450 million. Landfills that have

1994-95 Biennial Budget

PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency
 (Continuation)

stopped accepting waste do not have a way to raise the money needed to perform cleanup and long term care for them.

Fees In F.Y. 1993

The legislature placed a 1-year moratorium on fees of mixed solid waste facilities and suspended agency annual fees and permitting fees that were to pay for solid waste activities.

State Superfund Long Term Funding Source

The state Superfund is used to finance cleanup of hazardous waste contaminated sites and program administration. The fund is projected to show a deficit by 1994.

Permits

The program is responsible for permitting facilities to ensure proper solid waste management. Permitting is a sometimes controversial public process that has resulted in a backlog of 107 permits waiting to be reissued. The program implemented a system that gives top priority to facilities high in the waste management hierarchy, such as mixed waste composting, and to operating facilities that are installing liners. Recycling and yard waste composting facilities which have minimal environmental impact when located properly, are not required to go through the full permitting process but must complete permit-by-rule applications that allow quick start-up. The program has also implemented several streamlining measures that are designed to make the permitting system move expeditiously, including training consultants on submittal of complete applications, performing detailed review only where needed and establishing an internal technical decision committee to expedite decision-making and consistency. Despite these efforts, the permit backlog is expected to increase over the next 5 years.

OUTCOMES AND OBJECTIVES:

Solid Waste Management Facilities

The amount of solid waste that needs to be disposed has a direct impact on the air, land and water. To reduce this amount, the most preferred alternative is to reduce waste generation, followed by recycling of unavoidable wastes, composting and incineration, all of which provide some resources back to the economy (recycled products, compost for soil amendment, and energy, respectively). Landfilling is the least desirable alternative. The goal is to reduce the amount of solid waste not recycled and to make sure that remaining waste is appropriately managed in facilities to reduce the release of contaminants to the environment.

- Indicator 47: Solid Waste Generation and Management

	1990	1995	2000	2010	2020
Millions of tons of solid waste generated per year	4.376	4.607	4.859	5.426	6.089
Millions of tons of solid waste recycled per year	.963 (22%)	1.428 (31%)	2.041 (42%)	2.441 (45%)	2.740 (45%)
Millions of tons of solid waste composted per year	.029	.161	.291	.409	.493
Millions of tons of solid waste incinerated per year	.975	1.167	1.202	1.249	1.389
Millions of tons of solid waste landfilled per year	2.409	1.851	1.325	1.327	1.467

As the cost of waste management has increased, the increased incidence of illegal waste disposal, along with highway litter identified in Minnesota Milestones has increased. In cooperation with the Department of Natural Resources, a pilot program has been implemented to issue tickets for illegal disposal on public land. The program is working with counties to develop a strategy to identify and eliminate all open dumps. Our goal to make sure that all of the solid waste generated is properly managed.

Indicator:	1993	1995	2000
Identified open dumps	10%	65%	95%
Eliminated	3%	28%	70%

Since landfills have a great potential for release of contaminants to the environment, program emphasis has been on ensuring the installation of new environmental protection measures at landfills. For many years at old unlined landfills, leachate could not be collected and resulted in ground and surface water contamination. The goal is to have all land disposed waste be in a facility that has a liner and leachate collection system by 2000. Another key to controlling releases of human-made chemicals to water or the release of landfill gases containing toxic air pollutants, is applying a final cover on landfills. The goal is to increase the number of acres with final cover.

Indicator:

Year	Thousand gallons of leachate collected/ month			
	Sanitary Landfills with Liners	% of Acres final cover	% of waste disposed	
1991	10	12	348	42
1992	13	30	400	52
1993	25	50	1,200	79
1994	29	70	1,500	84
2000	33	70	1,700	100

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PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency
 (Continuation)

Also in 1992, there were 12 lined ash disposal sites (8 lined industrial landfills and 4 line ash cells at sanitary landfills). This total is expected to increase to 18 by 1994.

Having individuals properly trained and certified to operate facilities is extremely important to ensuring that waste management facilities are operated in an environmentally sound manner. The program provides training and certification of landfill operators and inspectors and trains compost facility and recycling facility operators. The goal is to ensure that all facilities have properly trained operating personnel.

Indicator:	<u>F.Y.1990</u>	<u>F.Y.1992</u>	<u>F.Y.1993</u>	<u>F.Y.1994</u>
Landfill Operators Trained	131	264	250	250
Landfill Operators Certified	126	102	102	102
Compost Operators Trained	162	120	100	75
Recycling Operators Trained (cumulative)	0	200	76	25

Periodic inspections of facilities to ensure compliance with permits, rules and laws help to prevent the release of pollutants to the environment and increase public confidence that is necessary to site new facilities. The goal is to increase the percentage of facilities that are in compliance with applicable standards, particularly financial assurance. Some facilities will not reach compliance unless enforcement actions are applied.

Indicator:	<u>1990</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>2000</u>
Percentage of Facilities with compliance inspections					
Solid Waste	57%	67%	85%	95%	100%
Tires	100%	100%	100%	100%	0*
# of compliance documents issued	20	28	52		

*Fund sunsets 12-31-94

Adoption of revised waste tire grant and loan rules in 1991 has expanded the capability of the grant and loan program to include development of methods to recycle waste tires and tire-derived product into new products. This expanded capability has significantly increased the number and diversity of grant and loan applications. The major focus of the program is to encourage development of recycled waste tire products.

Indicator:	<u>1990</u>	<u>1992</u>	<u>1994</u>
Grants/Loans Awarded	4	5	8
Number of new waste tire industries or uses of waste tires developed	7	10	12

Environmental Assessment and Direction

The program coordinates the development of the "Comprehensive State Ground Water Protection Program" (CSGWPP) to meet state needs and ensure continued strong working relationships with the EPA's many ground water related grant programs. The following activities are components of the CSGWPP: 1) The Ground Water Protection Rule needs to be revised and implemented by the agency programs to better and more consistently protect ground water quality. 2) The Ground Water Monitoring and Assessment Program (GWMAP), by directly measuring ground water quality statewide, will become integral to the long term measurement of the effectiveness of all the agency's and other state and local government ground water and contaminant source control programs. 3) The Integrated Ground Water Information System (IGWIS), managing ground water monitoring data from 8 agency programs, will electronically compare the data with standards and permit requirements, and will be a crucial part of the agency's Compliance Management System. 4) In addition, the Underground Disposal Control Program (UDCP), currently under development, will provide the framework to reduce widespread ground water pollution from thousands of current sources around the state, e.g. industrial/commercial waste drainfields and surface water drainage wells, in cooperation with local government and other state programs.

Indicators:

- Endorsement by EPA of Minnesota "core" Comprehensive State Ground Water Protection Program (CSGWPP) by December 1995.
- Endorsement by EPA of Minnesota "fully integrating" CSGWPP by 2000.
- Percentage of underground disposal installations classified by EPA as Class 4 or 5 injection wells which are eliminated or installed in conformance with agency requirements and best management practices.

	<u>F.Y. 90-91</u>	<u>F.Y. 92-93</u>	<u>F.Y. 94-95</u>
Eliminated or corrected	< 5%	10%	30%
New installation in conformance	10-20%	50%	95%

- Number of IGWIS well and sample records available to the state's Ground Water Clearinghouse.

	<u>F.Y. 90-91</u>	<u>F.Y. 92-93</u>	<u>F.Y. 94-95</u>
Records		1,800	3,500

- Percentages of aquifers used by domestic and public water supply wells for which water quality has been adequately assessed by GWMAP to determine baseline ground water quality:

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PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency
 (Continuation)

	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2005</u>
	0	30%	70%	100%

The standards that protect the environment are primarily developed through rulemaking. When data analysis and assessment indicate that current rules are not effectively controlling pollution problems or when new programs are established rules are changed or developed in response to the information. The Minnesota Milestones provide that people should have a chance to participate in decision-making and the Solid Waste Program offers the following as an indicator of public participation.

Minnesota Milestone 103: People will participate in government and politics.

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Number of rulemaking packages	1	1	3	1	1
Number of advisory groups	1	1	2	1	1

The public is provided file review information through the Property Transfer program regarding hazardous waste sites/activities within a 1-mile radius of a requested site. This program assists property owners or potential buyers in determining the proximity of any hazardous waste or petroleum-related sites to the property which may affect their liability or access to credit.

Indicator:	<u>FY 90-91</u>	<u>FY 92-93</u>	<u>FY 94-95</u>
Number of property transfer file search requests	3,400	3,800	4,200

Superfund and Solid Waste Clean Up

Potential hazardous waste sites are investigated and a scoring system applied to these sites to determine eligibility for listing the site on Minnesota's Permanent List of Priorities and, if appropriate, on the Environmental Protection Agency's (EPA) National Priorities List. The scoring may lead to early cleanup actions or responsible party voluntary investigation of clean up. There are currently 189 sites on the PLP. Upon listing (and following required enforcement efforts), sites may become eligible for state and/or federal funds to address contamination.

Indicator:	<u>1988</u>	<u>1990</u>	<u>1992</u>	<u>1994</u>	<u>1996</u>
Number of sites identified	430	445	455	475	495
Number of sites evaluated	360	400	455	475	495

Minnesota Milestone: Number of Superfund Sites identified.

<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
123	178	219	294	444	460

The Waste Tire Program has successfully removed nuisance tire dumps which represent potential health and environmental hazards. Health hazards at tire dumps, including disease-carrying mosquitoes and toxic fumes from fires, can effect families and entire communities. Tire fires at dumps can cause significant ground water, surface water and air pollution. The Waste Tire Program had cleaned up 7.3 million tires at 152 nuisance tire dumps (as of 6-30-92). By the end of F.Y. 1993, all known tire dumps will be under contract for cleanup and the fee will sunset on 12/31/94. The last cleanups will be completed in F.Y. 1994-95.

Indicator:	<u>1989</u>	<u>1991</u>	<u>1993</u>	<u>1995</u>
Year ending Cum. # of tire dumps known	230	250	270	290
Number of tire dump cleanups requiring oversight	230	192	108	10
Number of tire dumps cleaned up	10	107	220	290
Number of contracts in place	7	8	7	1
Number of county tire cleanup projects	0	8	3	1

The state Superfund Program effectively obtains responsible party actions to work towards cleaning up the vast majority (105 of 144) of the sites. Where there are no responsible parties, the agency had been very successful at securing federal funds to clean up the highest priority sites. State superfund dollars support emergency situations such as responding to immediate threats to a public water supply, cleanup at sites not eligible for federal funding, and provides the 10% match for federally funded clean ups.

The agency has almost 10 years of experience with the Superfund Program which allows it to measure its success in implementing a strategy of using the Superfund Program to effectively clean up contaminated soil and water resources, and eliminate public health threats. Milestones reflect an increasing percent of cleanups due to agency efforts to simplify the Superfund site clean up process.

Minnesota Milestone: Cumulative Number of Superfund Sites on the State Permanent List of Priorities Cleaned Up.

<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
3	41	112	162	262	362

The following indicators from the Superfund program which capture the agency's strategic planning goals of usable ground water and uncontaminated soil include:

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PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency
 (Continuation)

Indicator:	1990	1995	2000
Tons of soil detoxified (thousands)	139	737	1,200
Amount of contaminated ground water contained treated (billion gallons)	992	2,892	4,792
Number of citizens for whom imminent health threat has been abated	91,708		
Sites undergoing response actions by responsible parties (cumulative)	97	147	197
Estimated amount of funds expended by responsible parties on response actions (millions dollars)	150.7	350	520
Sites undergoing response actions using federal or state funds (cumulative)	22	39	52
Amount of funds recovered from responsible parties (millions cumulative)	7.6	22.6	37.6
Number of sites where damaged natural resources have been restored or replaced	41	112	162

The Property Transfer/Voluntary Cleanup Program assists parties who volunteer to investigate and, if necessary, clean up contaminated commercial and industrial property. By volunteering to clean up, a number of parties, such as potential buyers, developers, financial institutions and investors, can receive protection from Superfund liability, while parties who have some level of liability such as owners/operators or generators of the contamination, can also benefit by receiving assurances that the agency will not implement Superfund actions.

Indicator:	1990	1995	2000
Number of applicants for voluntary clean up (cumulative)	90	375	700
Number of voluntary cleanups (cumulative)	9	75	140

Since August 1988, the PT/VC Program staff have overseen approximately 225 projects. During this time, approximately 80 projects reached some type of end point (terminated, referred to another agency program for follow-up, or cleaned up).

These Milestones reflect consistent progress into the next century of implementing the program objective of continuing to identify unknown hazardous waste contamination sites, and cleaning them up expeditiously. Milestones reflect an increasing percent of clean ups due to agency efforts to simplify the site investigation and cleanup process.

PROGRAM PLAN:

As outlined in the agency's strategic plan, it is the program's goal to actively address critical environmental issues so that Minnesota has usable groundwater and uncontaminated soil, to have a well-managed ground water and solid waste programs and to be responsive to all the program's stakeholders. In order to meet these goals in the most cost-effective and efficient manner possible, the program plans to do the following:

1. Maximize Federal Grant Money realized by:
 - a) Maintaining federally-mandated base level programs in ground water and Superfund so that Minnesota may continue to receive matching federal dollars; and
 - b) Maintaining sufficient additional state resources in order to apply for additional federal grant money as the opportunities become available.
2. Strengthen environmental monitoring and assess the impact of the program on the environment.
3. Maintain compliance with state and federal requirements at solid waste facilities.

To move in the direction outlined above, the program has the following plan:

1. Have the state solid waste rules declared adequate by the Environmental Protection Agency, which will allow the state to permit solid waste facilities and ensure protection of Minnesota's resources without federal intervention.
2. Implement an integrated data management system. Use of computer systems will enable the program to evaluate program effectiveness, establish priorities and assist in analyzing environmental issues. However, the program must reduce the resources for groundwater mapping which will affect the agency's ability to complete computerization of the information needed to assess impacts that are occurring throughout the state. The program must also reduce follow-up on solid waste composition data collection activities mandated by the legislature.
3. Eliminate the infectious waste program, for which adequate funding is not provided. This program tracks firms that collect, transport and treat infectious waste. [Responsibility could be absorbed by the Department of Health]. This action may result in illegal disposal activities and Minnesota may be subject to a cradle-to-grave tracking system being considered at the federal level.
4. Reduce superfund program support to other programs reduce oversight of cleanups and reduce the abatement contracts for waste tires.
5. Continue to emphasize permitting of solid waste facilities to reduce the backlog of permits awaiting action. However, inadequate funding will reduce follow-up service, inspections and assistance to permittees.

1994-95 Biennial Budget

PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency
 (Continuation)

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated-General:Penalties	\$22	\$79	\$13	\$3	\$10
-Environ:Penalties		47		47	
-Fees		407		360	360
-Tires: Loans	48	58	10		
-Tires: Motor Veh Trf		229			
-Metro Landfill Cont	724	628	625	625	625
Dedicated-Special	63	227	349	106	106
-Federal	5,302	7,286	9,691	9,953	9,953
-Environmental	<u>4,776</u>	<u>4,537</u>	<u>3,480</u>	<u>3,410</u>	<u>3,185</u>
Total Revenue	\$10,935	\$13,498	\$14,168	\$14,504	\$14,239

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan except that the Governor proposes to reduce funding for salaries based on salary planning estimates. In addition, the Governor recommends 2 new environmental initiatives. These include providing additional resources for the State Superfund and a funding proposal to cleanup closed landfills.

The Governor's proposal dramatically changes the way the solid waste management portion of this program is funded by moving it entirely onto dedicated funding continuing a trend that was begun in the Air Pollution Control Program last biennium. Like the Air program, the revenue source is linked to the amount of pollution or solid waste generated. This recommendation also eliminates an unpopular Solid Waste fee charged to municipalities, and merges the resources of the Minnesota Landfill Contingent Action Trust Fund (36 Fund) into a new Landfill cleanup account in the Environmental Fund (33 Fund).

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GROUNDWATER PROTECTION & SOLID WAS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT & DIRECTI	5,211	4,878	5,442	5,192	5,606	2,106	5,192	5,459	2,106
SUPERFUND & SOLID WASTE CLEAN-UP	15,190	15,478	22,962	20,675	17,011	17,285	20,675	17,003	19,277
SOLID WASTE MANAGEMENT & FACILITIE	978	982	2,400	1,200	1,156	16,051	1,200	1,156	15,904
TOTAL EXPENDITURES BY ACTIVITY	21,379	21,338	30,804	27,067	23,773	35,442	27,067	23,618	37,287
GOV'S INITIATIVES:			FUND						
(A) LANDFILL CLEANUP & SOLID WASTE MGT			GEN			<1,811>			<1,811>
(A) LANDFILL CLEANUP & SOLID WASTE MGT			ENV			12,389			12,389
(A) LANDFILL CLEANUP & SOLID WASTE MGT			MLC			<789>			<789>
(A) SALARY PLANNING ESTIMATES			ENV			<120>			<120>
(B) STATE SUPERFUND			ENV			2,000			4,000
TOTAL GOV'S INITIATIVES						11,669			13,669
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,352	1,756	1,899	1,906	1,811		1,906	1,811	
MN RESOURCES	209								
ENVIRONMENTAL	5,653	6,122	8,679	6,612	6,584	9,681	6,612	6,576	9,673
METRO LANDFILL CONTN	1,508	235	2,209	789	789		789	789	
OPEN APPROPRIATIONS:									
ENVIRONMENTAL	6,304	5,723	7,942	7,942	4,500	15,672	7,942	4,353	17,525
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	50	225	363	106	106	106	106	106	106
FEDERAL	5,303	7,277	9,712	9,712	9,983	9,983	9,712	9,983	9,983
TOTAL FINANCING	21,379	21,338	30,804	27,067	23,773	35,442	27,067	23,618	37,287
POSITIONS BY FUND:									
GENERAL	46.0	36.0	36.0	36.0	36.0	.0	36.0	36.0	.0
MN RESOURCES	4.5	.0	.0	.0	.0	.0	.0	.0	.0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GROUNDWATER PROTECTION & SOLID WAS

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	46.0	53.0	54.0	60.0	60.0	52.0	60.0	60.0	52.0
ENVIRONMENTAL	71.0	75.0	75.0	75.0	75.0	126.0	75.0	75.0	126.0
METRO LANDFILL CONTN	2.0	2.0	2.0	2.0	2.0	.0	2.0	2.0	.0
TOTAL POSITIONS	169.5	166.0	167.0	173.0	173.0	178.0	173.0	173.0	178.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

1. Ground Water Program Development

Ground Water Program Development establishes standards and policies for ground water protection in the agency's permitting and cleanup programs. The program develops components of the comprehensive state ground water protection program under Environmental Protection Agency's (EPA) ground water initiative, develops procedures and technical standards for ground water investigation, and provides ground water information and assistance to local governments in support of county comprehensive local water management and wellhead protection. These activities ensure that the agency's many contaminant source control programs protect ground water adequately and consistently, maintain technical quality, and support other state and local ground water programs.

2. Ground Water Monitoring and Assessment Program

Two programs, the Ground Water Monitoring and Assessment Program (GWMAP) and the Integrated Ground Water Information System (IGWIS), provide and manage ground water monitoring information. GWMAP assesses the ambient ground water quality of the states' 14 principal aquifers for natural and man-made contaminants. IGWIS manages compliance and ambient ground water monitoring data collected from 8 programs throughout the agency, including GWMAP, in a single data system. Together these programs provide automated, interpreted information on ambient and site-specific ground water quality, needed by the agency program managers and local governments to assess the success of ground water management and contaminant source control activities.

3. Underground Disposal Control Program

The Underground Disposal Control Program (UDCP) develops standards, procedures and best management practices to address thousands of direct sources of ground water pollution. These include commercial/industrial users of septic systems, stormwater and agricultural drainage wells, and other sources. UDCP works with local governments, other agency programs and state agencies, trade groups and facilities designers, and the EPA to provide consistent guidance.

4. Solid Waste Program Development

This activity includes solid waste rulemaking; participation with and in other organizations relative to solid waste issues; preparation of studies and special reports for the legislature; and, tracking emerging solid waste issues nationwide.

BUDGET ISSUES:

1. Ground Water Program Development

Program reductions would reduce the technical quality of ground water investigations required by the agency, and would severely curtail the program's ability to provide information and assistance to local governments. Any large cuts would reduce our ability to develop a comprehensive state ground water protection program, and might thereby jeopardize federal funding under the Clean Water Act section 106 Ground Water Grant.

2. Ground Water Monitoring and Assessment Program

These programs took substantial cuts in F.Y. 1992-93. New funding for GWMAP sampling and analysis was reduced 25%; state funding for IGWIS was reduced by 35% from F.Y. 1990-91 levels. The funding shortfall has been managed thus far by vacancies and short-term federal funding, but 1/3 of the staffing (2 positions) will have to be eliminated in F.Y. 1994 under current funding. As a consequence, GWMAP will be able to provide only 1-time baseline sampling, very limited information on ground water quality trends over time, and limited service to local governments in the development of cooperative state-local regional monitoring networks. IGWIS will have reduced capacity to provide a compliance tracking system to the agency's permitting and cleanup programs. Minnesota has a vast, multi-aquifer ground water resource to assess, and compliance monitoring data from thousands of sites to manage, and these cuts obviously impair the agency's ability to judge the impact of its programs on the ground water resource.

3. Underground Disposal Control Program

While addressing a much larger number of sources than many other programs, UDCP is staffed by only 0.75 FTE. This allows only very limited service to local zoning and building inspection staff and the regulated community, and limited capacity to serve as a buffer between the regulated community and the EPA's aggressive Underground Injection Control Regulatory Program.

4. Solid Waste Program Development

By conducting the Waste Composition Study itself, the agency was able to meet the challenges of F.Y. 1992-93 budget reductions while still completing a very comprehensive study. Program reductions will curtail any ongoing study and will diminish our ability to prepare special studies and be responsive to emerging solid waste issues.

ACTIVITY COSTS:

Given the disparity between the size of the problem and the available staffing, UDCP achieves efficiencies through cooperation with local government and trade groups and development of standardized best management practices.

GRANTS: None

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GROUNDWATER PROTECTION & SOLID WAS
ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,622	1,508	1,718	1,585	1,537	1,537	1,585	1,537	1,537
EXPENSES/CONTRACTUAL SRVCS	362	512	386	359	356	348	359	356	348
MISC OPERATING EXPENSES	107	86	107	100	100	86	100	100	86
SUPPLIES/MATERIALS/PARTS	97	52	76	47	47	75	47	47	75
CAPITAL EQUIPMENT	117	102	59	29	29	23	29	29	23
OTHER		23	25	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	2,305	2,283	2,371	2,121	2,070	2,070	2,121	2,070	2,070
LOCAL ASSISTANCE	2,906	2,595	3,071	3,071	3,536	36	3,071	3,389	36
TOTAL EXPENDITURES	5,211	4,878	5,442	5,192	5,606	2,106	5,192	5,459	2,106
GOV'S INITIATIVES:									
FUND									
(A) LANDFILL CLEANUP & SOLID WASTE MGT			GEN			<1,123>			<1,123>
(A) LANDFILL CLEANUP & SOLID WASTE MGT			ENV			<2,377>			<2,230>
TOTAL GOV'S INITIATIVES						<3,500>			<3,353>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,329	1,105	1,167	1,174	1,123		1,174	1,123	
MN RESOURCES	209								
ENVIRONMENTAL	47	97	8	8	8	1,131	8	8	1,131
OPEN APPROPRIATIONS:									
ENVIRONMENTAL	2,906	2,550	3,035	3,035	3,500		3,035	3,353	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	50	225	363	106	106	106	106	106	106
FEDERAL	670	901	869	869	869	869	869	869	869

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GROUNDWATER PROTECTION & SOLID WMS
ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	5,211	4,878	5,442	5,192	5,606	2,106	5,192	5,459	2,106
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	24.0	22.0	20.8	20.8	20.8	.0	20.8	20.8	.0
MN RESOURCES	4.5	.0	.0	.0	.0	.0	.0	.0	.0
FEDERAL	15.5	15.0	16.2	16.2	16.2	16.2	16.2	16.2	16.2
ENVIRONMENTAL	.0	.0	.0	.0	.0	20.8	.0	.0	20.8
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	44.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Superfund and Solid Waste Cleanup
PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

The superfund and solid waste activity consists of the following:

1. Site Investigation Superfund

Site assessment investigates suspected hazardous waste sites and determines the degree of relative threat to the environment and human health. The investigation of each site consists of 4 phases: preliminary assessment (PA); site investigation (SI); extended site investigation (ESI); and hazard ranking score (HRS). Sites that complete the 4 phases of investigation are then listed on the State Permanent List of Priorities (PLP) and/or the National Priority List (NPL) based on their HRS score.

2. Superfund Site Cleanup

The Superfund Program continues to show progress in implementing its strategy of cleaning up contaminated soil, surface and ground water, and eliminating public health threats. Program staff effectively secure action by responsible parties to clean up the vast majority of the sites with contaminated resources. Staff oversee these actions to ensure a comprehensive cleanup. Contaminated sites where no responsible parties exist are cleaned up using state and federal funds.

3. Waste Tire Program

The Waste Tire Program consists of oversight of contracts to complete clean-ups at known waste tire dumps. Staff do inspections and take appropriate enforcement action for additional waste tire dumps which are discovered. It is estimated that 6 contracts will be in place for 50 remaining waste tire dumps which will require oversight into F.Y. 1994 and that 10 new waste tire dumps will be discovered in F.Y. 1995 and be cleaned up. The program also assists counties with clean-up of waste tire dumps and works with counties to establish local and regional waste tire management systems.

The division Waste Tire Dump Abatement Program has been successful in eliminating the majority of tire dump by assisting responsible parties both financially and technically to retain contractors to complete the clean-ups.

4. Hazardous Waste Site Information

This activity provides available information about known locations of hazardous waste sites, old dumps, active landfills, hazardous waste generators, registered and leaking underground storage tanks, chemical spills, and agency enforcement actions. This information is used most often in real estate transactions and particularly by financial institutions for loan approval.

5. Property Transfer

The primary function of the Property Transfer/Voluntary Cleanup (PT/VC) Program is to provide agency staff review and oversight of investigations and cleanup actions conducted by parties requesting assistance. By obtaining approval of the investigation reports and cleanup plans, the "voluntary parties" (which include landowners, lenders, developers, and state, local and federal agencies) can be more confident of the site environmental conditions and can better calculate the cost of cleanup. In addition to receiving technical assistance, the voluntary parties can obtain certain assurances regarding present and future cleanup liability.

BUDGET ISSUES:

1. Superfund Site Investigation

This program is entirely federally funded.

2. Superfund Site Cleanup

A number of sites have reached the stage in F.Y. 1993 where a significant outlay of the state Superfund (\$10 million) is necessary to fund clean-up. Included in this amount are site cleanups where the majority of the effort is federally financed, and the state must provide the 10% match. Anticipated expenditures shall fully deplete the fund at the end of F.Y. 1993. The only predictable infusion to the fund is the hazardous waste generator tax, which amounts to less than \$500,000/year. During the 1980's this tax amounted to \$800,000. The Superfund Program needs approximately \$4.25 million/year to fund unreimbursed cleanup expenditures. A revision to the hazardous waste generator tax structure is necessary to support ongoing program efforts.

3. Waste Tire Program

The program work plan establishes that enforcement action at all known waste tire dumps will be complete by the end of F.Y. 1993; however, oversight of contracts to complete cleanup will need to extend into F.Y. 1994-95 to complete cost effective clean-ups. Shorter timeframes decrease industry competition and increase cost.

4. Hazardous Waste Site Information

Clientele using this service reimburse the state for the cost of providing the service.

5. Property Transfer

It is expected that the average number of sites entering the Property Transfer/Voluntary Cleanup Program, as a result of passage of the Land Recycling Act, will increase from 40-60 sites (which represents the range of sites added each year from 1988 to 1992), to 80-120 sites per year. Given the number of sites a staff person can manage, the increased number and complexity of sites expected to enter the program, and the need to respond to requests for assistance in a timely manner, the current staffing and funding level is necessary. Given the current structure and activities of the program is maintained, the agency's budget plan will not have any significant effect on the activity level or the delivery of services.

1994-95 Biennial Budget

BUDGET ACTIVITY: Superfund and Solid Waste Cleanup
PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control
 (Continuation)

ACTIVITY COSTS:

1. Superfund Site Investigation

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
PA	10	10	10	10	10
SI	10	6	6	6	6
ESI	5	11	12	12	12
HRS Package	5	6	6	6	6
Cost	\$959,000	\$959,000	\$978,000	\$998,000	\$1,018,000

2. Superfund Site Cleanup

Effective agency enforcement strategies have resulted in a responsible party cleanup expenditure of over \$200 for every \$1 of state Superfund expended on oversight. Additionally, the agency is highly efficient, recovering almost 3/4 of its oversight costs from the responsible parties. For state-funded cleanups, the agency is implementing efforts to streamline the investigation and cleanup process, minimizing the expenditure of state funds.

3. Waste Tire Program

Over the past few years the agency has been able to reduce its budget for waste tire abatement by securing long-term cost effective regional contracts. Increased efficiency combined with phase out of the program will decrease the budget. Two measures of program efficiency are the number of waste tires cleaned up and the ratio of administrative costs compared to abatement costs.

	<u>F.Y. 1989</u>	<u>F.Y. 1991</u>	<u>F.Y. 1993</u>	<u>F.Y. 1995</u>
Tires cleaned up (million)	1.7	3.7	4.5	1.0
Administrative costs compared to clean up costs	24%	15%	10%	9%

4. Superfund Site Investigation

In the past, the division has not actively pursued delinquent fee accounts. Beginning in 1990, staff began to pursue recovery of those accounts.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>
% in receivable	32%	92%	93%	100%

5. Property Transfer

By statute, costs are required to be reimbursed by the voluntary party. To date, the Property Transfer/Voluntary Cleanup Program has collected approximately 93% of requested reimbursed expenses. The cost to the voluntary party or "cost to serve a predefined client" averages from \$50-\$75 per hour with an average bill (for a 6 month period) being \$1,000.

REVENUES:

GRANTS:

1. Superfund Site Investigation

This activity has been funded by the U.S. Environmental Protection Agency through F.Y. 1994. Grants are awarded through cooperative agreements.

2. Superfund Site Cleanup

The agency receives federal cooperative agreements to fund the federal share of clean ups of select sites on the National Priorities List.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GROUNDWATER PROTECTION & SOLID WAS
ACTIVITY: SUPERFUND & SOLID WASTE CLEAN-UP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,030	4,115	5,629	5,629	5,906	4,954	5,629	5,909	4,957
EXPENSES/CONTRACTUAL SRVCS	9,153	10,627	16,443	14,156	10,231	11,541	14,156	10,229	13,539
MISC OPERATING EXPENSES	262	269	368	368	358	305	368	354	301
SUPPLIES/MATERIALS/PARTS	184	237	142	142	140	124	142	137	121
CAPITAL EQUIPMENT	185	145	147	147	143	128	147	141	126
OTHER		40	233	233	233	233	233	233	233
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	13,814	15,433	22,962	20,675	17,011	17,285	20,675	17,003	19,277
AIDS TO INDIVIDUALS	11								
LOCAL ASSISTANCE	1,365	45							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	15,190	15,478	22,962	20,675	17,011	17,285	20,675	17,003	19,277
GOV'S INITIATIVES:									
			FUND						
(A) LANDFILL CLEANUP & SOLID WASTE MGT			ENV			<831>			<831>
(A) LANDFILL CLEANUP & SOLID WASTE MGT			MLC			<789>			<789>
(A) SALARY PLANNING ESTIMATES			ENV			<106>			<106>
(B) STATE SUPERFUND			ENV			2,000			4,000
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						274			2,274
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	45								
ENVIRONMENTAL	5,606	5,694	7,003	6,136	6,108	5,171	6,136	6,100	5,163
METRO LANDFILL CONTN	1,508	235	2,209	789	789		789	789	
OPEN APPROPRIATIONS:									
ENVIRONMENTAL	3,398	3,173	4,907	4,907	1,000	3,000	4,907	1,000	5,000

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: GROUNDWATER PROTECTION & SOLID WAS
 ACTIVITY: SUPERFUND & SOLID WASTE CLEAN-UP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
FEDERAL	4,633	6,376	8,843	8,843	9,114	9,114	8,843	9,114	9,114
TOTAL FINANCING	15,190	15,478	22,962	20,675	17,011	17,285	20,675	17,003	19,277
POSITIONS BY FUND:									
FEDERAL	30.5	38.0	37.8	43.8	43.8	35.8	43.8	43.8	35.8
ENVIRONMENTAL	71.0	69.0	69.0	69.0	69.0	53.0	69.0	69.0	53.0
METRO LANDFILL CONTN	2.0	2.0	2.0	2.0	2.0	.0	2.0	2.0	.0
TOTAL POSITIONS	103.5	109.0	108.8	114.8	114.8	88.8	114.8	114.8	88.8

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: Ground Water Protection and Solid Waste Management
ACTIVITY: Superfund and Solid Waste Cleanup

ITEM TITLE: State Superfund

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Environmental Fund (MERLA Account)	\$2,000	\$4,000	\$4,000	\$4,000
Revenues: (\$000s)				
Environmental Fund (MERLA Account)	\$2,000	\$4,000	\$4,000	\$4,000

Statutory Change? Yes X No

If yes, statute affected: M.S. 115B

GOVERNOR'S RECOMMENDATION:

The Governor recommends that a \$2,000,000 increase for F.Y. 1994 and a \$4,000,000 increase for F.Y. 1995 in the tax revenue to the Environmental Fund be authorized to finance cleanup of hazardous waste-contaminated Superfund sites, and administration of the state Superfund Program. The fund is currently supported by a hazardous waste generator tax and reimbursement of site expenditures by responsible parties. This current tax raises about \$500,000 each year, which is deposited in the Superfund Account. This investment initiative revises the existing hazardous waste generator tax structure to expand the tax base equitably among large quantity and small quantity generators, based on the quantity of hazardous waste they generate. Revision to the tax is necessary to maintain the Superfund Program. Preliminary calculations show that hazardous waste generators in Minnesota generate approximately 665,000,000 pounds of hazardous waste per year. The anticipated revenue of \$4,500,000 per year results in a preliminary tax rate that is about 2/3 cent per pound of hazardous waste generated. The Department of Revenue recommends that the effective date of the tax increase be 1-1-94.

The Governor also recommends that \$250,000 each year of the biennium be appropriated in the Environmental Fund to provide low interest loans to generators of very small quantities of hazardous waste who do not have the financial resources to investigate and remediate releases of hazardous waste to the environment. These loans would be distributed through a revolving fund.

The following is a summary of state funding for the Superfund Program: 1) For F.Y. 1992-93, the legislature appropriated \$2,000,000 from the Motor Vehicle Transfer Account to the Superfund account; 2) for F.Y. 1990, \$1,000,000 from the general fund; 3) for F.Y. 1988-89, \$11,000,000 from the Water Pollution Control Fund; 4) for F.Y. 1984, \$5,000,000 from the General Fund. Total appropriations to date are \$19,000,000.

This investment initiative is predicated on streamlining the Superfund Program to remove sanitary landfills, resulting in an annual program need of \$6.25 million per year. Approximately \$2 million in program expenditures are recovered annually from responsible parties in the form of reimbursements and penalties. The balance of the program need of \$4.25 million per year pays for unreimbursed Superfund clean up and administrative expenditures. Without expansion of the hazardous waste generator tax, the tax revenue will remain constant at about \$500,000 per year. The subsequent revenue shortfall will result in no state or federal Superfund-financed cleanup, and Superfund will have insufficient funds to cover agency staff oversight of responsible party cleanups.

In addition, the agency has identified releases of hazardous waste at approximately 50 very small quantity generator sites. About half of these do not have the financial resources to perform investigation and remediation. Making \$250,000 available in low interest loans would enable these businesses to act quickly to remediate releases that could become larger environmental problems requiring Superfund assistance.

PROGRAM OUTCOMES:

This initiative supports the "Minnesota Milestones" which target the cumulative number of Superfund sites on the state's Permanent List of Priorities (PLP), and the number of sites cleaned up:

<u>Year</u>	<u>Sites on PLP</u>	<u>Sites Cleaned Up</u>
1990	178	71
1995	219	112
2000	294	162
2010	444	262
2020	460	362

Providing low interest loans to very small quantity generators of hazardous waste would enable small business to proceed quickly to avert more extensive environmental damage that may require the site to be placed on Superfund list for future cleanup funds. Financial assistance could forestall protracted enforcement and litigation, prevent further environmental damage and enable the businesses to remain solvent.

LONG-TERM IMPACT:

Superfund sites are an imminent and long-term threat to public health and the environment. It is critical that site clean up occurs as expeditiously as possible. The loan program would be a prevention mechanism that would reduce the need for Superfund money. Over the long term, as loans are repaid, those funds would be available for other small businesses, and the state would save enforcement and litigation costs. Hazardous waste sites continue to be discovered, and site clean up progresses through the various phases. A restructuring of the hazardous waste generator tax is necessary to maintain the success of Superfund in cleaning up hazardous waste sites in Minnesota.

1994-95 Biennial Budget

BUDGET ACTIVITY: Solid Waste Management Facilities
PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity is responsible for issuing permits, conducting technical evaluations, managing water quality monitoring programs, compliance monitoring programs, and taking enforcement actions for all solid waste management facilities. This includes facilities used to recycle, process, compost, incinerate and dispose of nearly 17 million cubic yards of solid waste generated per year in Minnesota. This activity must ensure that ground water, which is Minnesota's primary drinking water supply, is not contaminated by solid waste facilities, and that corrective actions are taken whenever contamination is detected above acceptable levels.

EFFICIENCY MEASURES:

Permit-by rules issued: 601 (recycling, demolition, yard waste facilities)

30 day completeness met: 66% compliance

180 day issuance met: 75% compliance

The costs for regulatory compliance could be estimated as follows:

	<u>F.Y. 1985</u>	<u>F.Y. 1991</u>	<u>F.Y. 1994</u>
Cubic yards of solid waste	12,000,000	17,000,000	19,000,000
Value of waste industry (millions)	\$85	\$900	\$1,005
Budget for Regulatory Compliance (millions)	\$1.0	\$2.2	\$2.2
Unit cost of waste managed (\$/cy)	\$12	\$13	\$12
Unit cost for management of industry (\$/value of industry)	.01	.002	.002

Closed Landfill Assessment Program

The 1992 Legislature appropriated \$1.2 million in F.Y. 1993 from the landfill cleanup account to evaluate closed mixed municipal solid waste landfills in the state. The appropriation was made as a result of legislation that proposed an alternative cleanup program for landfills. A short-term evaluation is being performed by state Superfund staff and field work will be nearly complete by 6-30-93 and complete reassessment by 12-31-93. Evaluation activities at 83 closed landfills include determination of the adequacy of final cover, slopes, vegetation and erosion control; determination of the presence and concentration of hazardous wastes and decomposition gases; and determination of the boundaries of fill areas. This evaluation is being performed by a combination of state staff and use of drilling, surveying and lab contractors. Information collected from this evaluation will be reported to the legislature by November 1994.

BUDGET ISSUES:

The legislature provided \$1.2 million funding without positions for F.Y. 1993 only. The agency requested 6 staff positions and \$3 million fund this activity over a 2-year period. Now it is believed this activity can be completed for approximately \$2 million over a 2-year period; however Superfund-funded staff (with other program responsibilities) are having to complete the work. Additional funding is needed for F.Y. 1994 in order to complete the evaluation.

ACTIVITY COSTS:

Through the use of staff oversight in field activities, significant savings (estimated at greater than 50% over use of general contractors) are occurring in the collection of landfill data. The evaluation process is being performed by teams of specialists who are directly responsible for data evaluation and recommendations by combining collective staff skills.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GROUNDWATER PROTECTION & SOLID WAS
ACTIVITY: SOLID WASTE MANAGEMENT & FACILITIE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	869	865	1,031	1,031	990	2,326	1,031	990	2,326
EXPENSES/CONTRACTUAL SRVCS	34	60	1,247	47	44	13,418	47	44	13,271
MISC OPERATING EXPENSES	51	25	69	69	69	151	69	69	151
SUPPLIES/MATERIALS/PARTS	23	21	50	50	50	128	50	50	128
CAPITAL EQUIPMENT	1	11	3	3	3	28	3	3	28
SUBTOTAL STATE OPERATIONS	978	982	2,400	1,200	1,156	16,051	1,200	1,156	15,904
TOTAL EXPENDITURES	978	982	2,400	1,200	1,156	16,051	1,200	1,156	15,904
GOV'S INITIATIVES:									
			FUND						
(A) LANDFILL CLEANUP & SOLID WASTE MGT			GEN			<688>			<688>
(A) LANDFILL CLEANUP & SOLID WASTE MGT			ENV			15,597			15,450
(A) SALARY PLANNING ESTIMATES			ENV			<14>			<14>
TOTAL GOV'S INITIATIVES						14,895			14,748
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	978	651	732	732	688		732	688	
ENVIRONMENTAL		331	1,668	468	468	3,379	468	468	3,379
OPEN APPROPRIATIONS:									
ENVIRONMENTAL						12,672			12,525
TOTAL FINANCING	978	982	2,400	1,200	1,156	16,051	1,200	1,156	15,904

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: GROUNDWATER PROTECTION & SOLID WAS
 ACTIVITY: SOLID WASTE MANAGEMENT & FACILITIE

ACTIVITY SUMMARY	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	22.0	14.0	15.2	15.2	15.2	.0	15.2	15.2	.0
ENVIRONMENTAL	.0	6.0	6.0	6.0	6.0	52.2	6.0	6.0	52.2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	22.0	20.0	21.2	21.2	21.2	52.2	21.2	21.2	52.2

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PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control Agency

PROGRAM PURPOSE:

The mission of the Hazardous Waste Management Program is to serve the public by preventing hazardous wastes and petroleum products from polluting the state's water, air, and land. The program's Milestones are 1) a reduction in the quantity of hazardous waste generated and an increase in the percentage of hazardous waste properly managed, and 2) a reduction in the number of petroleum release sites and an increase in the number cleaned up. The program seeks to achieve these Milestones in the following ways:

By striving to provide rules and regulatory programs that are protective of the environment and at the same time provide a reasonable system for compliance by the regulated community.

By providing technical assistance to generators of hazardous waste on proper management, including encouraging reduction of the quantity generated, increased recycling, and proper disposal.

By coordinating a statewide Household Hazardous Waste Program that focuses on education, proper management, and use/reduction of chemicals that may become household hazardous waste.

By responding to leaks from petroleum storage tanks through technical assistance, regulatory programs, and clean-up activities, thereby directly reducing the risk to human health and the environment.

And by coordinating the state's response to spills and other chemical releases that cause environmental emergencies and by overseeing necessary clean-up activities.

PROSPECTS:

Identifying Problems/Priorities

The Hazardous Waste Program continues to evolve as the agency identifies and assigns priorities to problem wastes and develops management options. The state rules must be revised periodically to incorporate changes to the federal Hazardous Waste Program and to address state level needs. As this biennium closes, a major initiative will be the evaluation of a federal program change regarding the definition of hazardous waste that may affect the regulation of a number of those wastes. The agency also is directing significant effort to regulatory changes to reduce mercury and other heavy metals in the environment.

Number of Generators

The agency tracks the types and quantities of hazardous waste transported to treatment, storage, disposal, or recycling facilities, as well as the quantities sewered or recycled on-site. The quantities being reported by generators continue to increase as the number of generators the agency identifies increases. Additional efforts are needed to provide information to and develop management plans for this much larger universe of generators. The agency believes that it has brought into the

regulatory system most of the large and medium hazardous waste generators and about 75% of the very small quantity hazardous waste generators.

Special Wastes

The agency continues to encourage the development of systems to manage wastes safely and efficiently and to establish appropriate levels of regulation on special waste issues including battery management, used oil, and wastes containing mercury.

Assistance to Local Units of Government

The agency provides assistance to local units of government to establish management and educational programs for household hazardous waste. The agency estimates that 40,000 tons of household hazardous waste are generated each year. This material, if not properly managed, represents a significant fiscal and environmental liability of Minnesota government, particularly counties. However, because the cost of managing this waste is so high, counties may be reluctant to initiate or continue Household Hazardous Waste programs in the coming years, unless state support continues.

Hazardous Waste Regulations

The future of the Hazardous Waste Regulatory Program will be influenced by the following factors:

- The ability to conduct an adequate number of inspections.
- The ability to undertake special enforcement initiatives that deter significant violations.
- The ability to train and maintain quality staff.
- The ability to issue quality facility permits and address cleanups at active hazardous waste facilities.

Petroleum Storage Tanks

The Petroleum Storage Tank Program deals with approximately 45,000 underground and 12,000 aboveground storage tanks. Currently, about 30% of registered tanks have reported petroleum releases. New releases are reported at a rate of about 1,100 per year. Federal statutes require the upgrading or replacement of all underground storage tanks by 1998, which has resulted in the discovery of a significant number of leaks. Many of these leaks are a threat to drinking water. It is estimated that 50% of the 3,000 sites with aboveground storage tanks have proper safeguards. Substantial leaks or failures of these tanks could cause an environmental emergency. All of the 52 sites with more than 1 million gallons of storage capacity need clean-up oversight and safeguard upgrading.

Emergency Response

The agency has updated and expanded its internal Contingency Plan for environmental emergencies. The plan now places an expanded role on spills team staff for overall coordination of state and agency staff in a more aggressive and effective response to emergencies. The number of routine spills reported to the agency is rising steadily to about 1,400 or more per year.

1994-95 Biennial Budget

PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control Agency
(Continuation)

OUTCOMES:

The U.S. Environmental Protection Agency (EPA) grants the agency authorization to administer the federal Hazardous Waste Program. The agency currently is authorized for more program elements than any other state in the region.

- The agency has adopted rules to more effectively regulate the large number of businesses that generate very small quantities of hazardous waste and to provide those generators with innovative options for waste management. The agency is currently finalizing procedures allowing public and private entities to safely collect wastes from small businesses under reduced administrative requirements, thus saving costs and leading to more compliance.
- The Hazardous Waste Program has used the Total Quality Management (TQM) process for the past biennium to foster innovations to help staff address a growing workload. We will continue to use TQM to refine directions and processes.
- The agency has expanded the regional Household Hazardous Waste Programs with the cooperation of the counties. At the end of F.Y. 1992-93, approximately 70 counties representing 90% of the Greater Minnesota households will have an active program.
- The Hazardous Waste Program has used the Administrative Penalty Order (APO) authority effectively and has found this tool to be excellent for quickly solving minor problems such as record keeping, labeling, manifest, and training violations. More than 200 APO's were issued in F.Y. 1991-92. This has prevented many problems from becoming larger, has enhanced compliance activities significantly, and has assured proper hazardous waste management—all with expedited timeframes.
- The agency has met the 1992 federal statutory deadline for issuing all hazardous waste permits and was the first state in EPA Region V to do so.

As part of an agency-wide effort to improve service, 2 hazardous waste inspectors were placed in the Rochester and Detroit Lakes regions.

The division has initiated a policy to incorporate pollution prevention and waste minimization conditions into stipulation agreements and permit actions. This will contribute to the Minnesota Milestone of a reduction of the quantity of hazardous waste generated.

The Leaking Underground Storage Tank Program has made significant progress since the passage of the Petroleum Tank Release Cleanup Act of 1987 and is working as envisioned. Over 5,200 leaking tanks have been identified. Cleanups, including soil excavation, removal of free product, ground water pump-out, etc., have been initiated at more than 4,140 leaking storage tank sites. Cleanups have been completed at more than 2,020 of all reported leak sites. Minnesota's program is moving at a faster pace than other states and has received national acclaim from the EPA.

The agency implemented a Tank Contractor Certification Program in 1991. There are currently 248 tank contractor companies with 532 site supervisors who are certified to remove, repair and/or install tanks. This ensures that there are qualified contractors to perform removals in a manner which does not cause additional environmental problems.

Spill reports have risen from 2,400 in F.Y. 1990-91 to a projected 3,000 in F.Y. 1992-93 and a projected 4,000 in F.Y. 1994-95.

OBJECTIVES:

- The agency will continue to amend the hazardous waste rules to incorporate all appropriate federal program revisions to maintain authorization for the state hazardous waste program. This allows Minnesota companies to deal with only one set of state regulations, thereby simplifying the compliance process.
- To reduce the environmental impacts of problem wastes, the agency will continue to develop safe and cost effective management methods.
- The agency will continue to operate a statewide hazardous waste computer tracking system that allows cradle-to-grave tracking of hazardous waste and contains generator, transporter, facility background, and compliance tracking data. The system assists the program in regulating the handling and movement of hazardous waste and allows the state to share data with the EPA.
- The identification of new generators and the wastes they generate will enable the agency to identify under-regulated pollutants/sources with significant environmental impacts and bring them into compliance with environmental regulations.
- One biennial objective will be to enroll an additional 15% of the hazardous waste generators and reach an approximate 90% of the generators. Significant outreach efforts will be made to ensure that the generators understand waste management requirements. Total generators identified will be about 20,000 in F.Y. 1994 and about 21,000 in F.Y. 1995. This objective relates to the Milestone covering proper management of hazardous waste.
- The household hazardous waste program will maintain the established local programs and increase the efficiency of the program by developing innovative ways to reduce and properly manage household hazardous waste.
- The hazardous waste program has these specific objectives for F.Y. 1994-95 that relate to the Milestone regarding hazardous waste generation and management:
 1. Achieve cleanups at hazardous waste sites by resolving 20% of the 50 currently identified sites needing remediation during each year of the biennium.
 2. Achieve compliance with hazardous waste management requirements by achieving and maintaining an 85% compliance rate at 85% of the companies inspected during each year of the biennium.
 3. Promote pollution prevention by adding a specific pollution prevention goal into all proposed stipulation agreements and by integrating pollution prevention requirements into each hazardous waste permit issued during the biennium.

1994-95 Biennial Budget

PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control Agency
 (Continuation)

■ The following objectives relate to the Minnesota Milestone regarding petroleum release sites and cleanup:

1. The division will maintain the Underground Storage Tank contractor certification program at its current level and quality to ensure that there is a universe of contractors who are familiar with the safe and proper methods of handling tank projects. We will continue to enhance our technical outreach efforts through owner workshops, fact sheet development, newsletter mailings, specialized seminars, etc.
2. The division will increase its focus on existing facility inspections to ensure that operating tanks are being properly monitored for leaks. As the practice of leak detection monitoring becomes more common, leak sites will be identified sooner which should result in less contamination, lower risks to the public and decreased clean-up costs. F.Y. 1995: Inspect 3% of existing facilities.
3. The agency will obtain full tanks program authorization from the U.S. Environmental Protection Agency (EPA). This will give the agency complete authority to operate this program.
4. The Leaking Underground Storage Tank clean-up program will progress as follows:

F.Y. 1994 F.Y. 1995 F.Y. 1996 F.Y. 1997

Number of Releases (Cumulative)	7,342	8,342	9,242	10,042
Cleanups Initiated (Cumulative)	6,830	7,930	8,930	9,830
Releases Cleaned Up	2,747	3,497	4,247	4,997

5. By F.Y. 1995, 1,500 aboveground storage tank sites will have acceptable storage safeguards, and 26 large sites will be undergoing cleanup.

6. Given reduced resources and increased workload, the agency will maintain the quality of response to major spill incidents and emergencies; conduct a minimal program of response planning with other state and federal agencies; eliminate response to an increasing number of minor and moderate incidents; defer inspecting the spill prevention and preparedness status of potential industrial spillers; and defer overseeing long-term cleanups of some incidents affecting soil and ground water.

- Coordinate acceptable emergency responses to all major incidents (10 - 30 per year).
- Conduct state-funded emergency cleanups where the responsible party fails (70 - 100 per year).
- Maintain agency contingency plan and equipment.
- Participate in federal/regional response team preparedness activities.
- Instruct responsible parties on proper cleanup via telephone (50% of reported incidents).
- Inspect results of responsible parties cleanup to verify (1% of reported incidents).
- Documented evidence of acceptable quality of cleanup, minor/moderate incidents (25% of incidents).

PROGRAM PLAN:

The agency plans to deal with reduced resources and the effects of inflation in this program as follows:

- The General Fund reduction will require that the division reduce supply and expense spending in the General Fund and will require that a position be held vacant and supply and expense spending be curtailed in the SCORE-General Fund area (household hazardous waste) as well as reductions to money for assisting counties in paying cost of disposing of household hazardous waste that the counties collect.
- In the area supported by hazardous waste fees, the division plans to eliminate the property transfer program and reprogram its funds into the base hazardous waste activities.
- In the area funded by the Motor Vehicle Transfer Account (used oil) the division will reduce supply and expense spending each year.
- In the petrofund area, the division will reduce the money spent on cleanup from our appropriation the first year and rely instead on transfer from the Petro Board. In the second year, the division will hold an Aboveground Storage Tank Program position vacant and further reduce clean-up spending.
- Lastly, in the enforcement account, the division will reduce use of contracted services.

Except for the cuts to the Property Transfer Program, the cuts outlined above reflect reduced levels of service. The property transfer file search work will then need to be done by those looking for the information, a more difficult, time consuming, and expensive option for information seekers.

REVENUE:

Type of Revenue:	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Non-dedicated-General:Penalties	\$5	\$5	\$5	\$5	5
-Fees	1,898	2,004	2,170	2,170	2,170
Dedicated-Special	233	304	345	346	346
-Federal	3,726	4,002	3,718	3,825	3,825
-Petro	<u>842</u>	<u>491</u>	<u>150</u>	<u>150</u>	<u>150</u>
Total Revenue	\$6,704	\$6,806	\$6,388	\$6,496	6,496

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995					
	Est. FY 1991	Est. FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT & DIRECTI	3,238	2,999	3,170	3,170	3,085	3,051	3,170	3,039	3,005
HAZARDOUS WASTE FACILITIES	1,575	2,000	2,144	2,144	2,247	2,217	2,144	2,247	2,217
PETROLEUM & SPILL CLEAN-UP	4,416	4,787	5,438	3,804	3,883	3,845	3,804	3,883	3,845
TOTAL EXPENDITURES BY ACTIVITY	9,229	9,786	10,752	9,118	9,215	9,113	9,118	9,169	9,067
GOV'S INITIATIVES:			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<17>			<17>
(A) SALARY PLANNING ESTIMATES			ENV			<85>			<85>
TOTAL GOV'S INITIATIVES						<102>			<102>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,948	1,445	1,657	1,661	1,536	1,519	1,661	1,490	1,473
MN RESOURCES	55								
ENVIRONMENTAL	2,747	3,213	3,393	3,393	3,393	3,308	3,393	3,393	3,308
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	236	337	346	346	346	346	346	346	346
FEDERAL	3,701	4,006	3,718	3,718	3,940	3,940	3,718	3,940	3,940
ENVIRONMENTAL	542	785	1,638						
TOTAL FINANCING	9,229	9,786	10,752	9,118	9,215	9,113	9,118	9,169	9,067
POSITIONS BY FUND:									
GENERAL	21.0	14.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
MN RESOURCES	1.0	.0	.0	.0	.0	.0	.0	.0	.0
FEDERAL	84.0	86.0	85.0	89.0	89.0	89.0	89.0	89.0	89.0
ENVIRONMENTAL	53.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0
TOTAL POSITIONS	159.0	157.0	154.0	158.0	158.0	158.0	158.0	158.0	158.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity provides management, support, and direction to the Hazardous Waste Management Program, other state agencies, counties, hazardous waste generators, and citizens of Minnesota by:

1. Providing technical assistance to generators of hazardous waste on proper waste management, including reduction, recycling, and disposal.
2. Studying and recommending environmentally sound management priorities for special wastes including used oil, batteries, fluorescent bulbs, and lead.
3. Coordinating a statewide education program to reduce household hazardous waste generation by encouraging homeowners to make wise decisions about the use and purchase of chemicals that may become household hazardous waste. The household hazardous waste program operates and promotes regional and local facilities for the collection and management of household hazardous waste, thus preventing or reducing the cost of correcting environmental damage after it has occurred.
4. Operating and maintaining a hazardous waste tracking system so current information on types of quantities of hazardous waste generated is available and hazardous waste fees are properly assessed and collected.
5. Developing rules that are protective of the environment but also provide a reasonable, workable system for compliance by the regulated community.

BUDGET ISSUES:

The reductions spelled out in the agency's budget plan for this program will affect this activity in two ways. First, supply and expense spending will be reduced. This will be common across all funds. Second, we will hold a position vacant in the household hazardous waste area and will reduce resources available to assist counties in paying waste disposal costs.

Licensing and Providing Technical Assistance to Generators

	<u>F.Y. 1992</u>	<u>F.Y. 1994</u>
Generators	3,500	10,500
Cost/Generator	\$269	\$72

This does not include cost of inspections and enforcement.

Household Hazardous Waste Programs

F.Y. 1991 F.Y. 1992

Participants in Collections	5,357	10,216
Disposal Cost Per Participant	\$46	\$34

EFFICIENCY MEASURES:

1. The universe of known generators has nearly tripled in the past year and will be managed with a staff reduction from 8 to 7.
2. Staff has reduced the amount of information required of generators for two reasons: to make compliance easier for small businesses and to make handling large numbers of businesses easier for existing staff. Processes have been automated to increase efficiencies.
3. Over the past two years, staff has expanded the number of fact sheets available to assist small and large businesses from 75 to 110. Staff has also added a significant outreach tool: a step-by-step instruction booklet for very small quantity generators.
4. Staff has answered an increased number of outreach/assistance, calls from 15,000 to 23,000 per year.
5. In F.Y. 1991-92, 6 staff completed 10 rule packages addressing the management of hazardous waste and household hazardous waste. In F.Y. 1993-94, staff anticipates completing a similar number of rule packages containing a larger number of actual rules, with 4 staff. In F.Y. 1995-96, staff anticipates increasing efficiencies.
6. The agency has simplified and focused the Household Hazardous Waste (HHW) program as it has grown, allowing existing staff to provide assistance to 70 counties with HHW management programs. This is 4 times as many counties as were in the program in 1990. In the next biennium, the agency expects to serve up to 75 county programs without an increase in staff.

More participants are bringing waste to HHW facilities, but the cost of the program is growing at a slower rate due to increasing reliance on innovative management alternatives. One very successful method is the redistribution of usable products, such as paint and cleaners, to local residents. The MPCA, in cooperation with the counties, will continue to design and implement strategies to reduce the per participant cost of HHW management programs.

By removing hazardous wastes from the solid waste stream, the HHW program seeks to reduce future liabilities for environmental damage, to prevent injury to solid waste handling personnel, and to prevent damage to solid waste processing facilities. Although the cost of HHW management is high, it compares very favorably to the cost of correcting the problems that it prevents.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT
ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,645	1,672	1,723	1,723	1,727	1,693	1,723	1,727	1,693
EXPENSES/CONTRACTUAL SRVCS	1,038	1,011	1,031	1,031	952	952	1,031	906	906
MISC OPERATING EXPENSES	164	146	205	205	195	195	205	195	195
SUPPLIES/MATERIALS/PARTS	282	65	99	99	99	99	99	99	99
CAPITAL EQUIPMENT	108	104	111	111	111	111	111	111	111
OTHER	1	1	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	3,238	2,999	3,170	3,170	3,085	3,051	3,170	3,039	3,005
TOTAL EXPENDITURES	3,238	2,999	3,170	3,170	3,085	3,051	3,170	3,039	3,005
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									<10>
(A) SALARY PLANNING ESTIMATES									<24>
TOTAL GOV'S INITIATIVES									<34>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,685	1,212	1,270	1,270	1,145	1,135	1,270	1,099	1,089
MN RESOURCES	55								
ENVIRONMENTAL	575	816	996	996	996	972	996	996	972
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	175	247	253	253	253	253	253	253	253
FEDERAL	748	724	651	651	691	691	651	691	691
TOTAL FINANCING	3,238	2,999	3,170	3,170	3,085	3,051	3,170	3,039	3,005

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: HAZARDOUS WASTE MANAGEMENT
 ACTIVITY: ENVIRONMENTAL ASSESSMENT & DIRECTI

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
GENERAL	15.5	11.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
MN RESOURCES	1.0	.0	.0	.0	.0	.0	.0	.0	.0
FEDERAL	20.9	20.9	17.3	18.3	18.3	18.3	18.3	18.3	18.3
ENVIRONMENTAL	14.6	16.1	16.7	16.7	16.7	16.7	16.7	16.7	16.7
TOTAL POSITIONS	52.0	48.0	42.0	43.0	43.0	43.0	43.0	43.0	43.0

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BUDGET ACTIVITY: Hazardous Waste Facilities
PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity exists to permit and inspect hazardous waste facilities and generators. As integral parts of the permitting and inspection activities, clean-up efforts are overseen and enforcement actions are undertaken as a deterrent measure. The Minnesota Milestone of a reduction in the quantity of hazardous waste generated and an increase in the percentage of hazardous waste properly managed is directly affected by this activity.

The division currently inspects about 3% of large quantity hazardous waste generators annually. This is the minimum required as a condition of our federal grant. The division will continue to examine methods of making enforcement more effective by looking at ways to target its resources to the most likely problem areas and by exploring multimedia enforcement opportunities.

A recent focus in this activity is to utilize special initiatives, often in coordination with the U.S. Environmental Protection Agency (EPA), to effectively use limited resources. The division has ongoing initiatives in the hazardous waste transportation area, in manifest tracking, and in managing used oil. Another initiative is a geographical targeting of resources in the Lake Superior Basin, in which we experiment with improved ways to deliver education to generators; and with all agency divisions to do multimedia inspections combined with a strong emphasis on waste reduction. These types of initiatives demonstrate new and better methods toward achieving compliance.

The division provides training and technical assistance on the requirements of the hazardous waste rules through workshops and conferences, public presentations, and telephone contact with the regulated community.

In addition, fact sheets have been developed and a periodic newsletter is distributed. The agency's technical assistance strives to maximize abatement technologies and practices to minimize pollutant releases.

BUDGET ISSUES:

The impact of the agency budget plan on this activity will be reduced supply and expense spending. The impact of inflation in the enforcement account will reduce levels of contracted services.

ACTIVITY COSTS:

Permit Reissuances and Generator Cleanups:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
# Permits Reissued	8	8	8	8	8
Cost	\$306,056	\$306,056	\$306,056	\$306,056	\$306,056
Number of Cleanups	15	20	25	25	25
Cost	\$75,000	\$100,000	\$125,000	\$125,000	\$125,000

Hazardous Waste Compliance and Enforcement Efforts

	<u>Cost Per Case Unit</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Number of Cases	403	416	400	400	400
Number of Formal Cases	125	95	100	105	110
Number of Informal Cases	278	321	300	295	290
Cost/Case	\$1,290	\$1,099	\$1,270	\$1,300	\$1,332

This amount reflects the total case management cost including inspection and enforcement follow-up.

Training and Education Outreach:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
People Trained	3,805	3,920	4,000	4,000	4,000

The inspection and enforcement activities will evolve by applying our experience, the direction of the policy makers and the EPA, and the feedback from the judicial system toward a program that achieves maximum compliance in the hazardous waste program. We have learned, for example, that the Administrative Penalty Orders (APO's) are very effective for gaining quick compliance in relatively minor cases. On the other hand, we are finding that criminal prosecution stretches our human and financial resources far beyond expectations. The division will need extensive staff training in this area in order to be effective. The division will also need to refine our decision making process with the Attorney General's Office to concentrate on the most viable criminal cases. At the same time, the division will work to strive to strike the appropriate program balance between offering training and technical assistance and deterrence created through a strong enforcement program.

As the hazardous waste program passes into its second decade, the division is expecting a trend toward litigation of some civil penalty issues (probably the largest penalties). While this litigation will take additional time and money, it is vital that the judicial system respond to penalty issues. Both the agency and the regulated community will learn from the court decisions, and this will enhance future negotiations. As the hazardous waste regulatory program matures, both judicial decisions and negotiated settlements must work to define the limits and goals of civil penalties.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT
ACTIVITY: HAZARDOUS WASTE FACILITIES

ACTIVITY SUMMARY				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,361	1,609	1,672	1,672	1,775	1,745	1,672	1,775	1,745
EXPENSES/CONTRACTUAL SRVCS	116	274	354	354	354	354	354	354	354
MISC OPERATING EXPENSES	70	87	67	67	67	67	67	67	67
SUPPLIES/MATERIALS/PARTS	24	26	26	26	26	26	26	26	26
CAPITAL EQUIPMENT	4	4	25	25	25	25	25	25	25
SUBTOTAL STATE OPERATIONS	1,575	2,000	2,144	2,144	2,247	2,217	2,144	2,247	2,217
TOTAL EXPENDITURES	1,575	2,000	2,144	2,144	2,247	2,217	2,144	2,247	2,217
GOV'S INITIATIVES:									
(A) SALARY PLANNING ESTIMATES						<30>			<30>
TOTAL GOV'S INITIATIVES						<30>			<30>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	70	43	121	121	121	121	121	121	121
ENVIRONMENTAL	873	1,033	1,058	1,058	1,058	1,028	1,058	1,058	1,028
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	61	69	61	61	61	61	61	61	61
FEDERAL	571	855	904	904	1,007	1,007	904	1,007	1,007
TOTAL FINANCING	1,575	2,000	2,144	2,144	2,247	2,217	2,144	2,247	2,217
POSITIONS BY FUND:									
GENERAL	1.5	.0	.0	.0	.0	.0	.0	.0	.0
FEDERAL	18.1	18.2	20.7	22.7	22.7	22.7	22.7	22.7	22.7

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: HAZARDOUS WASTE MANAGEMENT
 ACTIVITY: HAZARDOUS WASTE FACILITIES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL	17.4	19.9	19.3	19.3	19.3	19.3	19.3	19.3	19.3
TOTAL POSITIONS	37.0	38.1	40.0	42.0	42.0	42.0	42.0	42.0	42.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Petroleum and Spill Cleanup
PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control

ACTIVITY DESCRIPTION:

This activity works to prevent leaks by offering technical assistance to tank owners and requiring tank upgrading. It responds to leaks from petroleum storage tanks by providing technical assistance, regulatory programs, and cleanup activities. It also coordinates the state's response to environmental emergencies such as spills, train wrecks, and other chemical emergencies, and oversees necessary cleanup. It currently provides file review and technical assistance to potential property buyers through the property transfer program.

BUDGET ISSUES:

The agency's budget plan for the hazardous waste management program will have three effects in this activity. All of the general fund money in this area is earmarked for the spills effort. Supply and expense spending reductions will be absorbed.

The property transfer function will be discontinued.

In the areas funded by the petrofund, the first year will see a reduction in the amount spent on cleanup from the current level of about \$130,000 per year. The second year will see further cleanup spending reductions and the holding of one aboveground clean-up position vacant.

ACTIVITY COSTS:

The Tanks and Spills Section applies Total Quality Management (TQM) principles to aspects of its work, resulting in productivity improvements.

For example, review/approval times have decreased:

	<u>F.Y. 1988</u>	<u>F.Y. 1990</u>
Issuing Guidance to Responsible Person	43 days	6 days
Initiating Soil Cleanup	313 days	52 days
Initiating Groundwater Cleanup	321 days	96 days

UNDERGROUND STORAGE TANK PROGRAM INDICATORS:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
<u>Contractor Certification</u>			
■ Number of Training Classes	11	6	6
■ Number of Certificates Issued	242	186	210

F.Y. 1991 F.Y. 1992 F.Y. 1993

<u>Workshops</u>			
■ Number of Customers Trained	983	501	210
<u>Enforcement Actions</u>			
■ Total Enforcement Actions	39	64	75
■ Informal Enforcement Actions	39	58	60
■ Formal Enforcement Actions	0	6	15
<u>Inspections</u>			
■ Tank Installations	553	498	500
■ % Sites Inspected	4.2	6.6	29.7

These program indicators do not reflect activities conducted by the unit such as development and distribution of customer outreach materials, database maintenance, and rule development activities.

LEAKING STORAGE TANK PROGRAM INDICATORS:

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>Total</u>
Leaks	640	1,456	1,312	1,130	1,116	5,654
Sites Cleaned Up	68	320	658	810	904	2,760

SPILLS AND ENVIRONMENTAL EMERGENCY INCIDENTS:

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>Total</u>
Incidents (Calendar Year)	1,200	1,340	1,260	1,470	1,600	6,870
Agency-Paid Cleanups	53	98	140	158	180	629

These program indicators do not reflect activities conducted by the unit such as: spill prevention, inspections of potential spiller readiness, agency contingency planning, enforcement, complaint follow-up, long-term cleanup monitoring, outreach, pre-coordination with federal and neighboring states, training, cost recovery, and supervision.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT
ACTIVITY: PETROLEUM & SPILL CLEAN-UP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,755	2,998	3,178	3,182	3,261	3,223	3,182	3,261	3,223
EXPENSES/CONTRACTUAL SRVCS	1,329	1,564	1,973	335	335	335	335	335	335
MISC OPERATING EXPENSES	170	166	191	191	191	191	191	191	191
SUPPLIES/MATERIALS/PARTS	146	57	58	58	58	58	58	58	58
CAPITAL EQUIPMENT	16	2	38	38	38	38	38	38	38
SUBTOTAL STATE OPERATIONS	4,416	4,787	5,438	3,804	3,883	3,845	3,804	3,883	3,845
TOTAL EXPENDITURES	4,416	4,787	5,438	3,804	3,883	3,845	3,804	3,883	3,845
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
(A) SALARY PLANNING ESTIMATES									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	193	190	266	270	270	263	270	270	263
ENVIRONMENTAL	1,299	1,364	1,339	1,339	1,339	1,308	1,339	1,339	1,308
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		21	32	32	32	32	32	32	32
FEDERAL	2,382	2,427	2,163	2,163	2,242	2,242	2,163	2,242	2,242
ENVIRONMENTAL	542	785	1,638						
TOTAL FINANCING	4,416	4,787	5,438	3,804	3,883	3,845	3,804	3,883	3,845

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: HAZARDOUS WASTE MANAGEMENT
 ACTIVITY: PETROLEUM & SPILL CLEAN-UP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
POSITIONS BY FUND:									

GENERAL	4.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
FEDERAL	45.0	46.9	47.0	48.0	48.0	48.0	48.0	48.0	48.0
ENVIRONMENTAL	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	70.0	70.9	72.0	73.0	73.0	73.0	73.0	73.0	73.0

1994-95 Biennial Budget

PROGRAM: Regional Support
AGENCY: Pollution Control Agency

PROGRAM PURPOSE:

The mission of the Regional Support Program is to ensure that the services and activities of the agency are delivered the agency's clientele in or near the communities in which they live.

The Regional Support Program strives to achieve this mission by maintaining regional offices staff in Brainerd, Detroit Lakes, Duluth, Marshall and Rochester. The Regional Support Program works closely with central office staff and provides easier access to agency programs; nearby technical assistance to agency clients; more rapid response to environmental complaints and emergencies and a group of staff with whom local governments, businesses and citizens can meet face-to-face, often more easily than can be achieved with central office staff.

The primary Minnesota Milestones goal addressed by the Regional Support Program is: "We will improve the quality of the air, water and the earth."

Progress toward this primary goal, which mirrors the agency's mission, is indicated by reduced air and water emissions, cleaner air, land and water, and increased pollution prevention activities by industries. The Regional Support Program works toward achieving the indicators listed under this Milestones goal by:

- conducting 50% of the air quality compliance inspections in the state, thereby helping to reduce air emissions, ensuring that air quality standards are not violated and creating a cleaner environment for Minnesotans;
- conducting compliance inspections of municipal and industrial wastewater treatment facilities, thereby reducing the discharge of organic and other pollutants into state waters and ensuring that more waters meet fishable and swimmable characteristics;
- conducting compliance inspections at leaking underground storage tank sites to ensure that contaminants are removed completely and disposed of properly;
- working with tank installers to ensure that new tanks are installed properly to protect groundwater from contamination;
- working with local units of government and other local groups to develop comprehensive river, stream and lake management programs so that land use practices cease the pollution of water bodies and so that more lakes, rivers and streams achieve the swimmable, fishable goals;
- providing rapid, local response to complaints;
- providing immediate assistance in the event of environmental emergencies;
- working with local units of government to encourage regional solid waste management so that disposal, recycling and processing facilities can be more cost-effective and provide a broader range of services, like solid waste recycling, to citizens;

- working with groups of local units of government to provide adequate support for household hazardous waste collection and ultimate disposal;
- working with feedlot operators to ensure proper management practices that are protective of ground and surface water resources;
- providing localized geographic information system (GIS) mapping capabilities; and
- identifying hazardous waste generators not yet in the state system so that these businesses can begin receiving appropriate technical assistance on how to properly manage their wastes.

The secondary Minnesota Milestones goal addressed by the Regional Support Program is government in Minnesota will be cost efficient and services designed to meet the needs of people who use them.

The Regional Support Program works toward achieving progress on these goals of efficiency, effectiveness and accessibility by:

- providing more efficient service to clients within their own communities, closer service locations through face-to-face contact, and consistent staff contacts;
- providing easy access to agency programs and services to people throughout the state in the regions in which they live; and
- providing more immediate response to environmental complaints or emergencies.

PROSPECTS:

1. Regionalization

The agency can be more effective and efficient by conducting many of its field activities with regional staff. Placing the appropriate number of staff in the regions to reach this goal and providing these staff with adequate transportation, computer and other necessary equipment has been difficult using existing resources, although the agency has made some progress toward moving staff and positions to the regions.

As more staff are placed in the regions, the agency will need the resources to maintain the expanded offices. Current shortcomings in terms of space and equipment are hampering the ability of many regional office staff to properly do their jobs.

The agency developed a strategy to maximize the effectiveness and efficiency of service delivery in the regions. This regional roles report, which was developed by a regional and central office workgroup, will provide a framework for defining regional and central office activities, lines of reporting and methodologies to achieve agency goals and objectives in the regions.

2. Customer Service

The State of Minnesota recently has placed renewed emphasis on customer service by state agencies. The Minnesota Pollution Control Agency is striving to provide better access to information and technical assistance and more rapid response to public inquiries.

1994-95 Biennial Budget

PROGRAM: Regional Support
AGENCY: Pollution Control Agency
(Continuation)

Because nearly half of our clientele reside outside of the Twin Cities metropolitan area, the agency must provide sound service delivery mechanisms for our clients outside of the metropolitan area. The regional offices are essential in helping the agency deliver its services.

As environmental programs become more complex and affect more people throughout the state, the presence of qualified technical staff nearby will ensure better understanding of and compliance with state laws and regulations. Citizens, businesses and local governments will place a greater emphasis on having environmental expertise nearby. Better environmental protection will result.

OBJECTIVES:

The agency has determined that historically the number of staff in regional offices has been inadequate to conduct the agency's field work and to provide clients with sufficient access to the agency's programs. Consequently, the agency increased the number of staff in regional offices from 38 staff in F.Y. 1989-90 to 67 staff in F.Y. 1991-92. This has been achieved by moving central office staff and assigning vacancies to regional offices. The agency's objective is to have 100 positions with an average of 20 staff per region by 1995.

While the Regional Support Program will help the agency achieve all of its environmental goals of clean, clear, odorless air; fishable and swimmable waters; usable groundwater and uncontaminated soil, the Regional Support Program also is in a unique position to help the agency provide responsive service to its stakeholders—the agency's third strategic planning goal.

The regional office staff establish effective relationships that identify stakeholder needs and enhance understanding of agency issues by establishing relationships, based on trust, through consistent, personal contact and communications; the convening of stakeholder focus groups and forums; and the constant presence of the local community.

The Regional Support Program will continue to work toward these goals by providing adequate staff for regional offices; ensuring that regional office staff have the necessary space and equipment to allow them to properly do their jobs; and to continually evaluate the needs and progress of the Regional Support Program by using "The Role of the MPCA Regions: An Evolving Strategy for Program Delivery," an agency report on regionalization, and by convening the internal Regional Roles Workgroup that developed the strategy.

PROGRAM PLAN:

The Regional Support Program will manage to meet the costs of inflation by reducing general expenditures.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: REGIONAL SUPPORT
ACTIVITY: REGIONAL SUPPORT OPERATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	986	1,065	1,127	1,127	1,127	1,127	1,127	1,127	1,127
EXPENSES/CONTRACTUAL SRVCS	120	138	162	162	162	162	162	162	162
MISC OPERATING EXPENSES	159	208	193	193	193	193	193	193	193
SUPPLIES/MATERIALS/PARTS	24	33	25	25	25	25	25	25	25
CAPITAL EQUIPMENT	18	28	11	11	11	11	11	11	11
SUBTOTAL STATE OPERATIONS	1,307	1,472	1,518	1,518	1,518	1,518	1,518	1,518	1,518
TOTAL EXPENDITURES	1,307	1,472	1,518	1,518	1,518	1,518	1,518	1,518	1,518
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENTAL	52	52	52	52	52	52	52	52	52
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,255	1,420	1,466	1,466	1,466	1,466	1,466	1,466	1,466
TOTAL FINANCING	1,307	1,472	1,518	1,518	1,518	1,518	1,518	1,518	1,518
POSITIONS BY FUND:									
SPECIAL REVENUE	24.0	24.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
TOTAL POSITIONS	24.0	24.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0

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PROGRAM: General Support
AGENCY: Pollution Control Agency

PROGRAM PURPOSE:

The mission of this program, which includes the 9-member Citizens Board, the Commissioner's Office and the Administrative Services Division, is to provide policy direction, management and support services to the various programs of the Pollution Control Agency. The overall objective of this program is to improve the state's environmental quality by determining reasonable and implementable environmental protection policies and to provide the management and support necessary to accomplish improved environmental quality. This program supports the Minnesota Milestone themes of "Our Surroundings" and "We the People."

The 9-member Citizens Board's mission is to determine major environmental policy for the state in a forum that encourages participation by interested and affected parties. The objective of the Board is to make sound and reasonable decisions that lead to environmental protection and improvement. The board's decision-making process is a combination of the review of technical analyses developed by agency staff, the Board's application of environmental rules and statutes, and input from interested parties. The Board implements its mission and supports Minnesota Milestones by:

- Making environmental policy determinations in a forum that provides public input and discussion;
- Approving standards and rules; and
- Implementing regulatory and enforcement authorities.

The mission of the Commissioner's Office is to manage the agency and to represent the governor. Its objective is to develop and implement the agency's priorities and agenda, allocate resources and make sound and reasonable decisions that lead to environmental protection and improvement. The Commissioner accomplishes this mission by:

- Establishing the agency's general direction and preparing and presenting the agenda to the agency Board and Legislature;
- Directing, administering and managing the resources and operations of the agency;
- Representing the agency in the agency's business with government, industry and the public.

The Administrative Services Division's mission is to provide administrative and environmental support services to all agency programs. The division strives to achieve this mission through programs that:

- Conduct environmental review of major proposed projects through a standardized public process that is designed to disclose information about environmental impacts and methods to avoid or mitigate adverse impacts. This analysis includes the preparation of environmental impact statements and the review and analysis of environmental issues that affect the water, air and land.
- Coordinate the agency's activities regarding the following multi-media programs: pollution prevention, low-level radioactive waste, mining and other natural resource assessments and requirements for toxic release inventory disclosures;

- Provide communications support to technical programs and provide public information and environmental education to respond to public inquiries, to disseminate information through news releases, newsletters, printed material and exhibits and to work with the Department of Education regarding environmental curricula;

- Provide sound fiscal management to ensure appropriate allocation and accountability of fiscal and staff resources;

- Provide personnel services to ensure appropriate and adequate staffing, administration of the civil service and collective bargaining systems, adherence to the state's affirmative action program, safe working conditions for staff and adequate training to maximize staff efficiency;

- Provide administrative services to ensure sufficient office space, contract management, mail distribution, printing and receptionist services, technical library adequacy and adherence to the state's purchasing requirements;

- Provide data processing and computer services to support all agency programs;

- Develop and implement appropriate fiscal, personnel and administrative policies and controls in order to ensure that the agency meets the state's public trust requirements.

PROSPECTS:

The agency has identified several major trends regarding the manner in which it conducts the business of pollution control. The trends presented below also describe the new priorities of the general support program.

- The agency anticipates significant environmental review work in the following areas: a) industrial to include wood and paper products and agricultural production to include ethanol; b) landfills; c) feedlots; and d) evaluating solutions for nonpoint source pollution.

- Although Minnesotans strongly support an improved environment, there is a growing tendency for Minnesotans to protest environmental projects in their neighborhoods. The "not in my backyard" syndrome, greatly affects the agency's ability to address environmental problems. People want solutions to problems like solid waste disposal, but there is a general feeling that those solutions should occur in someone else's locale. The agency must remain sensitive to this trend by continuing to provide public forums and information; therefore, the agency needs to increase its focus on education and public information. Citizens are becoming better informed, and they want concrete information, therefore the agency will see a need for more environmental impact statements in order to be assured that all the issues, cost alternatives and solutions are addressed.

- The agency will need to place a greater emphasis on service. This does not mean a reduction of regulatory and enforcement actions, but rather a blending of problem solving and pollution prevention with the regulatory mandates. The citizens of Minnesota have a strong desire to do their share in dealing with pollution they personally generate. This has been noted through such successful programs as household hazardous waste collection, recycling, and general support of

actions by this agency. In order to maintain the momentum, the agency must continue to focus its attention on the service aspect.

- The public and the regulated community place ever increasing demands on all agency programs for easily understandable information. Because pollution control and environmental issues are so scientific, technical, and complex, the skill of communicating what is required and when and how to comply is essential to removing barriers to voluntary compliance.

1994-95 Biennial Budget

PROGRAM: General Support
AGENCY: Pollution Control Agency
(Continuation)

■ At the same time, industry and individuals that violate environmental law will have to be dealt with in a strong, but fair and timely manner. Illegal dumping of hazardous waste or inefficient operation of polluting facilities have massive environmental impacts. Pollution control has become more complicated and technical, and therefore, the agency will need to continually upgrade and train its staff, and the technical library must be maintained as a resource tool. This complexity will also require more environmental impact statements and better education of the public to provide for their input into the decision making processes. To track the programs and analyze the problems of pollution control, the agency needs to continually upgrade its data processing and information technology services.

The Administrative Services Division will need to direct resources toward the functions of public information and education, environmental review, staff training and data processing. However, this cannot be accomplished at the expense of the standard operating requirements of fiscal management, personnel services and administrative services. The Departments of Finance, Administration and Employee Relations continue to face budget reductions. As a result these departments have delegated work tasks to the other agencies. The Pollution Control Agency is performing tasks including accounting at the fund level and the grading of employment applications.

OUTCOMES:

Pollution Control Agency Citizen Board

■ The Pollution Control Citizen Board conducted regularly scheduled board and committee meetings each month during F.Y. 1992-93 and many special board meetings to address critical environmental issues. In order to be responsive to the needs of the public, to increase public participation and support Minnesota Milestone theme, "We the People," the Board conducted several meetings in outstate Minnesota to include Duluth, Rochester and St. Cloud. The Board meetings and committee process have provided interested and affected parties a formal public opportunity to participate in the agency's decision making.

Commissioner's Office

■ The commissioner is expected to continually meet the requirements of environmental law, evaluate the environmental quality needs of the state, implement strategic plans and manage the appropriated resources.

■ During F.Y. 1992-93 the commissioner has prepared and/or supported legislation regarding: a) Air Quality Small Business Assistance Program; b) amendments to the Waste Management Act; c) changes in wastewater treatment program administration; d) Land Recycling Action; e) Mercury Bill; f) regulation of tank contractors and changing liability for tank releases; and g) oxygenated fuels.

■ The commissioner has recently implemented a strategic planning process for the agency which provides the framework for managing environmental policy and action for the decade of the 1990s.

■ The commissioner has implemented a Total Quality Management Program (TQM) with indicators are fully integrated with the strategic plan.

■ The commissioner's office continually represents the governor and the agency at efforts focused on environmental improvement by participating in such organizations as the Environmental Quality Board (EQB), the Great Lakes Water Quality Board, the Midwest Low-Level Radiation Waste Compact Commission and in advising and negotiating with the U.S. Environmental Protection Agency (EPA). Participation in these organizations allows the concerns of Minnesota to be integrated into environmental policies on a regional and national basis.

■ Often environmental issues involve other state departments. The agency has cooperative agreements with the Department of Agriculture regarding pesticides and Superfund and with the Department of Health regarding asbestos handling, and analytical laboratory services. There is also close interaction with the Department of Natural Resources regarding a broad range of environmental resource issues and the Department of Trade and Economic Development regarding wastewater treatment program administration and financing.

■ During this current biennium the agency has or will complete and submit to the legislature 38 reports on a wide range of environmental issues and topics.

Administrative Services Division

■ The Environmental Analysis Office managed 30 projects through the environmental worksheet process and created 3 environmental impact statements. Major projects completed were environmental impact statements for the Mayo Incinerator, Potlach expansion and an ash landfill. Important environmental worksheet reviews include Koch Refining for clean fuels, Minnesota Corn Processor expansion, hog and turkey feedlots, manure composting, the Crow Wing County Landfill and the Rogers Wastewater Treatment Facility.

■ The Environmental Analysis Office directly supported the Minnesota Milestone of "People will participate in government and politics" by conducting numerous public meetings regarding the above mentioned projects. Most of these public meetings were in excess of what is required by the EQB rules. One hundred percent of the projects reviewed generated public comment.

■ The agency conducted 14 multimedia compliance assistance and pollution prevention inspections as part of the Lake Superior Partnership activity. All 14 companies felt that a single inspection of all pollution areas was an effective and efficient process. In addition, 80% of these inspections identified cost saving and environmentally sound pollution prevention opportunities.

■ The Public Information Office directly supports the Minnesota Milestone, "People will participate in government and politics."

By conducting individual conversations regarding pollution issues with more than 3,500 Minnesota residents;

By conducting more than 50 public meetings in all areas of the state on issues ranging from local Superfund cleanups to permits and policy and rule changes;

By responding to nearly 2,000 telephone calls from the news media;

45,000 Minnesotans visited the agency's blue ribbon awarded exhibit at the State Fair;

1,000 people attended the Clean Water celebration on the Mississippi River.

■ In order to improve staff technical capabilities and performance, 1,490 staff training experiences were conducted in F.Y. 1991.

1994-95 Biennial Budget

PROGRAM: General Support
AGENCY: Pollution Control Agency
 (Continuation)

■ With a turnover rate of only 4% during F.Y. 1992, the agency has greatly stabilized its staffing pattern. (The state average for turnover is 5.5%) Average sick leave usage by agency staff of 7.4 days per year is significantly below the state average of 8.6 days per year. Workers Compensation costs were 0.18% of payroll compared to the state average of 1.5%. The last two indicators can be partially attributable to a very active safety program.

■ The agency has met and continues to meet its affirmative action goals.

■ Agency's fiscal management group received an excellent fiscal audit, processed over 60,000 accounting transactions, and administered over 100 federal grants. The fiscal group paid 99% of its bills within the 30 day state requirement.

■ Data processing

Agency staff maintained computer system reliability and "up-time" at 99.5% and they conducted 9 computer training courses in 90 training sessions for 563 staff. The computer staff also responded to 3,000 assistance requests. Two regional offices were added to the network system.

OBJECTIVES:

■ Upgrade the agency's computer system and applications to improve permit processing, enforcement tracking, program evaluation, reporting, information exchange, client service and staff productivity.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
■ Number multimedia compliance assistance and pollution prevention inspections	14			
■ Environmental Assessments	30	32	35	37
■ Environmental Impact Statements	3	3	4	5
■ % staff turnover	4%	4%	4%	4%
■ Public Information informational newsletters	10	10	10	10

PROGRAM PLAN:

■ In order to help meet the General Fund reduction requirements for the agency, the General Support function is proposing to reduce its General Fund expenditures by \$139,000 each year of the biennium for a total of \$278,000. This would be accomplished by taking the following measures:

Reduction of 1 management position in the commissioner's office for a savings of \$40,000 each year for a biennial total of \$80,000.

Reduction of general expense in the commissioner's office for a savings of \$20,000 each year for a biennial total of \$40,000.

Reduction of general expense for public information for a savings of \$20,000 each year for a biennial total of \$40,000.

Delaying the purchase of telephone switching equipment for a savings of \$29,000 each year for a biennial total of \$58,000.

Elimination of student labor for a savings of \$30,000 each year for a biennial total of \$60,000.

■ To meet inflation in the Environmental Fund, this program will delay purchase of replacement telephone equipment totalling \$352,000. The agency's current telephones system is no longer supported by the manufacturer. The agency is keeping its current system functioning by purchasing used replacement parts.

REVENUE:

Type of Revenue:	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Non-dedicated-General:Penalties	\$3	\$2			
-Fees	\$59	\$75	\$171	\$45	\$45
Dedicated-Special:Indirect	\$2,537	\$2,718	\$2,650	\$2,720	2,720
-Special	\$247	\$576	\$33	\$30	30
-Federal		\$41	\$223	\$170	70
Total Revenue	<u>\$2,846</u>	<u>\$3,412</u>	<u>\$3,077</u>	<u>\$2,965</u>	<u>\$2,865</u>

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates. In addition, the Governor recommends an accelerated plan to install an environmental computer compliance and management system to re-engineer, automate processes, generate regulatory documents, analyze compliance data, track regulatory requirements and more efficiently allocate staff. Before the appropriation is released, the agency must have completed a life cycle analysis that has been approved by IPO. The Governor's recommendation includes 5 new positions funded from the Environmental Fund for this project.

The recommended funding for solid waste and landfill funding also impacts the fund sources in the General Support program by transferring general support costs to the new funding source and providing additional funding for rent and other indirect costs.

The final recommendation is the transfer of the Petroleum Tank Release Compensation Board from the Minnesota Department of Commerce to the MPCA. This includes the transfer of the administrative budget and 5 positions. While not direct appropriated, the claims reimbursement money is also transferred to the PCA.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GENERAL SUPPORT
ACTIVITY: GENERAL SUPPORT OPERATIONS

ACTIVITY SUMMARY	FY 1993			FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,244	2,791	2,974	2,981	2,910	3,225	2,981	2,833	3,176
EXPENSES/CONTRACTUAL SRVCS	2,492	2,760	3,095	2,796	2,871	4,244	2,796	2,906	4,452
MISC OPERATING EXPENSES	211	244	263	263	263	29,604	263	259	29,600
SUPPLIES/MATERIALS/PARTS	382	275	120	120	110	159	120	100	149
CAPITAL EQUIPMENT	108	76	233	233	205	139	233	202	136
OTHER	346	604	350	350	350	350	350	350	350
SUBTOTAL STATE OPERATIONS	5,783	6,750	7,035	6,743	6,709	37,721	6,743	6,650	37,863
TOTAL EXPENDITURES	5,783	6,750	7,035	6,743	6,709	37,721	6,743	6,650	37,863
GOV'S INITIATIVES:									
			FUND						
(A) LANDFILL CLEANUP & SOLID WASTE MGT			GEN			<421>			<421>
(A) LANDFILL CLEANUP & SOLID WASTE MGT			SR			<86>			<86>
(A) LANDFILL CLEANUP & SOLID WASTE MGT			ENV			572			572
(A) LANDFILL CLEANUP & SOLID WASTE MGT			MLC			<8>			<8>
(A) SALARY PLANNING ESTIMATES			GEN			<43>			<43>
(A) SALARY PLANNING ESTIMATES			ENV			<5>			<5>
(B) ENVIRON COMPUTER COMPLIANCE MGMT SYS PHASE I			GEN			571			521
(B) ENVIRON COMPUTER COMPLIANCE MGMT SYS PHASE I			ENV			928			1,179
(B) TRANSFER PETRO BD FROM COMMERCE TO PCA			ENV			29,504			29,504
TOTAL GOV'S INITIATIVES						31,012			31,213
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,055	2,141	1,958	1,965	1,826	1,933	1,965	1,826	1,883
MI RESOURCES	60								
ENVIRONMENTAL	1,927	2,235	3,374	3,110	3,233	4,952	3,110	3,274	5,244

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GENERAL SUPPORT
ACTIVITY: GENERAL SUPPORT OPERATIONS

ACTIVITY SUMMARY				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
METRO LANDFILL CONTN	8	8	8	8	8		8	8	
OPEN APPROPRIATIONS:									
ENVIRONMENTAL	187	214				29,280			29,280
METRO LANDFILL CONTN	4	1							
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,542	2,110	1,472	1,472	1,472	1,386	1,472	1,472	1,386
FEDERAL		41	223	188	170	170	188	70	70
TOTAL FINANCING	5,783	6,750	7,035	6,743	6,709	37,721	6,743	6,650	37,863
POSITIONS BY FUND:									
GENERAL	35.0	38.0	34.0	34.0	34.0	24.0	34.0	34.0	24.0
SPECIAL REVENUE	24.0	29.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
FEDERAL	.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
ENVIRONMENTAL	1.5	2.0	1.0	1.0	1.0	21.0	1.0	1.0	21.0
TOTAL POSITIONS	60.5	70.0	64.0	64.0	64.0	74.0	64.0	64.0	74.0

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: General Support
ACTIVITY: General Support Operations

ITEM TITLE: Environmental Computer Compliance Management System, Phase 1

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund	\$571	\$521	\$1,420	\$1,420
Environmental Fund	\$928	\$1,179	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that funding be provided to enable the agency to implement Phase I of its projected 2-phase, 4-year initiative to modernize and expand use of electronic information systems to streamline and strengthen "compliance management" activities. These mission-critical agency activities include: identifying environmental problems, issuing permits, monitoring compliance, responding to public complaints, and taking appropriate enforcement actions. Note 1 (on the next column) describes computer-based capabilities that the agency wishes to develop or enhance in this multi-year initiative.

The agency estimates that the Environmental Compliance Management System will cost \$7,500,000 over the next 2 biennia. For F.Y. 1994-95 the agency proposes to spend \$4,000,000 in system development and implementation from the following sources: Because the agency is proposing to invest \$801,000 the request for new appropriations is \$3,199,000.

Before the appropriations is released, the agency must have completed a life cycle analysis that has been approved by IPO.

	(000) F.Y. 1994	(000) F.Y. 1995
Agency indirect (in Agency's Plan)	\$381	\$420
Environmental Fund		
Hazardous Waste Fees	\$350	
Low Level Radiation Fees	\$200	
Motor Vehicle Transfer		
Account Balance		\$790
Projected Salary Savings	\$378	\$389
General Fund	\$571	\$521
TOTAL	\$1,880	\$2,120

As of the end of F.Y. 1993 the agency will have a \$350,000 surplus balance in the hazardous waste fee account and a \$200,000 balance low level radiation fee collections which the agency proposes be appropriated for the compliance management system. The \$790,000 from the Motor Vehicle Transfer account represents the ending balance in the account if all current appropriations are reauthorized for the next biennium and the fee is allowed to sunset on 12-31-94.

The agency requests 5.0 data processing positions for the biennium 1995 from the Environmental Fund to provide staffing for the development and implementation of this system.

Modernizing information systems is a vital step in limiting staff growth that would otherwise be required over the next few years. The agency's compliance management task is expanding rapidly, as state and federal statutes extend environmental regulation to thousands of new facilities (e.g., toxic air emitters, hazardous waste generators, small wastewater dischargers). Existing programs also continue to require steady or increased levels of effort. Without the productivity increases that computer systems can provide, the agency must either expand its staff dramatically to meet the new mandates or spread its existing resources even thinner across the enlarged work load—with an inevitable degradation in the quality of service to the regulated community and the general public. Note 2 (on page 2 of this narrative) describes how the agency Environmental Compliance Management System Initiative will improve agency operation.

PROGRAM OUTCOMES:

Improved information systems will enable the agency to achieve important, measurable results without relying on significant staff growth to handle increasing work loads. The agency will speed up its permit writing processes and steadily reduce the existing backlog of applications awaiting review. Automated record keeping will reduce the time required to respond accurately to information requests from senior managers and from the agency's stakeholders—the regulated community, the state legislature, members of the general public, and others. Computer-assisted access to information will promote the resource efficiencies that can be achieved through cross-program coordination in permitting, inspection, and enforcement. Note 3 (on page 3 of this narrative) presents more information on the anticipated benefits of the computer compliance system initiative.

LONG-TERM IMPACT:

Protecting public health and the natural environment is a central theme of "Minnesota Milestones", the state's foundation principles for the future. The computer compliance system initiative will allow substantial growth and improvement in environmental protection services over the next several years without commensurate growth in governmental spending. This high-leverage investment in the agency's future productivity and effectiveness will help ensure a cleaner, safer environment for the citizens of Minnesota well into the 21st century. The total computer compliance system is estimated to cost \$4,000,000 for F.Y. 1994-95 and \$3,500,000 for F.Y. 1996-97.

NOTE 1: Environmental Compliance Management System:

The agency intends to develop an integrated set of computer-based capabilities to improve efficiency and effectiveness in protecting Minnesota's environment. The Environmental Computer Compliance System initiative is projected to be a 2-phase, 4-year effort. (The number of phases or years, or both, may be changed through implementation planning now under way.) Capabilities expected to be developed or begun in Phase I are presented below.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: General Support
ACTIVITY: General Support Operations

ITEM TITLE: Environmental Computer Compliance Management System, Phase 1
(Continuation)

■ Improved Storage and Retrieval of Descriptive and Technical Information on Regulated Entities

Enhanced program-specific databases containing facility descriptions, locational information, applicable requirements (e.g., from permits, general rules, or enforcement actions), and data on facility performance (e.g., from inspections or facility submittals).

■ Automated Compliance Analysis

Computerized comparison of applicable requirements to observed or reported facility performance, with automatic flagging of potential violations for staff review and final determination.

■ Computer-Based Assignment, Scheduling, and Tracking of Compliance Management Activities

Recordkeeping on the schedule, status, and assigned staff for compliance-related work in process, including permit issuance, complaint investigation, inspections, enforcement actions, and other. Capabilities for summarizing current work activities by type, staff member, facility, or facility type for response to inquiries and for workload management.

■ Computer-Assisted Analysis of Environmental Impacts, Trends, and Results

Computer-based tools for efficiently extracting and combining data from disparate sources to identify relationships between regulated entities and observed environmental conditions. The capability to produce maps that overlay spatially-coded data to highlight relationships in selected geographic areas (i.e., a "geographic information system"). Automated tools for assessing and comparing various risks to human health and/or ecological resources.

■ Multi-Media Compliance Histories

On-demand automated production of a single report showing the compliance status and record of a given facility or parent company with respect to all applicable environmental programs (e.g., air pollution, water pollution, hazardous waste generation, storage tanks).

■ Enhanced Document Generation Capabilities

Standardized, flexible, easy-to-use tools for preparing permits, enforcement orders, and other documents. Desktop integration of word processing, spreadsheet, graphics, and charting capabilities. Easy access to reference information such as statutes, rules, policies, and decision trees. Automatic insertion of descriptive and technical information from facility databases. Mail-merge capabilities for efficient preparation of mailings.

■ Electronic Interchange of Information

Provision for sending and receiving information in electronic form between agency staff members and external parties such as regulated entities, the U.S. Environmental Protection Agency (EPA), other interested organizations, and individual citizens. Types of information exchanged electronically could include messages, permit applications and other required submittals, regulatory documents, guidance, public notices, fact sheets, status reports, and many others.

■ Data Access "Gateway"

A user-friendly "front-end" that ties together all shared agency databases, allowing a staff member to gain access to any database or analytical tool (if authorized) from a single set of menus. This "gateway" also should provide easy connections to selected external databases frequently used by agency staff (e.g., systems operated by the EPA and other federal and state organizations).

NOTE 2: How the Environmental Compliance Management Systems Initiative improves agency efficiency and operations:

■ One-time costs associated with agency restructuring or service redesign.

The initiative is not aimed at organizational restructuring, but some position shifts may be required to improve data administration and systems management. The initiative would promote and enable redesign of services in useful ways (e.g., multi-media permitting, inspection, and enforcement).

■ One-time expenditures that will reduce ongoing program costs.

Outright cost reductions are not anticipated, but the initiative will limit the growth in costs that would otherwise be necessary. Improvements in productivity will free up staff time to be devoted to reducing backlogs and absorbing increased workloads due to expansions in program scopes.

■ Investments that significantly improve program management, accountability, or productivity.

This is the initiative's primary impact. Improved information systems will increase the productivity of permit writers, inspectors, and enforcement staff; will provide management oversight information not available now; and will enable closer tracking of accomplishments vs. plan.

■ Costs of transfers, restructuring or consolidation of programs within or among agencies which cannot be completely funded with the agency's budget plans.

Transferring, restructuring, or consolidating environmental programs is not anticipated in conjunction with this initiative. Improved sharing of information via integrated computer systems will, however, improve cross-program coordination within agency and between the agency and other organizations.

■ Intervention opportunities to avoid future costs.

The agency faces cost increases associated with statutory expansions of the regulated community to include thousands of small air toxics sources, small wastewater dischargers, and small hazardous waste generators. The initiative will help offset much of this cost through improvements in productivity and management control.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: General Support
ACTIVITY: General Support Operations

ITEM TITLE: Environmental Computer Compliance Management System, Phase 1
(Continuation)

- Enterprise management, or fee policy reforms, which encourage efficiencies and accountability.

The initiative will promote better tracking and use of information on the compliance of regulated facilities with their pollution control requirements. This will encourage environmental accountability by regulated facilities.

NOTE 3: Anticipated Benefits from the Environmental Compliance Management System Initiative:

- Shorter processing times and dwindling backlogs for permits, licenses, and certifications--achieved by improving staff productivity in analyzing pertinent information and in writing permits and other documents.
- Greater consistency in applying and enforcing environmental protection regulations--achieved by improving access to information on policies and previous actions.
- More efficient coordination among separate programs and agencies in targeting and jointly addressing environmental problems--achieved by improving the exchange of data across organizational boundaries.
- Faster, more accurate responses to requests for management and oversight information (e.g., permit status, number of enforcement actions taken)--achieved by improving electronic recordkeeping and reporting.
- More efficient allocation of individual and group time to work activities--achieved by improving priority-setting, scheduling, and work load analysis tools.
- Improved ability to identify the causes of observed environmental problems in a specific geographic area--achieved by improving capabilities for comparing environmental monitoring data to information on facility locations, processes, and pollutants.
- Easier public access to information about environmental rules, issues, and decisions--achieved by improving external access to the agency's electronic text and data files.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Pollution Control Agency
PROGRAM: General Support
ACTIVITY: General Support Operations

ITEM TITLE: Transfer of Petroleum Tank Release Clean-up Program from Commerce to PCA

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
Environmental Fund				
- State Operations	\$224	\$224	\$224	\$224
- Reimbursements *	\$29,280	\$29,280	\$29,280	\$29,280
Revenues: (\$000s)				
Environmental Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statute affected: 115c.07. Subd 2

* Reimbursements are not direct appropriated - information only.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the state's Petroleum Tank Release Compensation Program be transferred from the Department of Commerce to the Pollution Control Agency to improve services to the tank owners by making a single state agency responsible and accountable for the entire program, included in this transfer are 5.0 complement. Currently, the responsibility is divided among the Petroleum Tank Release Cleanup Board, Commissioner of the Minnesota Pollution Control Agency, and the Commissioner of Commerce, which has the potential to reduce accountability and performance.

There are several reasons for recommending the program be consolidated in the Pollution Control Agency:

1. The Commerce Department provides administrative support to the board, but the program does not fit with the mission of the Commerce Department. The Commerce Department is the primary state regulator of the financial services industry in Minnesota. Its major programs fall into the areas of financial examination, enforcement and licensing. Its clientele are the financial institutions, insurance securities and real estate businesses in Minnesota. The Petroleum Tank Clean-up Program does not fit with the department's mission to enhance the stability and strength of the financial industries and to protect consumers investments.

2. PA's current staffing and resources for administering the Petroleum Tank Clean-up program is several times the size of the understaffed, and relatively small budget in the Commerce Department. Merging the segments of the program under MPCA provides flexibility to adjust resources between technical review and claims processing for balancing the resources and thus minimizing bottlenecks in the work flow.
3. Consolidation of the program within a single agency means that tank owners will work with only one state agency instead of 2. A one-stop shop for responding should lessen confusion and provide for more responses to the program and to the tank owners.

PROGRAM OUTCOMES:

Consolidation of the program in MPCA offers the following advantages:

1. Improvement in communication and an increase in program efficiency between technical support and the financial assistance unit.
2. Greater team work for developing new ideas, solutions, and approaches for achieving program goals.
3. Roles of the 2 staffs can be redefined offering an opportunity for streamlining the overall process.
4. It offers an opportunity to combine the MPCA environmental data base with the financial records, currently in the Department of Commerce, to track program expenditures and facilitate cost control.

LONG-TERM IMPACT:

The long-term impact is a more efficient and focused program that balances the environmental attributes of the program with the need to provide a responsible financial assistance program.

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: OFFICE OF WASTE MANAGEMENT

PROGRAM

PAGE

BUSINESS ASSISTANCE

C-113

Market Development
Source Reduction
Pollution Prevention
MNTap (Minnesota Technical Assistance Program)

CITIZEN OUTREACH

C-126

LOCAL GOVERNMENT ASSISTANCE

C-130

Financial Assistance
Technical Assistance

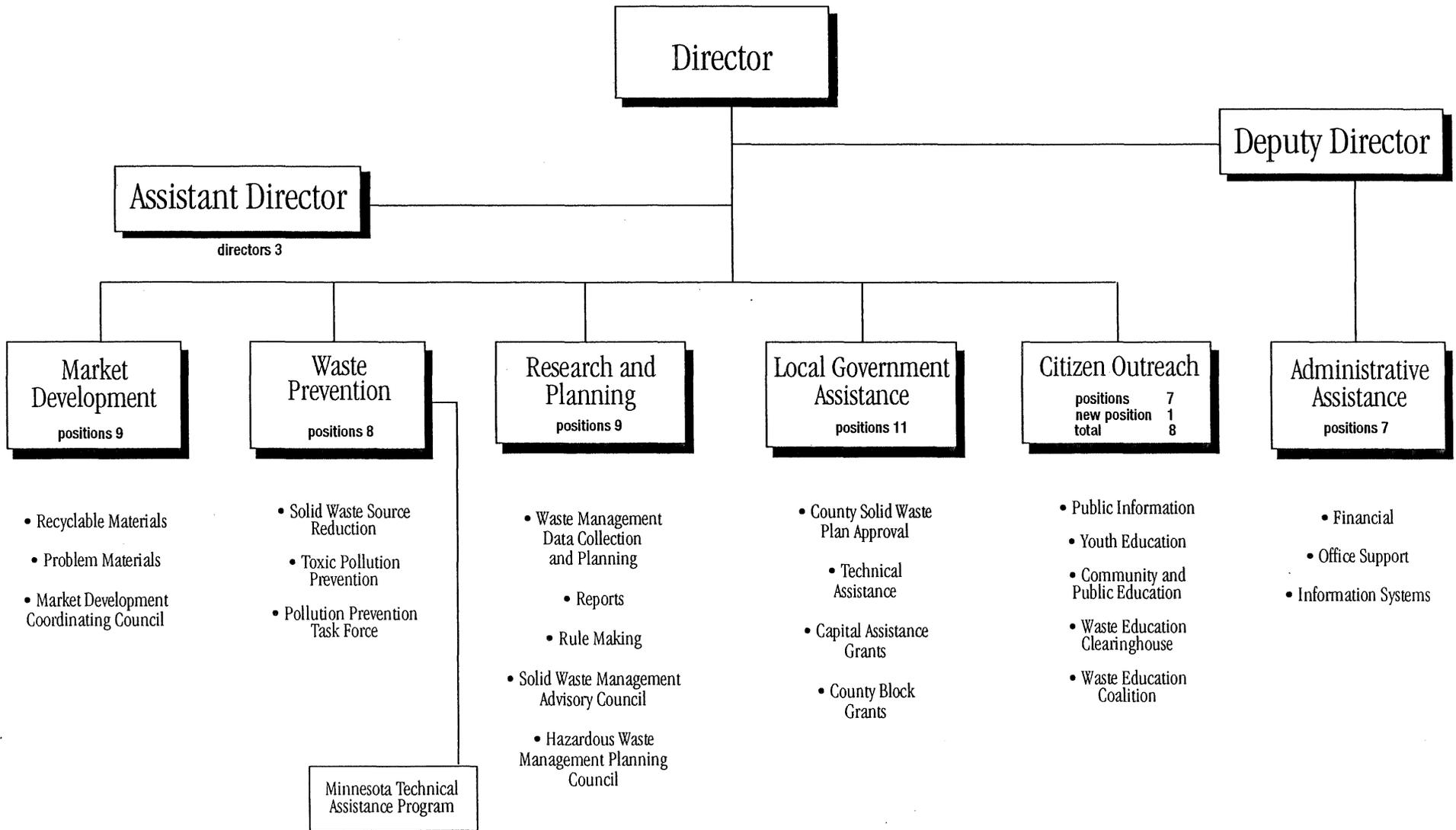
RESEARCH & POLICY DEVELOPMENT

C-138

ADMINISTRATIVE ASSISTANCE

C-140

Minnesota Office of Waste Management



Office of Waste Management
Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	49.0	50.0
Environmental Fund	4.0	4.0
Federal	<u>1.0</u>	<u>1.0</u>
Total Permanent Positions	<u>54.0</u>	<u>55.0</u>
Other Complement (FTE)	8.5	5.5
TOTAL Positions	<u>62.5</u>	<u>60.5</u>
Employees on 6/30/92	62.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	54
Full-Time Temporary	6
Part-Time Temporary	<u>2</u>
TOTAL	<u>62</u>

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Office of Waste Management				Fund: General	F.Y. 1994	F.Y. 1995	F.Y. 94-95
1. Summary of Agency Actions:							
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>				
CURRENT SPENDING	\$19,367	\$19,369	\$38,736	Source Reduction grants (fewer but focused)	\$(150)	\$(100)	\$(250)
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	Pollution Prevention grants (reduced research)	<u>\$(47)</u>	<u>\$(50)</u>	<u>\$(97)</u>
				Subtotal	<u>\$(300)</u>	<u>\$(473)</u>	<u>\$(773)</u>
AGENCY BASE	\$19,367	\$19,369	\$38,736	Local Government Assistance			
Inflation Cost Increases	195	338	533	LowTech grants (focused on problem materials)	\$ 100	\$ 100	\$ 200
				County Block grants	<u>\$(700)</u>	<u>\$(700)</u>	<u>\$(1,400)</u>
Agency Management Decisions				Subtotal	<u>\$(600)</u>	<u>\$(600)</u>	<u>\$(1,200)</u>
Agency Operations:				TOTAL AGENCY PLAN	\$18,399	\$18,401	\$36,800
Business Assistance				Governor's Initiatives			
Market Development				Reinstate County Block Grants	\$700	\$700	\$1,400
Printing (fewer manuals)	\$(45)	\$(45)	\$(90)	Salary Planning Estimates	<u>(77)</u>	<u>(77)</u>	<u>(154)</u>
Source Reduction				Subtotal	<u>\$623</u>	<u>\$623</u>	<u>\$1,246</u>
Prof Services (in implementation phase of activity)	(25)	(25)	(50)	GOVERNOR'S RECOMMENDATION	<u>\$19,022</u>	<u>\$19,024</u>	<u>\$38,046</u>
Printing (Only addendum or reduced manual)	<u>(45)</u>	<u>(5)</u>	<u>(50)</u>				
Subtotal	<u>\$(115)</u>	<u>\$(75)</u>	<u>\$(190)</u>				
Citizen Outreach				Brief Explanation of Agency's Overall Actions:			
Prof serv (curriculum done)	\$(90)	\$(90)	\$(180)	The Office of Waste Management (OWM) is dedicated to protecting the environment by fostering sound waste management practices while cooperating with and supporting our business community and local governments. This office seeks to accomplish these priorities in an economical and efficient manner. Our highest priorities are to reduce the amount and toxicity of waste generated and to foster regional/integrated resource recovery and disposal systems. The OWM intends to revise its activities in the following manner to continue providing a high level of service using existing resources.			
Printing (curriculum done)	(37)	(37)	(74)	The office will provide additional technical expertise and assistance to our customers to assist them in developing their waste management systems and to streamline our statutory review of their activities.			
Student workers (initial design phase of SMART Campaign complete)	(41)	(41)	(82)	Because of innovative planning on the part of staff, savings will be realized in printing costs by providing some information on computer disks and printing only addenda and abbreviated versions of other manuals.			
Graphic Artist	<u>40</u>	<u>40</u>	<u>80</u>	Contractual work has been completed primarily in the area of waste education and staff can focus on working with customers to use the material. The OWM's waste education curriculum is nearing completion; temporary staff is no longer needed.			
Subtotal	<u>\$(128)</u>	<u>\$(128)</u>	<u>\$(256)</u>				
Local Government Assistance							
Contractual (compost utilization lab work near completion)	\$(20)	\$(50)	\$(70)				
Technical evaluation assistance (necessary engineering review of capital projects)	—	<u>20</u>	<u>20</u>				
Subtotal	<u>\$(20)</u>	<u>\$(30)</u>	<u>\$(50)</u>				
Grants:							
Business Assistance							
Market Development grants (focus on highest priorities)	\$(103)	\$(323)	\$(426)				

The compost utilization program is near completion.

A graphic artist was hired temporarily and it was determined that having in-house graphics capability is less expensive than hiring contract vendors to develop graphic materials.

We will change our grant programs to provide more specific support for higher priority areas such as problem materials management. We will increase technical support provided to grantees.

County pass-through grants are a key source of funding for local recycling programs, matched 2 to 1 with local funds. Pass-through funding has received nearly universal support in the past. This program has already taken to total of 10% in permanent base-level cuts since 1989. Counties receive pass-through funding on a per capita basis, however, no county receives less than \$55,000 per year. If this appropriation is cut 5% it would be appropriate to decrease the minimum payment of \$55,000 by 5.3% to \$53,085 rather than simply reduce the payment to the larger counties.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions left Vacant	0.0	0.0	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-

4. **Affected Statutes:**

None.

5. **GOVERNOR'S RECOMMENDATION:**

The Governor recommends a biennial appropriation of ~~\$27,990,000~~ \$38,046,000 which includes the agency's plan adjusted for the reinstatement of \$1,400,000 for county block grants, and a reduction of \$154,000 due to revised salary planning estimates.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Office of Waste Management

Fund: Environmental

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
Agency Management Challenge			
CURRENT SPENDING	\$997	\$997	\$,994
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$997	\$997	\$1,994
Inflation Cost Increases	14	27	41
Agency Management Decisions			
Agency Operations:			
Student worker finished	<u>\$(14)</u>	<u>\$(27)</u>	<u>\$(41)</u>
TOTAL AGENCY PLAN	\$997	\$997	\$1,994
Governor's Initiatives			
Salary Planning Estimates	<u>(7)</u>	<u>(7)</u>	<u>(14)</u>
GOVERNOR'S RECOMMENDATION	<u>\$990</u>	<u>\$990</u>	<u>\$1,980</u>

Brief Explanation of Agency's Overall Actions:

Because of the completion of a project, one student worker position will no longer be needed.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
2. Impact on Staffing:		
No impact on full-time unlimited staff.	0.0	0.0

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
 INVESTMENT INITIATIVES
 (DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) SALARY PLANNING ESTIMATES	GEN	<77>	<77>	<154>			
	ENV	<7>	<7>	<14>			
(B) RESTORE CUT TO COUNTY BLOCK GRANTS	GEN	700	700	1,400			
TOTAL BY FUND	GEN	623	623	1,246			
	ENV	<7>	<7>	<14>			
TOTAL INVESTMENT INITIATIVES		616	616	1,232			

AGENCY: Office of Waste Management

MISSION STATEMENT:

The mission of the Office of Waste Management (OWM) is to protect the environment and conserve resources by planning and facilitating management of solid, hazardous and industrial waste in Minnesota. The OWM strives to be the most responsive and farsighted agency in state government.

The OWM accomplishes its mission by:

- Identifying current and evolving critical waste issues facing Minnesota.
- Researching and promoting practical and cost-effective solutions to waste generation and waste management.
- Causing visible change in the attitudes and behavior of the people of Minnesota regarding waste and waste management.
- Recommending policy positions where legislation may be advantageous.

The office seeks to help Minnesotans to reduce waste at its source, to reuse wherever possible, to recover resources from waste in practical and cost-effective ways, and to deal responsibly with the residuals.

MINNESOTA MILESTONES:

The 5 general themes of the Minnesota Milestone vision and how they are supported by the Minnesota OWM.

1. A Caring and Secure Community — People want to live in neighborhoods and communities where they and their families are physically and emotionally secure.

While strides in technology have yielded the most enjoyable creature comforts the earth has ever known, these advancements have sometimes created threats to the physical security of our people by polluting our environment.

- The OWM's mission includes changing consumer behavior to promote behavior that will protect our environment.
- Minnesotans will have the best possible chance for a healthy life as it is affected by their environment, if we improve our waste management systems.

2. Our Surroundings — Minnesotans hope for an attractive, healthy and sustainable world.

The mission, existing programs and future agenda of the OWM are focused on:

- Working with business and industry to reduce negative impacts on the environment.
- Providing education and leadership to potential new businesses to help them minimize their future impacts on the environment.
- Educating Minnesotans about how their purchasing choices affect the environment.
- Working with local waste managers to assist them with managing the heavy environmental burdens they have inherited due to poor choices of the past, and reducing or eliminating any burden we leave to our children.
- Ensuring our outdoor recreational resources will not be scarred or polluted by improperly disposed of waste.

3. A Prosperous People — People want a state where all can attain a livelihood and many can prosper.

The future presents opportunities to harmonize global economic development and environmental protection goals. Many of these opportunities are in the area of pollution prevention. Pollution prevention differs from pollution control and waste management. It involves addressing pollution at its source of generation and eliminating wastes and pollutants before they are created.

Compelling economic reasons for shifting the emphasis from control to prevention include:

- reduced raw material usage and costs,
- reduced liabilities associated with landfill cleanups and human health-related lawsuits,
- reduced treatment and disposal costs, and
- increased willingness on the part of banks to lend to "clean companies" and insurance companies to provide coverage to companies with few environmental compliance problems.

Market development activities also promote "a prosperous people" by fostering development of new businesses and growth of established companies as the OWM helps find ways to use secondary (recycled) materials in their products.

4. Learning — People want Minnesotans of all ages to be able to develop their talents to their fullest potential.

The OWM provides ongoing public education to inform the public of prudent waste management measures, and new concepts regarding how they can exercise more environmentally conscious decisions in the marketplace.

By emphasizing leadership and education in these areas, rather than regulation and enforcement, the OWM will:

- Internalize lifelong skills for good citizenship in areas that relate to proper stewardship and conservation of our natural resources.
- Create a base of technical know-how in Minnesota that can position Minnesota businesses at the forefront of environmental engineering economic opportunities nationwide.

AGENCY: Office of Waste Management
(Continuation)

5. *We the People — Minnesotans want government and political processes that are responsive, cost-effective, and able to solve problems.*

Minnesotans want a customer and service oriented government:

- Our mission requires the OWM staff and management to be in person-to-person contact with members of the public and local officials in courthouses, town halls and city council chambers throughout the state.
- The OWM places high priority on soliciting citizen input and being responsive to the needs of our constituents. This office is served by 4 advisory committees with a total membership of over 60 Minnesotans from diverse walks of life. These committees review and offer insight on office policy and decisions regarding solid and hazardous waste management, grants to local government, market development and waste education.

CLIMATE:

The Office of Waste Management provides technical, financial, educational and informational services to its varied clientele in order to address the complexities inherent in waste management.

Shifts in demographics, the unique characteristics of different waste flows, new technologies available to deal with waste, and the escalating costs of that technology continue to create new challenges and demand changes in the way we manage solid waste.

The people of Minnesota have made great strides in the beginning stages of recycling. Collection of "post-consumer" material is impressive leading to a new challenge of developing dependable, long-term markets for recycled commodities. A primary mission of the Office of Waste Management is to work with the private sector to develop viable markets.

Attitudes have begun to change away from just managing waste toward finding ways to prevent creating waste in the first place. Business is also looking at ways to prevent waste. Recent strides in pollution prevention have shown that regulation of waste alone is not the ultimate answer. For business and industry to remove toxic chemicals from their processes they often need information and technical assistance.

If we are to effectively address the growing waste management problem, we must influence the beliefs as well as the everyday practices of the person-on-the-street. We must persuade both industry and private citizens through education to make wise purchasing and manufacturing decisions that result in reduced waste and toxicity of waste.

The Office of Waste Management is the perfect medium to affect such change. Since the Office is non-regulatory (in mission), it is uniquely positioned to work with business, industry, other government agencies, and the general public to bring change in this complex and critical problem arena.

AGENCY BUDGET PLAN:

Over the past decade, Minnesota has made significant strides in the field of waste management. Counties are developing extensive and successful recycling programs. Over half of the counties in the state are utilizing solid waste processing facilities for some portion of their waste. Increasingly, counties are working together cooperatively in regional solid waste management activities. The state is developing sophisticated industrial and hazardous waste management systems and is moving towards achieving a successful integrated waste management system which provides economic and environmental security to its citizens.

As improvements are made in the state's solid, industrial, and hazardous waste management infrastructure, the technical and financial assistance needed to develop and sustain that infrastructure change. The OWM intends to modify its programs to recognize and build upon past success and recognize and address areas of current need.

The OWM will restructure its internal organization and staffing allocations in order to best meet the current needs of its customers:

- Continue to re-focus county solid waste management planning and technical assistance activities to simplify county planning requirements and OWM review procedures, and redirect staff efforts to other OWM program areas.
- Provide greater staffing emphasis for OWM program areas such as source reduction, problem materials management, toxic materials management, and pollution prevention.
- Dedicate staff to a policy development unit to coordinate the reporting, policy development, and legislative needs on the state and federal level; provide research and data enhancement, and to lead and coordinate office cross unit teams.
- Our studies show the value of technical assistance to our customers. Therefore we recognize that the provision of technical services by OWM staff to clients is a high priority activity, and need to ensure that staff resources are sustained and fostered.
- Focus on providing technical assistance to those local governments most in need of help in order to achieve program success for all counties.
- Develop internal graphics capability in order to save contract fees and provide more efficient and timely service.

The OWM will modify its financial assistance programs in order to best meet the current needs of its customers.

- Recognize the crucial need to address the proper management of problem wastes by establishing a new problem materials grant and loan program. Redirect funds from the LOWTECH recycling grants program to fund the problem materials program.
- Support continued funding of county recycling pass-through funding at current levels.

1994-95 Biennial Budget

AGENCY: Office of Waste Management
(Continuation)

grants, and a reduction of \$154,000 due to revised salary planning estimates. The Governor concurs with the agency plan for the Environmental Fund request, however, the proposed funding has been reduced due to revised salary planning estimates.

- Direct financial assistance towards those activities that benefit the entire state rather than portions of the state.
- Emphasize technical assistance activities based on indicators that demonstrate high effectiveness in order to ensure that the needs of all clients are met.
- Based on strategic decisions, we will increase some grant programs, reduce others and maintain some at current levels.
- Continue funding for market development, source reduction, and pollution prevention activities.

OUTCOMES:

- The state of Minnesota is known as a leader in waste management, specifically in the area of recycling. Three counties in Minnesota have won national recycling awards.
- The OWM is appreciated by our constituents for our quality of service.
- Relationships with all our constituents are open, expeditious and constructive.
- OWM constituents play an active role in our decision making process.
- The resources the state of Minnesota appropriates to support our agency are spent as efficiently and effectively as possible while achieving our mission.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Percentage of solid waste recycled	33	35	38	40	42
Solid waste generated (millions of tons)	4.46	4.48	4.5	4.55	4.6
Percentage of counties participating in formal multi-county processing or disposal systems	36	47	57	68	73
A 10% reduction in reported toxic chemical releases or offsite transfers to treatment or disposal facilities, in each year of the biennium (In millions of pounds) (Based on calendar year)	50.3	40.4	34.8	31.3	28.2

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of ~~\$27,990,000~~ \$38,046,000 from the General Fund which includes the agency's plan adjusted for the reinstatement of \$1,400,000 for county block

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
BUSINESS ASSISTANCE	3,865	2,847	3,606	3,606	2,890	2,870	3,606	2,766	2,746
CITIZEN OUTREACH	413	926	836	836	708	696	836	708	696
LOCAL GOVERNMENT ASSISTANCE	13,805	15,945	15,331	14,931	14,812	15,487	14,931	14,931	15,606
RESEARCH AND POLICY DEVELOPMENT	515	420	373	373	373	364	373	373	364
ADMINISTRATIVE ASSISTANCE	1,910	926	825	835	830	812	837	837	819
TOTAL EXPENDITURES BY PROGRAM	20,508	21,064	20,971	20,581	19,613	20,229	20,583	19,615	20,231
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	19,790	19,373	19,607	19,367	18,399	19,022	19,369	18,401	19,024
MN RESOURCES		210							
ENVIRONMENTAL	690	887	1,147	997	997	990	997	997	990
OPEN APPROPRIATIONS:									
ENVIRONMENTAL			15	15	15	15	15	15	15
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	28	21	25	25	25	25	25	25	25
FEDERAL		286	127	127	127	127	127	127	127
GIFTS AND DEPOSITS		287	50	50	50	50	50	50	50
TOTAL FINANCING	20,508	21,064	20,971	20,581	19,613	20,229	20,583	19,615	20,231
POSITIONS BY FUND:									
GENERAL	47.0	49.0	49.0	49.0	50.0	50.0	49.0	50.0	50.0
FEDERAL		2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
ENVIRONMENTAL	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	50.0	54.0	54.0	54.0	55.0	55.0	54.0	55.0	55.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: OFFICE OF WASTE MANAGEMENT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	20,971	20,971	19,607	19,607	1,237	1,237	127	127
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<250>	<250>	<250>	<250>				
APPROPRIATIONS CARRIED FWD	<150>	<150>			<150>	<150>		
DOCUMENTED RENT/LEASE INC/DEC	1	3	1	3				
INSURANCE PREMIUM HOLIDAY	9	9	9	9				
SUBTOTAL TECH. ADJ.	<390>	<388>	<240>	<238>	<150>	<150>		
CURRENT SPENDING	20,581	20,583	19,367	19,369	1,087	1,087	127	127
AGENCY BASE	20,581	20,583	19,367	19,369	1,087	1,087	127	127

1994-95 Biennial Budget

PROGRAM: Business Assistance
AGENCY: Office of Waste Management

PROGRAM PURPOSE:

The Business Assistance program exists to provide technical and financial assistance to commercial and industrial businesses to promote prevention of pollution at the source of generation, use of recycled materials, and improved management of solid and hazardous waste.

This program addresses to the Minnesota Milestones theme of "Our Surroundings" within this theme, the program contributes directly to the attainment of 2 goals: 1) Minnesotans will act to protect and enhance their environment; and 2) We will improve the quality of the air, water, and earth.

Under the first goal, the Office of Waste Management's (OWM) solid waste source reduction, recycling market development, and problem materials management activities contribute directly to the attainment of the indicator: "Solid waste produced and percent recycled."

Under the second goal, the OWM's pollution prevention and Minnesota Technical Assistance Program (MnTAP) activities contribute directly to the attainment of the following indicators: 1) Toxic chemicals released or transferred, and 2) Quantity of hazardous waste generated and properly managed.

In addition, the office uses other indicators to measure progress toward these Milestones goals. These are described under the "Outcomes" and Objectives" sections.

PROSPECTS:

- Minnesotans generate approximately 4.4 million tons of solid waste per year. This amount has increased dramatically in recent years and is projected to increase to approximately 6 million tons per year by 2020. Effective measures to reduce the amount of solid waste generated are needed. The OWM will increase its technical assistance efforts to help solve this problem.
- Minnesota collects 33% of its solid waste for recycling. While private sector markets exist for most collected materials, the economic recession and low prices for virgin raw materials continue to cause recyclable materials to have little monetary value. More competitive markets and other strategic measures are needed to solve this problem.
- Recent federal laws requiring the reporting of toxic chemicals released to the environment of major businesses have indicated the 50.3 million pounds of toxics are released or transferred to offsite treatment or disposal sites in Minnesota per year. The goal of the OWM's pollution prevention activities to work with business to reduce the amount of toxic releases through in-plant procedural and engineering improvements.

OUTCOMES:

Source Reduction	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of practical cost effective source reduction methods defined as a result of this program	5	10	20	35	50

Recycling Market Development

Increased market capacity for recyclables resulting from technical assistance and grant/loans already awarded (in tons/year)*	3,500	6,200	29,500	169,000	*
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Increased market capacity for recyclables resulting from technical assistance only: 40,000 tons/year established in 1991 and 120,000 tons/year scheduled to come on line in 1994.

Client satisfaction: Based on CORE September 1992 survey results: 100% clients surveyed felt services receive were important. 93.1% of respondents rated quality of technical assistance good, very good or excellent.

* The F.Y. 1993 funding round's, objective is to fund 3 to 5 projects to come on line F.Y. 1995 Plan to open one more funding round in 1994-95 with the goal of funding 3 to 5 capacity related projects for materials with minimal existing market capacity.

Pollution Prevention and MnTAP

	C.Y. 1991	C.Y. 1992	C.Y. 1993	C.Y. 1994	C.Y. 1995
A 10% reduction in reported toxic chemical releases or transfers to offsite treatment and disposal facilities in each year of the biennium. (in millions of pounds)	50.3	40.4	34.8	31.3	28.2
A reduction in the manifested amount of hazardous industrial waste (in tons)**	69,047	70,400	71,800	73,200	74,600
A reduction in the amount of manifested hazardous waste that is managed at a hazardous waste landfills	17%	16%	15%	14%	13%
A increase in the amount of manifested hazardous waste that is recovered for reuse	65%	66%	67%	68%	70%

** Assumes that economic growth, more stringent regulations, and increased enforcement will force more hazardous waste into the state's management system. Therefore, although an increase is shown, this increase is much smaller than if no pollution prevention activities occurred.

PROGRAM: Business Assistance
AGENCY: Office of Waste Management
(Continuation)

OBJECTIVES:

1. Solid waste source reduction

- Amount of reduction in statewide generation of solid waste.
- Amount of source reduction achieved by projects receiving grant and loan awards.
- Number of new practical, cost effective source reduction techniques identified through grant and loan awards.
- Number of organizations and companies that adopt source techniques identified with the assistance of the office of waste management.
- The progress of minnesota in meeting its goal of a 25% reduction in packaging sent to landfill, waste-to-energy, and municipal solid waste (msw) composting facilities by 1995.

2. Recycling market development

- Increased market capacity for recyclables resulting from grant and loan awards.
- Increased market capacity for recyclables resulting from technical assistance.
- Amount of increase in procurement of recycled products by minnesota state government.
- Amount of increase in procurement of recycled products by local governments in total and through use of the state's Cooperative Purchasing Program.
- Amount of increase in procurement of recycled products by Minnesota's private and non-profit sector.

3. Problem Materials Management

- A 20% increase in the amount of problem materials separated from solid waste and properly recycled or otherwise managed.

4. Pollution Prevention

- A reduction in the generation of hazardous industrial waste that is consistent with the state's goal of a 39% reduction (adjusted for increased economic growth) by 2009. Analysis will be carried out during the coming biennium to assure that the state is on target to achieve this overall goal.
- A 50% reduction in the release of 17 target toxic chemicals reported by companies participating in the Minnesota 50 project, to be accomplished by the end of the biennium.
- At least 50% of the state agencies named in Governor's Executive Order 91-17 will have implemented at least one specific pollution prevention project.
- A 20% reduction in pollution caused by state and local government agencies.
- At least 80% of the projects awarded pollution prevention grants by the OWM will accomplish a reduction in pollution as a result of grant-funded activities.

5. MnTAP

- A 10% reduction in reported toxic chemical releases or transfers in each year of the biennium.
- A reduction in the generation of hazardous industrial waste that is consistent with the state's goal of a 39% reduction (adjusted for increased economic growth) by 2009. Analysis will be carried out during the coming biennium to assure that the state is on target to achieve this overall goal.
- A 50% reduction in the release of 17 target toxic chemicals reported by companies participating in the Minnesota 50 project, to be accomplished by the end of the biennium.
- 80% of the businesses and other organizations that contact MnTAP for technical assistance will use the assistance they receive to either reduce their waste generation, prevent releases of toxic pollutants, or improve their hazardous or industrial waste management methods.

PROGRAM PLAN:

- The office is proposing that less grant and loan funding for its solid waste source reduction, recycling market development, and pollution prevention activities in order to meet its budget challenge and maintain existing technical assistance activities in these areas.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: BUSINESS ASSISTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1991			FY 1992			FY 1993			FY 1994			FY 1995		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MARKET DEVELOPMENT	2,236	1,009	1,452	1,452	1,304	1,295	1,452	1,084	1,075	1,452	1,084	1,075	1,452	1,084	1,075
SOURCE REDUCTION	484	532	495	495	275	271	495	365	361	495	365	361	495	365	361
POLLUTION PREVENTION	206	623	859	859	561	554	859	567	560	859	567	560	859	567	560
MNTAP	939	683	800	800	750	750	800	750	750	800	750	750	800	750	750
TOTAL EXPENDITURES BY ACTIVITY	3,865	2,847	3,606	3,606	2,890	2,870	3,606	2,766	2,746	3,606	2,766	2,746	3,606	2,766	2,746
GOV'S INITIATIVES:	FUND														
(A) SALARY PLANNING ESTIMATES	GEN														
(A) SALARY PLANNING ESTIMATES	ENV														
TOTAL GOV'S INITIATIVES	<20>														
SOURCES OF FINANCING:	FUND														
DIRECT APPROPRIATIONS:	GENERAL														
GENERAL	3,168	1,721	2,482	2,482	1,766	1,753	2,482	1,642	1,629	2,482	1,642	1,629	2,482	1,642	1,629
ENVIRONMENTAL	690	887	997	997	997	990	997	997	990	997	997	990	997	997	990
OPEN APPROPRIATIONS:	ENVIRONMENTAL														
ENVIRONMENTAL			15	15	15	15	15	15	15	15	15	15	15	15	15
STATUTORY APPROPRIATIONS:	SPECIAL REVENUE														
SPECIAL REVENUE	7	21	25	25	25	25	25	25	25	25	25	25	25	25	25
FEDERAL	FEDERAL														
FEDERAL		218	87	87	87	87	87	87	87	87	87	87	87	87	87
TOTAL FINANCING	3,865	2,847	3,606	3,606	2,890	2,870	3,606	2,766	2,746	3,606	2,766	2,746	3,606	2,766	2,746
POSITIONS BY FUND:	GENERAL														
GENERAL	6.0	6.0	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
FEDERAL	FEDERAL														
FEDERAL			.8	.8	.8	.8	.8	.8	.8	.8	.8	.8	.8	.8	.8
ENVIRONMENTAL	ENVIRONMENTAL														
ENVIRONMENTAL	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	9.0	9.0	12.5	12.5	12.5	12.5									

1994-95 Biennial Budget

BUDGET ACTIVITY: Market Development
PROGRAM: Business Assistance
AGENCY: Office of Waste Management

ACTIVITY DESCRIPTION:

The Office of Waste Management's (OWM) Recycling Market Development activity is intended to assist in the development of a sustainable recycling infrastructure in Minnesota. Minnesota collects over 30% of its solid waste for recycling. However, new markets and policies are needed to ensure the use of these materials in the manufacturing of new products and justify the past, present and future citizen investments in recycling.

The OWM's focus in developing markets has been to provide financial, technical, and educational assistance to clients to increase the use of recyclable materials and demand for recycled products. In addition, this program coordinates other market development activities within the state.

There are high expectations and strong demand for the services provided by this program from a wide variety of clientele. Clients include: local government, private businesses, non-profit organizations, state officials, industry associations, and citizens. Increased focus on technical assistance and the development of supportive incentives is proposed for the future.

BUDGET ISSUES:

Minnesota has been and continues to be a national leader in recycling and market development activities. One result of these efforts is new manufacturing expansion in Minnesota. Having a combination of strong state policies, technical assistance and the capability for financial assistance has allowed OWM to secure new and expanded remanufacturing businesses in Minnesota.

The OWM uses market development grants and loans to promote private investment in this area. The critical elements of this financial aid program are: 1) systematic and in-depth analysis of private sector market proposals; 2) prioritization of materials requiring market expansion; and 3) contributing sufficient capital to leverage final commitments and actual facility development in the state.

The OWM proposes that the budget for market development grant and loan financial aid be reduced \$102,880 in F.Y. 1994 and \$322,880 in F.Y. 1995. The OWM believes that because of existing market capacity, the effectiveness of OWM technical assistance, and our ability to focus grant and loan money at high priority needs, we will continue to make progress in developing markets for recyclables.

OWM also acts as a clearinghouse and primary information source for processors of recyclables who need to market their raw materials to end markets. These clients include local units of government, recycling brokers, waste haulers, etc. The OWM uses a detailed directory of end markets and recyclers as a primary tool in optimizing trade in this area. The OWM will reduce printing costs \$45,000 in both 1994 and 1995 by preparing and mailing supplements to clients who have received Market Development Directories in the past rather than printing an entire updated directory.

EFFICIENCY/EFFECTIVENESS MEASURES:

Outcomes measured by the OWM for this activity area relate to the number of grants and loans

awarded and resultant projects successfully implemented. In addition, the OWM measured improvements in recycling markets through new market capacity developed with the benefit of technical assistance from the OWM, and through qualitative reports from program customers. Market development staff provide extensive technical expertise support to local and state government staff, private businesses and the general public. Effectiveness of this assistance is measured by daily responses to requests for information, public presentations to clientele, and extensive information development and dissemination.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Increased market capacity resulting from technical assistance and grant/loans already awarded	3,500	6,200	29,500	169,000	*
Increased market capacity for recyclables resulting from technical assistance only: 40,000 tons/year established in 1991 and 120,000 tons/year scheduled to come on line in 1994.					
No. of requests for information per year	4,000	4,800	4,800	4,800	4,800
No. of presentations per year	48	48	48	48	48
No. of funded applied research\ feasibility study projects completed	3	1	7	4-10	5-10

Client satisfaction: Based on CORE September 1992 survey results: 100% clients surveyed felt services received were important. 93.1% of respondents rated quality of technical assistance good, very good, or excellent.

REVENUE:

This activity does not generate revenues. Loan repayments will be returned to the general fund.

GRANTS:

This activity administers 3 financial assistance programs authorized in M.S. Section 115A.48 (1990), administered under Minnesota Rules 9210.0600 to 9210.0645:

The county grant/loan program provides grants to counties and non-profit organizations for up to 75% of costs for non-capital projects and loans to private business for up to 50% of costs for capital projects.

The Capital Loan program provides low-interest loans to businesses and non-profit organizations for up to 50% of costs for eligible capital projects.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: BUSINESS ASSISTANCE
ACTIVITY: MARKET DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	161	150	237	237	237	228	237	237	228
EXPENSES/CONTRACTUAL SRVCS	31	69	94	94	49	49	94	49	49
MISC OPERATING EXPENSES	21	14	15	15	15	15	15	15	15
SUPPLIES/MATERIALS/PARTS	9	7	3	3	3	3	3	3	3
CAPITAL EQUIPMENT		1							
OTHER		150							
SUBTOTAL STATE OPERATIONS	222	391	349	349	304	295	349	304	295
AIDS TO INDIVIDUALS		440							
LOCAL ASSISTANCE	2,014	178	1,103	1,103	1,000	1,000	1,103	780	780
TOTAL EXPENDITURES	2,236	1,009	1,452	1,452	1,304	1,295	1,452	1,084	1,075
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<9>			<9>
TOTAL GOV'S INITIATIVES						<9>			<9>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,229	1,009	1,452	1,452	1,304	1,295	1,452	1,084	1,075
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7								
TOTAL FINANCING	2,236	1,009	1,452	1,452	1,304	1,295	1,452	1,084	1,075

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
 PROGRAM: BUSINESS ASSISTANCE
 ACTIVITY: MARKET DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
GENERAL	4.0	4.0	4.4	4.4	4.4	4.4	4.4	4.4	4.4
TOTAL POSITIONS	4.0	4.0	4.4	4.4	4.4	4.4	4.4	4.4	4.4

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1994-95 Biennial Budget

BUDGET ACTIVITY: Source Reduction
PROGRAM: Business Assistance
AGENCY: Office of Waste Management

ACTIVITY DESCRIPTION:

Reducing the amount of waste produced by business and households is one of our highest waste management priorities. Source Reduction programs merit top priority. By reducing the amount of solid waste requiring management, generators as well as the state will enjoy both economic and environmental benefits. Reduction will also help conserve natural resources and energy.

The Office of Waste Management (OWM) will provide technical assistance to commercial and manufacturing businesses to demonstrate the numerous benefits and variety of approaches to source reduction. OWM also provides source reduction assistance to local units of government and institutions.

BUDGET ISSUES:

The OWM source reduction efforts are evolving from a research phase utilizing outside consultant services along with staff resources and a relatively broad grant program to an implementation phase where we will increase staff resources and focus a smaller grant program on very targeted, high impact areas. This allows the OWM to reduce source reduction related professional services \$25,000 in both F.Y. 1994 and F.Y. 1995.

Source Reduction techniques are now described in a manual produced and printed by the OWM. In F.Y. 1994 and F.Y. 1995 minor and then major addenda to this manual will be produced and distributed to customers. This approach demands less in printing expenditures.

Grants to help finance source reduction programs have been cut from \$200,000 in F.Y. 1993 to \$50,000 in F.Y. 1994 and \$100,000 in F.Y. 1995. The OWM will concentrate staff time and resources in two areas. First evaluating and transferring technical information and performance information gathered from previously funded projects and case studies to other customers who can benefit from learning about successful source reduction activities.

EFFICIENCY/EFFECTIVENESS MEASURES:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
No. of business, institutional, and government source reduction programs permanently adopted	5	11	40	100	250
Percentage of Minnesota's solid waste reduced through the adoption of specific source reduction methods	< 1	2	3	4	5
No. of projects successfully implemented	10	20	40	80	130

REVENUE:

None

GRANTS:

Solid waste reduction grants

Statutory Authority: M.S. 115A.55

Purpose of grant: Provision of financial assistance for the purpose of implementing projects or practices to prevent or reduce the generation of solid waste. Grants may also be used to fund studies needed to determine the financial feasibility of a source reduction project.

Recipients: Eligible applicants to the program include businesses, institutions, local units of government, and persons in Minnesota.

Eligibility criteria: Submitting of proposal satisfying the rules of the program.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: BUSINESS ASSISTANCE
ACTIVITY: SOURCE REDUCTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	72	94	138	138	138	134	138	138	134
EXPENSES/CONTRACTUAL SRVCS	3	25	145	145	75	75	145	115	115
MISC OPERATING EXPENSES	2	5	10	10	10	10	10	10	10
SUPPLIES/MATERIALS/PARTS	3	4	2	2	2	2	2	2	2
OTHER		91							
SUBTOTAL STATE OPERATIONS	80	219	295	295	225	221	295	265	261
AIDS TO INDIVIDUALS	71	144	200	200	50	50	200	100	100
LOCAL ASSISTANCE	333	169							
TOTAL EXPENDITURES	484	532	495	495	275	271	495	365	361
GOV'S INITIATIVES:									
(A) SALARY PLANNING ESTIMATES									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	484	532	495	495	275	271	495	365	361
TOTAL FINANCING	484	532	495	495	275	271	495	365	361
POSITIONS BY FUND:									
GENERAL	2.0	2.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3
TOTAL POSITIONS	2.0	2.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3

1994-95 Biennial Budget

BUDGET ACTIVITY: Pollution Prevention
PROGRAM: Business Assistance
AGENCY: Office of Waste Management

ACTIVITY DESCRIPTION:

This activity accomplishes state pollution prevention goals through technical and financial assistance to individuals and organizations that use, generate or release toxic pollutants, hazardous substances, or hazardous wastes, as well as citizens concerned about toxic or hazardous pollution in their locale. Technical assistance includes assembling, cataloging and disseminating information on pollution prevention; performance of technical research on pollution prevention methods; and outreach programs including conferences, workshops, and training programs. The activity also includes collection of annual pollution prevention fees totaling approximately \$1 million; grants to organizations for pollution prevention programs; awards to clientele for excellence in pollution prevention; and preparation of an annual Pollution Prevention Evaluation Report.

BUDGET ISSUES:

The pollution prevention activity is funded by the Environmental Fund, and is not a General Fund activity. In the previous biennium, the office supplemented certain pollution prevention activities with its General Fund. This will no longer occur due to the need to reduce General Fund expenditures. Because the Environmental Fund will now be used to fund all of the office's pollution prevention activities, the office proposes to reduce its pollution prevention grants activities to \$200,000 in grant awards for the biennium. While this will reduce the amount of new research conducted and documentation of specific pollution prevention implementation efforts, the office believes its on-going pollution prevention technical assistance activities are a higher priority and can be used to accomplish some of the goals of the grant program.

EFFICIENCY/EFFECTIVENESS MEASURES:

	C.Y. 1991	C.Y. 1992	C.Y. 1993	C.Y. 1994	C.Y. 1995
A 50% reduction in the release of 17 target toxic chemicals reported in calendar year 1988 by companies participating in the Minnesota 50 project, to be accomplished by the end of the biennium (in millions of pounds)	24.5	23.5	22.5	21.5	20.5
■ At least 50% of the state agencies named in governor's Executive Order 91-17 will have implemented at least one specific pollution prevention project.					
Percentage of named state agencies that implement at least 1 pollution prevention project	10	20	30	40	50

REVENUE:

The office's pollution prevention activity has collected an annual fee that is dedicated to the Environmental Fund. The fee is charged to certain companies that release toxic pollutants or generate hazardous waste. The amount collected in F.Y. 1991 was \$1.164 million. The office's current base level appropriation from the Environmental Fund is \$997,000. Thus, not all of the fees collected are appropriated to the office for pollution prevention activities. The office anticipates that the fee amount collected will change in future years because the fee is based upon amounts of pollutants released or wastes generated, and these amounts should decrease due to the success of the pollution prevention activity. The decreased pollution amounts will, however, be counteracted by recent changes to federal law that have increased, and will likely continue to increase, the number of companies subject to the fee. Further, the 1992 Minnesota Legislature has removed, effective F.Y. 1994, the current cap of \$30,000 on fees paid by any one company. See M.S. 115D.12, subd. 2(a). The office is currently developing estimates of pollution prevention fees to be collected in F.Y.s 1993-94, and 1995. The office is also considering entering into an agreement with the Minnesota Emergency Response Commission (ERC) in which ERC would collect pollution prevention fees along with other related fees already collected by ERC. This would allow fee payers to receive only 1, rather than 3 or 4, fee invoices.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated - Gen'l					
Dedicated - Special	\$1,164	\$1,100	\$1,100	\$1,100	\$1,100
Dedicated - Federal					

GRANTS:

The office provides pollution prevention grants to assist clientele in achieving pollution prevention goals identified by the office, including pollution prevention research and implementation activities. The grants are authorized under M.S. 115D.04, subd. 3(b) and 115D.05. Eligible recipients are persons who use, generate or release toxic pollutants, hazardous substances, or hazardous wastes. Criteria for selecting grant recipients are outlined in Minn. Rules pts. 9205.0400 - .0445, as well as in detailed Request for Proposals (RFPs) issued for targeted grant projects.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: BUSINESS ASSISTANCE
ACTIVITY: POLLUTION PREVENTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	83	121	231	231	217	210	231	204	197
EXPENSES/CONTRACTUAL SRVCS	96	410	269	269	200	200	269	222	222
MISC OPERATING EXPENSES	13	15	19	19	19	19	19	19	19
SUPPLIES/MATERIALS/PARTS	4	7	4	4	4	4	4	4	4
CAPITAL EQUIPMENT	10		3	3	3	3	3	3	3
OTHER			15	15	15	15	15	15	15
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	206	553	541	541	458	451	541	467	460
AIDS TO INDIVIDUALS			318	318	103	103	318	100	100
LOCAL ASSISTANCE		70							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	206	623	859	859	561	554	859	567	560
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
ENV									
=====									
TOTAL GOV'S INITIATIVES						<7>			<7>
=====									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			50	50	3	3	50		
ENVIRONMENTAL	206	384	682	682	431	424	682	440	433
OPEN APPROPRIATIONS:									
ENVIRONMENTAL			15	15	15	15	15	15	15
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		21	25	25	25	25	25	25	25
FEDERAL		218	87	87	87	87	87	87	87
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	206	623	859	859	561	554	859	567	560

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: BUSINESS ASSISTANCE
ACTIVITY: POLLUTION PREVENTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
FEDERAL	.0	.0	.8	.8	.8	.8	.8	.8	.8
ENVIRONMENTAL	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	3.0	3.0	4.8	4.8		4.8	4.8	4.8	4.8

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1994-95 Biennial Budget

GRANTS:

BUDGET ACTIVITY: Minnesota Technical Assistance Program (MnTAP)
PROGRAM: Business Assistance
AGENCY: Office of Waste Management

None

ACTIVITY DESCRIPTION:

The Minnesota Technical Assistance Program (MnTAP) is operated by the University of Minnesota through an annual grant from the office. The program, which has 15 staff members, provides free, non-regulatory technical and research assistance to Minnesota businesses and other organizations in preventing toxic pollution and ensuring proper management of hazardous and industrial waste. MnTAP's major services include: telephone assistance, on-site visits, a student intern program, technical and educational resources, and workshops and seminars.

BUDGET ISSUES:

Until 1990, MnTAP was funded entirely by a grant from the office's General Fund budget, as well as funding received from the U.S. Environmental Protection Agency (EPA). With the passage of the Pollution Prevention Act in 1990 (M.S. Ch. 115D), MnTAP's grant from the office was significantly expanded through use of funds appropriated from the Environmental Fund. MnTAP's annual grant is currently \$800,000. The office proposes to reduce this amount to \$750,000, which will result in MnTAP not filling a current vacant position. The office will also fund a larger share of the MnTAP grant from the Environmental Fund. This will enable the office to reduce its General Fund expenditures on this activity. Specifically, the office will rely on the General Fund for only \$184,000 in F.Y. 1994 and \$193,000 in F.Y. 1995 for MnTAP grants. MnTAP is also likely to continue to receive some federal funding to supplement its activities.

EFFICIENCY MEASURES:

	<u>C.Y. 1991</u>	<u>C.Y. 1992</u>	<u>C.Y. 1993</u>	<u>C.Y. 1994</u>	<u>C.Y. 1995</u>
A 50% reduction in the release of 17 target toxic chemicals reported by companies participating in the Minnesota 50 project, to be accomplished by the end of the biennium. (in millions of pounds per year)	24.5	23.5	22.5	21.5	20.5
Percentage of businesses and other organizations receiving MnTAP technical assistance that act upon the assistance	75 %	80 %	80 %	80 %	80 %

REVENUE:

None

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: BUSINESS ASSISTANCE
ACTIVITY: MNTAP

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	939	683	800	800	750	750	800	750	750
TOTAL EXPENDITURES	939	683	800	800	750	750	800	750	750
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	455	180	485	485	184	184	485	193	193
ENVIRONMENTAL	484	503	315	315	566	566	315	557	557
TOTAL FINANCING	939	683	800	800	750	750	800	750	750
POSITIONS BY FUND:									
TOTAL POSITIONS									

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1994-95 Biennial Budget

PROGRAM: Citizen Outreach
AGENCY: Office of Waste Management

PROGRAM PURPOSE:

The citizen outreach program exists to inform and educate Minnesotans about:

- Sound waste management practices.
- The programs and assistance offered by the Office of Waste Management (OWM) to improve those practices.
- The economic and environmental issues faced by individuals and communities in making personal, corporate or public policy decisions about solid and hazardous waste management.

PROSPECTS:

- Recycling -- at least the individual's role in source-separation and collection -- is generally well understood and accepted in Minnesota. Less well understood are:
 - What happens after recyclables are collected.
 - How markets for recyclables are developed.
 - Why it is important to buy recycled-content products.
 - Why recycling is expensive.
- Waste generation in Minnesota continues to rise. Source reduction, the best means of slowing or stopping the increase in solid waste, is a relatively new concept to most Minnesotans.
- More environmentally protective waste management systems are increasingly expensive to build, operate and maintain. At the same time, public resistance to siting new facilities is likely to continue or increase, as is public concern about the rising costs of waste management.
- Business and industry concern about government regulation regarding use of toxic materials, and product labeling and packaging, among other issues, is likely to continue or increase, making it difficult to pass laws or mandates in these areas. This will elevate the role of educated consumer choice (the marketplace) in addressing these issues.
- Educating children and college students, the decision-makers of the next generation, is the key to an environmentally and economically sound waste management future.
- The general public is still critically uninformed about waste management technology including landfills, incinerators and composting facilities.

OUTCOMES:

- K-12 education: A curriculum developed and field-tested in Minnesota was distributed to Minnesota schools in the fall of 1992. Hard copies of the curriculum will be available in limited numbers. Schools will be able to get the curriculum in its entirety or access its information on a subject by subject basis through use of the statewide educational computer network known as "Minnesota Quick-Link". In addition, the curriculum will be available on computer disks. This use of technology will result in a major savings in resources and approximately \$50,000 in printing and distribution costs.

Teacher interest expressed at workshops, education conventions and other presentations was high.

An evaluation form with each copy of the curriculum will serve as a measure of teachers' view of its effectiveness.

- Teacher and student workshops: Teacher training sessions and presentations in schools and classrooms have been given both by request from schools and by initiation from the Office of Waste Management. More than 50 were conducted during 1992, reaching hundreds of teachers and thousands of students.
- Public education campaign: The SMART (Saving Money and Reducing Trash) Shopping Campaign was developed in early 1992 to fulfill a legislative mandate to provide statewide public education on waste management and source reduction. Research on the waste and cost of different types of packaging was conducted by the citizen outreach program. Information was provided to consumers through materials designed to be displayed in grocery stores.

The campaign has appeared in several stores, and many more are poised to begin it in coming months, including a campaign at Cub Foods. Target stores will display materials created for retail stores. Executives of these organizations believe the campaign will be effective and will enhance their own images.

Surveys conducted in the stores that have used the campaign have shown that most shoppers were aware of the theme (SMART) and could remember some of the main points. The campaign has involved local organizations and communities in both putting on the campaign and helping to pay for it.

- Conferences: In cooperation with other sections of the OWM, the citizen outreach program put on 3 conferences and numerous workshops on pollution prevention and buying recycled products during the past 2 years. The events were attended by thousands of representatives of business, government, environmental organizations and the general public.
- Bi-monthly newsletter: The citizen outreach program publishes a bi-monthly newsletter called "The Resource" with a current mailing list of more than 5,300, including local and state officials, waste management companies and professionals, schools, environmental groups and interested individuals. Reader surveys from the last year indicate that the publication is widely considered as an important communications tool. An average of 20 people a month ask to be added to the mailing list.
- Special projects are an important medium for reaching large numbers of people. The public information's 10,000 square-foot building at the state fair reached over 300,000 people during the 1992 twelve (12) day run. The exhibit will also be available for civic and educational tours during the fall and spring of 1993-94.

OBJECTIVES:

Since the heart of the Citizen Outreach Program is communication, indicators are qualitative rather than quantitative. The number of news releases, for example, can't be used as a sole indicator of effectiveness; their quality and the reaction to the information contained in the news releases would, if they could be measured. Success towards the goal of educating Minnesotans can be quantitatively measured only over time, as behaviors and attitudes regarding waste are seen to change. In the short term, then, it is impossible to measure the ultimate effectiveness of communication; but it is possible to see whether the program is using methods that are known to be effective means of communicating.

The Citizen Outreach program main objectives for 1994-95 are to:

PROGRAM: Citizen Outreach
AGENCY: Office of Waste Management
(Continuation)

- Increase public exposure to the services offered by the OWM.
- Continue to use publications and proactive media relations to provide timely and accurate waste management information to the public.
- Broaden the scope of efforts to include business and industry.
- Promote the K-12 curriculum.
- Increase involvement of civic organizations in dissemination of waste management information.
- Address integrated solid waste management issues.
- Develop professional video programming for statewide use.
- Increase the use of computer technology for dissemination of information and thereby reduce the amount of paper used.

EFFICIENCY/EFFECTIVENESS MEASURES:

- **News Releases:** In the past year, the Citizen Outreach program developed over 50 news releases. The majority of the releases were distributed statewide to over 400 individual media outlets. A significant number of the releases resulted in media inquiries or interviews.
- **Media relations:** The communications philosophy of the OWM is to be aggressively proactive. As a result both of contacts made with media and of our growing reputation as an accurate source on waste management issues, the office received more than 55 media inquiries resulting in television, radio or newspaper interviews in the last 6 months. These inquiries included national organizations such as CBS-TV, all of the Twin Cities outlets and news organizations from Greater Minnesota.
- An average of 20 people per month ask to be added to the "Resource" mailing list.

PROGRAM PLAN:

The overall plan of the citizen outreach program is twofold:

- To build upon the successes of the activities in 1992-93 with innovative methods and;
- To create bold new programs that will increase the number of people reached and, at the same time, save resources and money.

Specifically, the Citizen Outreach program plans to cut the youth education budget from a biennial allocation of \$425,000 to \$250,000. This will result in a yearly savings of \$87,120; \$50,000 in professional services and \$37,120 in printing costs. The program can do this because the mandated K-12 curriculum was completed and distributed in 1992-93. Initial curriculum development costs far exceed the costs required to promote and provide technical assistance to the schools in the actual use of the curriculum.

The OWM originally planned to print 6 to 7 copies per Minnesota school or a total of 14,000 copies. The Minnesota "Quick-Link" computer network will allow the office to print only 4,000 copies for a savings of \$60,000 and significant saving in natural resources. In addition to the computer network, schools or other interested parties may obtain a copy of the complete curriculum from the

OWM on 2 computer disks.

The curriculum may be disseminated nationwide using other computer technology including, but not limited to the Environmental Protection Agency's computer network.

The Citizen Outreach Program also plans to eliminate 2 student workers for an approximate yearly savings of \$41,000. The student workers were originally hired to research and develop the "SMART Shopping" campaign. By 1994-95, the campaign will have been passed primarily to Minnesota's counties and communities. The Citizen Outreach program plans to change the focus of the public education efforts to educate the public on integrated solid waste management systems. A significant part of this change in focus will involve the use of video production equipment purchased in 1992-93.

The OWM hired a graphic (computer) artist as a Rule 10 temporary position in 1992-93 to work primarily on the development of the Public Information Campaign material. Producing the camera-ready graphics and design work in-house rather than contracting in the private sector, produced a net savings of approximately \$80,000. In addition, by creating the design work in-house the Office saves 30% on all printing done through the State Printing Office. These savings are, of course, in addition to the significant savings in staff time required for contract negotiations and supervision of outside work.

GRANTS:

Statutory Authority: M.S. 115A.072

Purpose of grant: To increase the creation and dissemination of educational materials concerning waste management issues and to facilitate the development of comprehensive waste management programs within educational facilities.

Recipients: Individuals, political subdivisions, business and industry, schools, and non-profit organizations, excluding the Metropolitan Council and other state agencies.

Eligibility criteria: Grant proposals must demonstrate a creative and comprehensive approach to the management of solid waste.

Factors used to determine amount of aid to recipient: Grant limits have been set at \$10,000 for a single project and a maximum of \$20,000 for district-wide projects. Grant amounts were determined by research of average solid waste management program costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: CITIZEN OUTREACH
ACTIVITY: CITIZEN OUTREACH

ACTIVITY SUMMARY	FY 1994			FY 1995					
	Est. FY 1991	Est. FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	122	264	379	379	378	366	379	378	366
EXPENSES/CONTRACTUAL SRVCS	133	295	413	413	286	286	413	286	286
MISC OPERATING EXPENSES	11	26	34	34	34	34	34	34	34
SUPPLIES/MATERIALS/PARTS	21	39	10	10	10	10	10	10	10
CAPITAL EQUIPMENT		77							
SUBTOTAL STATE OPERATIONS	287	701	836	836	708	696	836	708	696
AIDS TO INDIVIDUALS	16	60							
LOCAL ASSISTANCE	110	165							
TOTAL EXPENDITURES	413	926	836	836	708	696	836	708	696
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<12>			<12>
TOTAL GOV'S INITIATIVES						<12>			<12>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	392	926	836	836	708	696	836	708	696
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	21								
TOTAL FINANCING	413	926	836	836	708	696	836	708	696
POSITIONS BY FUND:									
GENERAL	3.0	6.0	7.0	7.0	8.0	8.0	7.0	8.0	8.0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: CITIZEN OUTREACH
ACTIVITY: CITIZEN OUTREACH

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL POSITIONS	3.0	6.0	7.0	7.0	8.0	8.0	7.0	8.0	8.0

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1994-95 Biennial Budget

PROGRAM: Local Government Assistance
AGENCY: Office of Waste Management

PROGRAM PURPOSE:

Provide technical and financial assistance to counties, cities, and other clients to promote the development of economically sound and environmentally protective solid waste management systems. Oversee local solid waste management activities to ensure compliance with state goals and policies.

PROSPECTS:

A number of factors impact the short term and long term program strategies and goals:

- Ongoing strong public support for the development of improved solid waste reduction, recycling, processing, and special wastes management systems;
- Increasing development of innovative waste management techniques and public/private management partnerships;
- Ongoing concerns on the state and local levels regarding the practical feasibility of developing solid waste composting and incineration projects;
- Ongoing negative impacts due to the availability of relatively inexpensive land disposal capacity in first generation landfills and in out-of-state facilities which do not meet Minnesota standards;
- Diminishing financial resources on the state and local levels; and
- County clientele getting more sophisticated in their expectations.

OUTCOMES:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Percentage of counties served by processing facility	41	51	52	59	72
Percentage of counties participating in formal multi-county processing or disposal systems	36	47	57	68	73
Percentage of counties using landfills meeting upgraded requirements	27	27	33	84	93
Percentage of counties meeting statewide waste reduction and recycling goals	70	80	100	100	100

OBJECTIVES:

- Provide technical assistance to ensure that all counties have current approved county plan updates.
- For those counties where land disposal is the most feasible and prudent alternative maximize number of counties using state-of-the-art facilities.
- Insure that counties meet state and local waste reduction and recycling goals.
- Maximize number of counties utilizing solid waste processing facilities and insure that all counties use only state-of-the-art landfills when disposing of waste or processing residues.
- Maximize number of counties expressing satisfaction with Office of Waste Management financial and technical assistance services.

- Achieve reduction in statewide solid waste generation rate (or decrease in level of annual increase).
- Meet statutory deadlines for solid waste designation review and approval activities.
- Enable county compliance with legislative goals and mandates.

PROGRAM PLAN:

The Office of Waste Management (OWM) uses a number of policy and program-related strategies to improve how it satisfies its responsibilities.

Policy-related strategies include:

- Develop statewide assessment of regional need for solid waste management facilities in order to determine the need for additional facility capacity in the state. The OWM will use the results of this study to refine and focus its technical and financial assistance programs.
- Continue to emphasize promotion of regional solid waste management systems in Minnesota, and will promote related statute changes.
- Continue to promote optimal use of existing processing and disposal facilities.

Program-related strategies include:

- Continue to revise planning and grant administration rules as necessary to streamline and clarify those rules.
- Continue to develop improved technical assistance tools for use by local units of government and private facility and system developers. These will include improved plan development guidance manuals and materials and subject-specific technical assistance fact sheets, newsletters, and other materials.
- Continue to improve program linkages with the Minnesota Pollution Control Agency and the Metropolitan Council of the Twin Cities.
- Continue to reduce state oversight over local programs already meeting state goals and mandates in order to concentrate financial and technical assistance on those local units of government most needing help.
- Continue to simplify county requirements regarding the reporting of expenditures of state waste reduction and recycling pass-through grant funds and the improvements caused by that funding.
- Increase local recycling program audit activities to assist counties in meeting state requirements and to develop materials documenting successful programs or strategies to share with other local units of government.
- Increase efforts to disseminate knowledge gained through the funding of the development of solid waste processing facilities and separation programs.
- Continue to maximize waste management system improvement, focusing on working with local decision makers and staff on state requirements and help those people develop programs to meet those strategies. OWM activities will continue to place strong emphasis on assisting local officials and enabling local success.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's plan adjusted for the reinstatement of \$1,400,000 for county block grants. In addition, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: LOCAL GOVERNMENT ASSISTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FINANCIAL ASSISTANCE	13,805	15,431	14,716	14,316	13,696	14,390	14,316	13,686	14,380
TECHNICAL ASSISTANCE		514	615	615	1,116	1,097	615	1,245	1,226
TOTAL EXPENDITURES BY ACTIVITY	13,805	15,945	15,331	14,931	14,812	15,487	14,931	14,931	15,606
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<25>			<25>
(B) RESTORE CUT TO COUNTY BLOCK GRANTS			GEN			700			700
TOTAL GOV'S INITIATIVES						675			675
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	13,805	15,448	15,131	14,881	14,762	15,437	14,881	14,881	15,556
MN RESOURCES ENVIRONMENTAL		210	150						
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS		287	50	50	50	50	50	50	50
TOTAL FINANCING	13,805	15,945	15,331	14,931	14,812	15,487	14,931	14,931	15,606
POSITIONS BY FUND:									
GENERAL	7.0	16.0	17.3	17.3	17.3	17.3	17.3	17.3	17.3
TOTAL POSITIONS	7.0	16.0	17.3	17.3	17.3	17.3	17.3	17.3	17.3

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1994-95 Biennial Budget

BUDGET ACTIVITY: Financial Assistance
PROGRAM: Local Government Assistance
AGENCY: Office of Waste Management

ACTIVITY DESCRIPTION:

The Office of Waste Management's (OWM) Local Government Assistance Program oversees several financial assistance programs which help Minnesota counties, cities, and private developers develop economically sound and environmentally protective solid waste management systems. The Solid Waste Processing Facilities Capital Assistance Program (CAP) provides financial assistance to local units of government for the development of solid waste processing facilities abate the need for landfills. The LOWTECH program assists in the development of solid waste separation projects. The Compost Utilization Program (CUP) is designed to enhance the utilization of compost derived from mixed municipal solid waste. The program also provides technical assistance to funded and non-funded project developers, and makes the information learned from funded projects available to other facility and program developers.

State law establishes ambitious waste reduction and recycling goals and requirements for counties. To help them meet those goals and requirements, the state provides each county with SCORE/block grant funding to assist the county in the development and ongoing management of improved solid waste reduction, recycling, and problem materials management programs. During F.Y. 1992 and 1993 \$14,008,000 was appropriated annually for pass-through funding to counties.

BUDGET ISSUES:

The OWM will continue to review and modify its solid waste financial assistance programs for F.Y. 1994 and F.Y. 1995 to ensure that those programs provide the most useful and needed financial and technical assistance for counties. Modifications incorporated in this budget include:

- The OWM proposes lowering the level of funding for the LO-TECH program from \$432,000 for F.Y. 1992-93 to \$200,000 for F.Y. 1994-95. The OWM also proposes changing the focus of the program from funding recycling collection programs to funding innovative problem materials management programs. Initially resources dedicated to this effort will be limited and will be closely monitored to ensure effective outcomes.
- The OWM is currently developing a report to the legislature on the current statewide need for regional solid waste management facilities. That report will assess the state's existing waste management infrastructure and identify needed facilities for proper management of the state's solid waste. The OWM intends to link the findings of the report to the allocation of existing Capital Assistance Program (CAP) program funding, and to base any future program bond funding requests to the findings of the report.
- The OWM will complete work on the Compost Utilization Program (CUP) during the next biennium. The level of funding has been reduced from \$60,000 in F.Y. 1993 to \$40,000 in F.Y. 1994 and \$10,000 in F.Y. 1995 due to the completion of major tasks during the current biennium and completion of the program in F.Y. 1995.
- The OWM's CAP is expected to be very active during F.Y. 1995 in helping to finance large scale technically complex resource recovery facilities. An additional \$20,000 is needed during this period to pay for essential specialized technical review of proposed projects seeking CAP

financial assistance.

The Office of Waste Management (OWM) has been directed to cut its total appropriation by 5%. However, \$14,008,000 of this appropriation is legislatively mandated block grants to the counties. This money is not a discretionary item in the OWM budget; instead, the agency essentially functions as the state's fiscal agent for those funds.

The county pass-through grants are a key source of funding for local recycling reduction and problem material programs. State pass-through funding, though only required to be matched 25% by the counties, was matched by over 2 to 1 with county funds during F.Y. 1991, with total county expenditures of over \$35 million reported for that period. This funding has received nearly universal legislative support in the past. A 5.5% budget reduction was made during F.Y. 1991; the funding was not reduced during the F.Y. 1992-93 process.

If the funding is reduced, consideration should be given to reducing the minimum payment available to counties or to modifying the recycling goals established for counties to take into account the reduced funding available to counties.

EFFICIENCY/EFFECTIVENESS MEASURES:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Counties rating assistance related to CAP and LOWTECH grants as good, very good, or excellent	NA	89	95	95	95
CAP Projects: Funded\successful	7\7	7\7	3\3	5\5	8\8
LOWTECH Projects: Funded\Successful implemented CAP and LOWTECH projects	10\10	12\10	0\0	4\4	4\4
Percentage of waste recycled statewide	33	35	38	40	42
No. of counties offering opportunity to recycle	86	87	87	87	87
No. of recycling drop-off centers	600	700	780	820	850
No. of curbside collection programs	490	600	620	635	650
No. of curbside yard waste collection programs	225	260	275	290	300
No. of counties with access to permanent household hazardous waste programs	29	50	81	87	87

Other outcome measures:

- Implementation - The OWM has evaluated essential outcomes related to both CAP and LOWTECH grants awarded to local units of government. The evaluation indicates that of a total of 62 projects funded by the OWM using CAP funds, 60 have been implemented successfully. LOWTECH has funded 16 projects, 15 have been successfully implemented.

1994-95 Biennial Budget

BUDGET ACTIVITY: Financial Assistance
PROGRAM: Local Government Assistance
AGENCY: Office of Waste Management
(Continuation)

-
- Cost - The projected capital cost of funded CAP projects has been on the average within 6% of the actual total capital costs of projects once completed. Actual operation and maintenance (O&M) costs for CAP funded projects have been on the average within 5% of the O&M cost projected.
 - Throughput - Solid waste projects must be built with a useful life of 20 years. Of the 62 funded projects, only 6 have had insufficient capacity upon initial operation. Initially most projects have had some excess capacity during the first years of operation. Of these projects 85% have made this capacity available to other political subdivisions, thereby increasing the actual service area of these projects
 - Timetable - Of the 62 CAP funded projects, only 3 have required extensions beyond the allotted time (2 years) to be finally designed, built, and begin operations.
 - LOWTECH projects must be operated for at least three years. All LOWTECH projects have been adopted as permanent programs after the expiration of the required period.

REVENUE:

None

GRANTS:

Solid Waste Processing Facilities Capital Assistance Program (CAP)

Statutory Authority: M.S. 115A.54.

Purpose of grant: Provide financial assistance to cities and counties to stimulate and encourage the development of landfill abatement alternatives such as solid waste recycling facilities, processing facilities, and related transfer stations.

Recipients: Eligible applicants to the programs are counties, cities, and solid waste management districts.

Eligibility criteria: Submittal of funding application satisfying program rules.

Factors used to determine amount of aid to recipient: M.S. 115A.54, subd 2(a) specifies factors used to determine amount of aid. Eligible projects may receive grant funding up to \$2,000,000 per project. Some eligible projects can receive 25% of capital cost of the project; recycling and compost projects can receive 50% of eligible costs to a maximum of \$2,000,000.

Solid Waste Separation Financial Assistance Program (LOTECH)

Statutory Authority: M.S. 115A.53.

Purpose of grant: Provide financial assistance to public and private parties to promote the development of innovative waste separation and collection projects.

Recipients: Eligible applicants to the programs are local units of government and the private waste management industry.

Eligibility criteria: Submittal of funding application satisfying program rules.

Factors used to determine amount of aid to recipient: Program rules established as required by M.S. 115A.53 establish factors used to determine the amount of aid. Those rules permit a maximum grant of \$50,000 per application.

County reduction and recycling program pass-through grant funding.

Statutory Authority: M.S. 115A.557.

Purpose of grant: Provide financial assistance to counties to help them meet statewide reduction, recycling, and problem materials program goals established by the SCORE legislation of 1989.

Recipients: All Minnesota counties and the Western Lake Superior Sanitary District.

Eligibility criteria: Satisfaction of county solid waste planning requirements, establishment of special tracking mechanisms for fund expenditure, compliance with requirements regarding eligible usages of grant funding, and satisfaction of annual grant expenditure reporting requirements and system improvement reporting requirements.

Factors used to determine amount of aid to recipient: Specific amount of money received by each county is mandated. Funds allocated to counties on the basis of population; minimum \$55,000 payment per county. Would need legislative authority to go below minimum of \$55,000.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: LOCAL GOVERNMENT ASSISTANCE
ACTIVITY: FINANCIAL ASSISTANCE

ACTIVITY SUMMARY	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	238	201	176	176	176	170	176	176	170
EXPENSES/CONTRACTUAL SRVCS		158	376	126	106	106	126	96	96
MISC OPERATING EXPENSES		20	5	5	5	5	5	5	5
SUPPLIES/MATERIALS/PARTS		5	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	238	384	558	308	288	282	308	278	272
AIDS TO INDIVIDUALS					100	100		100	100
LOCAL ASSISTANCE	13,567	15,047	14,158	14,008	13,308	14,008	14,008	13,308	14,008
TOTAL EXPENDITURES	13,805	15,431	14,716	14,316	13,696	14,390	14,316	13,686	14,380
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<6>			<6>
(B) RESTORE CUT TO COUNTY BLOCK GRANTS			GEN			700			700
TOTAL GOV'S INITIATIVES						694			694
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	13,805	14,934	14,516	14,266	13,646	14,340	14,266	13,636	14,330
MN RESOURCES		210							
ENVIRONMENTAL			150						
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS		287	50	50	50	50	50	50	50
TOTAL FINANCING	13,805	15,431	14,716	14,316	13,696	14,390	14,316	13,686	14,380

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
 PROGRAM: LOCAL GOVERNMENT ASSISTANCE
 ACTIVITY: FINANCIAL ASSISTANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
GENERAL	7.0	5.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3
TOTAL POSITIONS	7.0	5.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3

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1994-95 Biennial Budget

BUDGET ACTIVITY: Technical Assistance
PROGRAM: Local Government Assistance
AGENCY: Office of Waste Management

ACTIVITY DESCRIPTION:

The Local Government Assistance Program provides solid waste management technical assistance to Minnesota counties, cities, industry, private citizens, and others to promote the development of economically sound and environmentally protective solid waste management systems. The program:

- Aids Greater Minnesota counties in the development of county solid waste management plans, reviews those plans for consistency with state solid waste management planning requirements, and issues certificates of need for land disposal capacity to counties whose plans meet state guidelines.
- Provides technical assistance to counties in solid waste assurance activities and oversees local waste designation activities by Minnesota counties.
- Provides counties, cities and others with assistance in meeting statewide waste reduction, recycling and problem materials requirements.
- Encourages cooperative regional solid waste management activities between counties and oversees solid waste district formation activities between Greater Minnesota counties.
- Develops conferences, seminars, and workshops to educate solid waste professionals, industry representatives, private citizens, and others in solid waste management issues and practices.
- Develops newsletters, fact sheets, guidance manuals, research reports, financial analysis documents, and other informational materials to assist clients in sound solid waste decision making, program development and implementation.

BUDGET ISSUES:

During F.Y. 1992-93, the Office of Waste Management (OWM) devoted a significant level of staffing to providing local units of government with technical assistance in solid waste management planning and system development. This was necessary to help counties in completing stalled planning efforts and to catch up on backlogged state plan approval activities. It was also necessary in order to complete development and approval of waste reduction and recycling plan amendments required of counties by the 1989 SCORE legislation. All Minnesota counties have now had plans approved and have developed recycling plan amendments. Some of those plans are currently out of date and must be revised. It will continue to be necessary to provide counties with planning and technical assistance. However, the OWM believes that several staff can now be shifted to other agency activities. The level of technical assistance will not decrease. This assistance will be re-focused on areas of specific need in the counties and will be provided by local government assistance staff and other technical experts on the OWM staff. The OWM will continue to emphasize providing technical assistance in the field.

To manage its planning oversight and technical assistance activities with reduced staff, the OWM is taking several steps to simplify its programs:

- The OWM has revised its county planning and certificate of need rule to simplify county planning requirements and clarify state approval activities. In conjunction with this revised rule, the OWM is developing a technical assistance manual and model solid waste management plan to assist counties in plan development and completion.
- The OWM is encouraging regional solid waste management planning and implementation

activities, and will devote staffing to this activity.

- The OWM will link solid waste management planning oversight activities to the findings of the state solid waste policy report and to the statewide assessment of regional need for solid waste processing and disposal facilities report that the OWM is currently developing.

EFFICIENCY/EFFECTIVENESS MEASURES:

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Counties rating technical financial assistance receive from OWM as good, very good, or excellent (%)	NA	89	95	95	95
Number of county solid waste management plans approved	6	31	16	16	16

Other outcome measures:

- An independent survey of OWM technical assistance clients was recently completed. It indicated that 95 % of respondents had received technical assistance through phone consultations; 74 % had received assistance through workshops and conferences; 61 % had received assistance by site visits; and 49 % had used unit referral services. The survey indicated that the area of most valuable technical assistance was in the solid waste plan (55 %) followed by SCORE report development (19 %), facility development (19 %), financial analysis (11 %), regional program development (6 %), and market development (4 %). Twenty seven percent of respondents reported that the outcome of the assistance was a completed plan. Nineteen percent said the outcome was a composting feasibility study; 19 % also said an outcome was a completed SCORE report. Other technical assistance outcomes reported by counties were: solid waste facility sited/built (15 %); general information and continued planning (11 %); regional program established (6 %); saved money (6 %); and completed grant application (4 %). Future surveys will be conducted to further measure success in this area.
- In addition to approving county plans, the OWM approves plan amendments. The 1989 SCORE legislation required counties to develop recycling amendments to their plans. About half of the counties submitted those amendments as part of the previously mentioned plans approved in 1990 through 1992. The OWM approved separate recycling plan amendments for the other 36 counties during the period of 1990 through 1992, bringing the total number of approval actions for that period to 82.
- The OWM oversees designation activities for Greater Minnesota counties. To date, the OWM has approved designation plans and ordinances for 13 counties; 2 ordinances were approved in F.Y. 1991 and 6 ordinances were approved in F.Y. 1992. Recent legal challenges have cast uncertainty on the viability of solid waste designation; no designation plan or ordinance submittal is expected in the next 6 months. The OWM may receive designation ordinance amendment submittal.

REVENUE: None

GRANTS: None

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: LOCAL GOVERNMENT ASSISTANCE
ACTIVITY: TECHNICAL ASSISTANCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES		435	571	571	571	552	571	571	552
EXPENSES/CONTRACTUAL SRVCS		40	22	22	507	507	22	636	636
MISC OPERATING EXPENSES		25	20	20	36	36	20	36	36
SUPPLIES/MATERIALS/PARTS		14	2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS		514	615	615	1,116	1,097	615	1,245	1,226
TOTAL EXPENDITURES		514	615	615	1,116	1,097	615	1,245	1,226
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<19>			<19>
TOTAL GOV'S INITIATIVES						<19>			<19>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		514	615	615	1,116	1,097	615	1,245	1,226
TOTAL FINANCING		514	615	615	1,116	1,097	615	1,245	1,226
POSITIONS BY FUND:									
GENERAL		11.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
TOTAL POSITIONS		11.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0

1994-95 Biennial Budget

PROGRAM: Research and Policy Development
AGENCY: Office of Waste Management

PROGRAM PURPOSE: The Research and Policy Development program exists to collect data, conduct needed research, write reports, and make policy recommendations regarding solid and hazardous waste management in Minnesota.

This program contributes directly to the Minnesota Milestones theme of "Our Surroundings." Within this theme, the program contributes directly to the attainment of 2 goals: 1) Minnesotans will respect the natural world, and 2) We will improve the quality of the air, water, and earth.

Under the first goal, the office's solid waste research and policy development activities contribute directly to the attainment of the indicator: Solid waste produced and percent recycled (tons per person).

Under the second goal, the office's hazardous and industrial waste research and policy development activities contribute directly to the attainment of the following indicators: 1) Toxic chemicals released or transferred, and 2) Quantity of hazardous waste generated and properly managed.

In addition, the office uses other indicators to measure progress toward these Milestones goals. These are described under the "Outcomes" and "Objectives" sections.

PROSPECTS:

1. Solid Waste Management Research and Policy Development

- Minnesota generates approximately 4.2 million tons of solid waste each year. In order to plan and measure progress in state and local efforts to improve management of solid waste, and develop reports required by the federal government and Minnesota Legislature, the office must increase its efforts in collecting data, planning for, and conducting policy analysis regarding solid waste management. 83% of customers receiving reports rated the reports as good, very good or excellent.

2. Hazardous and Industrial Waste Management Research and Policy Development

- Improved management of hazardous and industrial waste has been a top environmental priority for the state since 1980. Since then, the office has developed efficient and effective data management, planning, and policy analysis activities for the state. However, with the establishment of new pollution prevention efforts that seek to redress multi-media (air, water, land) pollution, the office must expand its existing research and policy analysis activities to meet pollution prevention goals.

OUTCOMES:

1. Solid Waste

Outcomes measured by the office for this activity area have included: successful establishment of a solid waste management data management system; and successful development of a biennial Solid Waste Policy Report, an annual report on statewide recycling programs (SCORE Report), and other solid waste related reports assigned to the office by the Minnesota Legislature.

2. Hazardous and Industrial Waste

Outcomes measured by the office for this activity area have included: successful establishment of a hazardous waste management data management system; and successful completion of a statewide Hazardous Waste Management Plan, a statewide hazardous waste Capacity Assurance Plan [submitted to the U.S. Environmental Protection Agency (EPA)], a statewide Industrial Waste Management Report, a biennial Hazardous Waste Management Program Evaluation Report, and other reports assigned to the office by the Minnesota Legislature.

OBJECTIVES:

1. Solid Waste

- Continued improvement in the office's solid waste management data collection and management system, including:

The capability to accurately measure solid waste generation on a statewide, regional and county basis.

The capability to accurately measure the amount of solid waste recovered on a statewide, regional and county.

The capability to accurately measure the amount of solid waste not recovered on a statewide, regional and county basis.

- Completion of more thorough reports containing policy recommendations received favorably by solid waste management officials, the Governor's Office, and the Minnesota Legislature.

2. Hazardous and Industrial Waste

- Improvement in the office's hazardous waste management data collection and information system, including:
- The capability to better measure the amount of hazardous waste properly managed in Minnesota.
- The capability to forecast recoverable materials on a statewide, regional and county basis.
- Improvement in the office's ability to collect data and accurately measure the amount of pollutants emitted by Minnesota industry per product unit.
- Continued approval of Minnesota's Capacity Assurance Plan by the U.S. EPA.
- Significant improvement in collection of data and measurement of progress in properly managing industrial waste in Minnesota.

EFFICIENCY/EFFECTIVENESS MEASURE: Based on an independent survey, 83% of customers receiving waste management reports rated the reports as good, very good or excellent.

PROGRAM PLAN:

- Owing to the increased need for better solid, industrial, and hazardous waste management data, as well as more thorough reports and policy recommendations, the office proposes to shift internal human and financial resources to better these goals.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: RESEARCH AND POLICY DEVELOPMENT
ACTIVITY: RESEARCH AND POLICY DEVELOPMENT

ACTIVITY SUMMARY	FY 1993			FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	95	342	301	301	301	292	301	301	292
EXPENSES/CONTRACTUAL SRVCS	15	43	22	22	22	22	22	22	22
MISC OPERATING EXPENSES	5	8	39	39	39	39	39	39	39
SUPPLIES/MATERIALS/PARTS	8	7	11	11	11	11	11	11	11
SUBTOTAL STATE OPERATIONS	123	400	373	373	373	364	373	373	364
LOCAL ASSISTANCE	392	20							
TOTAL EXPENDITURES	515	420	373	373	373	364	373	373	364
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<9>			<9>
TOTAL GOV'S INITIATIVES						<9>			<9>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	515	352	333	333	333	324	333	333	324
STATUTORY APPROPRIATIONS:									
FEDERAL		68	40	40	40	40	40	40	40
TOTAL FINANCING	515	420	373	373	373	364	373	373	364
POSITIONS BY FUND:									
GENERAL	3.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
FEDERAL	.0	2.0	.2	.2	.2	.2	.2	.2	.2
TOTAL POSITIONS	3.0	9.0	6.2	6.2	6.2	6.2	6.2	6.2	6.2

PROGRAM: Administrative Assistance
AGENCY: Office of Waste Management

PROGRAM PURPOSE:

The administrative assistance program exists to provide clerical, administrative, financial and computer assistance to office staff.

This program is an integral part of the office since it supports all functions of the office.

1. Administrative Services:

All necessary personnel related functions are performed in this program. State/union contracts must be adhered to, affirmative action policies must be followed, Department of Employee Relations regulations must be followed. Staff is given assistance with insurance and training needs. Procurement is done in this area. Clerical staff support the office with data entry, typing, filing, mailing and other clerical functions. The office is represented by the receptionist greeting them over the phone or in person.

2. Financial Services:

Budgeting, vendor payments, and payroll are performed in this area. Supervisors are given assistance with establishing and following their budgets. Vendors are paid as per state procurement regulations. Staff payroll is processed along with any approved travel reimbursement requests. The financial areas of: fiscal notes; biennial, annual, and supplemental budgeting; encumbrances; single audit; informational requests by Department of Finance; and other fiscal needs are performed in this program.

3. Computer Services:

All computer-related needs of the office are handled by this area. Staff needs for equipment, network capabilities, information and training are met by the computer manager. This area also serves as a liaison between the office and the state's InterTech division. It coordinates all needs of the office with the information services provided by other state department specialists as well as contract vendors when needed.

PROSPECTS:

Work load expected to increase without staffing increase.

OUTCOMES:

Survey of staff to determine responsiveness by program activities.

OBJECTIVES:

- Provide highest level of service at lowest possible cost.
- Be customer service focused to both staff and public.

PROGRAM PLAN:

It is apparent that administrative services will have to be maintained, or will possibly need to be increased over the next biennium. This will have to be accomplished with fewer resources. Staff has planned to accomplish this objective in the following manner:

- Increased training for administrative staff in order to maintain the highest quality and most efficient service.
- Working with the Departments of Finance, Administration, and Employee Relations to streamline all functions relating to these departments.
- Delegating authority to the lowest possible level in order to speed up approvals.
- Continuing to seek out better and more efficient ways to accomplish all tasks.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF WASTE MANAGEMENT
PROGRAM: ADMINISTRATIVE ASSISTANCE
ACTIVITY: FINANCIAL, DATA MANAGEMENT AND OFF

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,153	548	514	523	523	505	523	523	505
EXPENSES/CONTRACTUAL SRVCS	452	196	209	210	210	210	212	212	212
MISC OPERATING EXPENSES	107	58	77	77	77	77	77	77	77
SUPPLIES/MATERIALS/PARTS	40	121	25	25	20	20	25	25	25
CAPITAL EQUIPMENT	53	3							
SUBTOTAL STATE OPERATIONS	1,805	926	825	835	830	812	837	837	819
AIDS TO INDIVIDUALS	105								
TOTAL EXPENDITURES	1,910	926	825	835	830	812	837	837	819
GOV'S INITIATIVES:									
(A) SALARY PLANNING ESTIMATES						<18>			<18>
TOTAL GOV'S INITIATIVES						<18>			<18>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,910	926	825	835	830	812	837	837	819
TOTAL FINANCING	1,910	926	825	835	830	812	837	837	819
POSITIONS BY FUND:									
GENERAL	28.0	14.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
TOTAL POSITIONS	28.0	14.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0

1994-95 Biennial Budget

AGENCY: Harmful Substance Compensation Board

MISSION:

The Harmful Substance Compensation Board exists to investigate claims of personal injury and property damage caused by the release of harmful substances to the environment and to compensate victims for eligible losses due to such release. Eligible losses for which the board can award compensation include: replacement of contaminated drinking water, loss in selling price of a home due to the presence of contamination, loss caused by the inability to sell a home due to contamination, and loss due to chronic or progressive injuries, diseases or death caused by exposure to harmful substances.

MINNESOTA MILESTONES:

This program contributes directly to the Milestones goals described. To "improve the quality of the air, water and earth." The board provides critical funding to replace the drinking water supply for homeowners with contaminated private wells. About 25% of Minnesotans rely on individual home wells. This program also supports the indicator for "number of Superfund sites cleaned up". The state's responsibility to "clean up" a site includes providing a financial remedy for the victims of environmental contamination who are forced to suffer personal injury or loss in property value.

CLIMATE:

The following factors have shaped the development of policies at the board and will continue to do so in the next biennium:

- 1. Limitations of Common Law.** The board was created in 1985, in response to legislative concern about changes in the Superfund law and the inadequacy of common law to address harmful substance injuries. This inadequacy was attributed to several factors which will remain as obstacles to compensation by the courts in 1994-1995: long latency periods often associated with chemically induced diseases, multiple sources of exposure to harmful substances in our industrial society, unknown or insolvent responsible parties, and a legal requirement of causation that does not correspond to scientific standards of causation.
- 2. Discovery of new contamination sites.** Minnesota Milestones sets a goal for the number of Superfund sites identified in 1995, at 219, increasing to 460 in the year 2000. The state's policy to aggressively identify and remediate sites of environmental contamination indicates that cases of property damage and personal injury related to these sites will continue to surface. Yearly numbers of claimants to the board are dependent on the discovery of new sites, numbers of people affected by a release, availability of other sources of funds for remedies to contamination problems, and lag times for the development of chronic or progressive diseases.
- 3. Limitations on Superfund.** Although state and federal Superfund programs can provide for the replacement of contaminated drinking water supplies, these funds are limited. Superfund dollars provided to municipalities to partially fund new water supplies have left private well owners paying the balance.

OBJECTIVES:

The board will provide an administrative alternative to the court system for victims of harmful substance injury or property damage to recover monetary losses and will investigate and award all applications received by the board in F.Y. 1994-95 which are determined to be compensable under the board's statute.

OUTCOMES:

1. Property Damage Claims in Fiscal Year

	Dollars in Thousands					
	F.Y. 1987	F.Y. 1988	F.Y. 1989	F.Y. 1990	F.Y. 1991	F.Y. 1992
Applications received:	20	49	12	38	161	96
Dollars awarded:	\$26	\$122	\$24	\$70	\$49	\$152

2. Personal Injury Claims in Fiscal Year

	Dollars in Thousands					
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Applications received:	7	5	0	1	3	5
Dollars Awarded:	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Of the 21 personal injury claims received, 7 were not eligible under the statute, 12 were investigated and denied compensation because the claimed disease was either not medically verified or was not found to be caused by exposure from a facility release, and 2 remain under investigation.

REVENUE:

The board generates dedicated revenue from interest on the account.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dedicated-Special	\$185	\$151	\$150	\$150	\$150

AGENCY BUDGET PLAN:

No new revenue is sought this biennium. Based on an estimate of future claims, administrative expenses, and revenue from interest on the account, the board has determined that the existing account should be adequate to cover anticipated claims.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HARMFUL SUBSTANCE COMPENSATION BOARD
PROGRAM: HARMFUL_SUBSTANCE COMP BD
ACTIVITY: HARMFUL_SUBSTANCE COMP BD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	40	43	45	45	47	47	45	51	51
EXPENSES/CONTRACTUAL SRVCS	13	16	23	23	21	21	23	19	19
MISC OPERATING EXPENSES	51	153	137	137	136	136	137	136	136
SUPPLIES/MATERIALS/PARTS			1	1	1	1	1		
CAPITAL EQUIPMENT			1	1			1		
OTHER		3	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	104	215	210	210	208	208	210	209	209
TOTAL EXPENDITURES	104	215	210	210	208	208	210	209	209
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
ENVIRONMENTAL	104	215	210	210	208	208	210	209	209
TOTAL FINANCING	104	215	210	210	208	208	210	209	209
POSITIONS BY FUND:									
ENVIRONMENTAL	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL POSITIONS	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

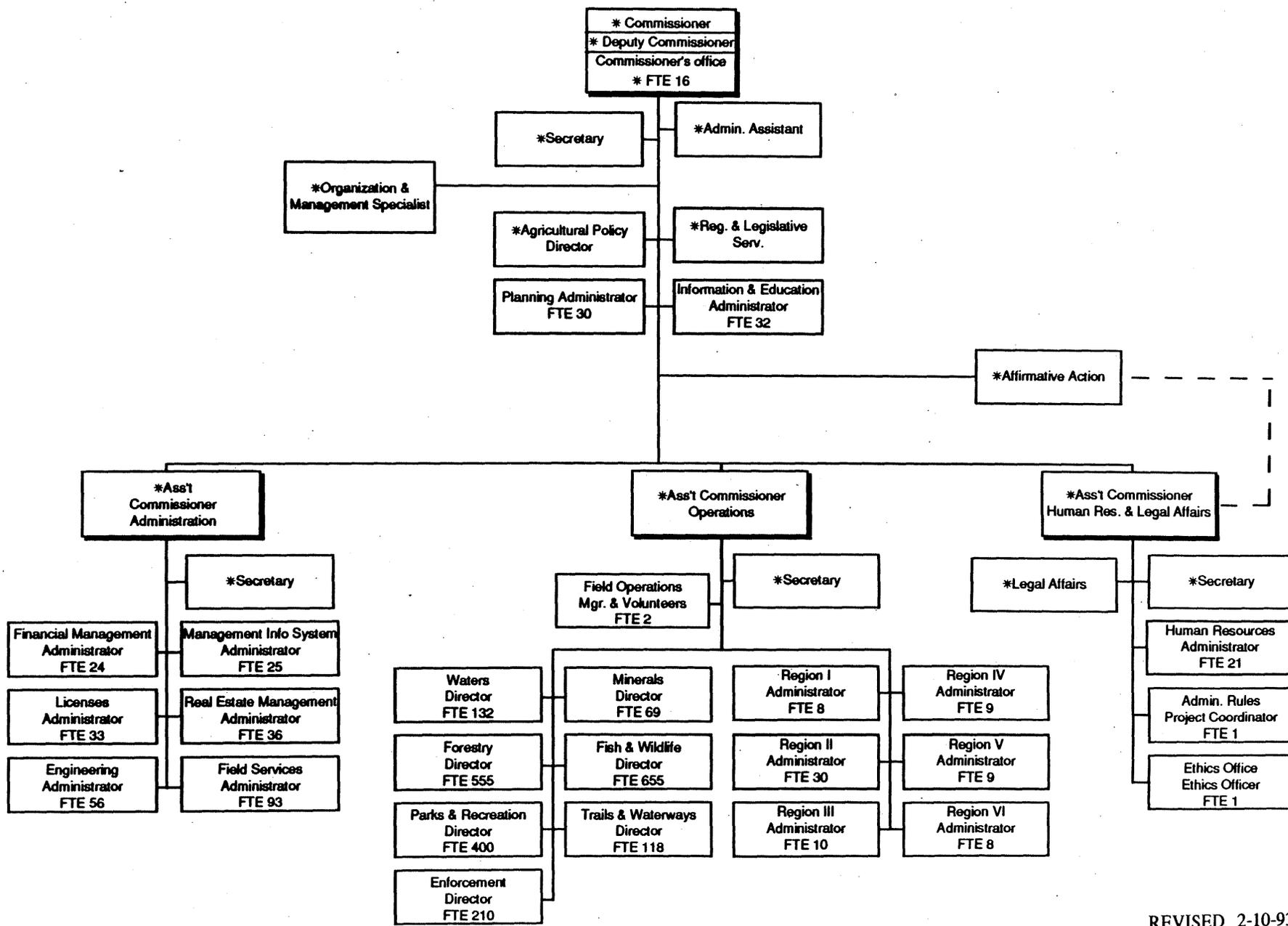
AGENCY: NATURAL RESOURCES, DEPARTMENT OF

<u>PROGRAM</u>	<u>PAGE</u>
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Minnesota Department of Natural Resources Organizational Chart* 7-1-92

*Interim pending recommendations of Management Improvement Committee



**DEPARTMENT OF NATURAL RESOURCES
FULL-TIME EQUIVALENT (FTE) AND EMPLOYEE STATUS INFORMATION**

FTE RECONCILIATION:

PROGRAM:	CURRENT FY'93	AGENCY PLAN FY'95
MINERALS	69	64
WATERS	132	126
FORESTRY	555	480
PARKS	400	320
TRAILS & WATERWAYS	118	109
FISH & WILDLIFE	655	608
ENFORCEMENT	210	205
OPERATIONS SUPPORT	444	395
	<u>2,583</u>	<u>2,307</u>
EMPLOYEES ON 6/30/92	3,211	

EMPLOYEES BY EMPLOYMENT STATUS:

	<u>6/30/92</u>
FULL-TIME UNLIMITED	1,942
FULL-TIME TEMPORARY	335
FULL-TIME EMERGENCY	36
FULL-TIME SEASONAL	235
PART-TIME UNLIMITED	167
PART-TIME TEMPORARY	107
PART-TIME EMERGENCY	29
PART-TIME SEASONAL	258
INTERMITTENT UNLIMITED	10
INTERMITTENT TEMPORARY	61
INTERMITTENT EMERGENCY	7
INTERMITTENT SEASONAL	24
TOTAL	<u><u>3,211</u></u>

FTE equals the number of regular hours paid divided by 2,088 hours (the number of hours worked in a year by a full-time employee). Employee count includes those who work less than full time - less than 1.0 FTE. Therefore the number of employees will exceed FTE.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>		<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$76,275	\$76,341	\$152,616	Reduce supplies and expenses by 9%	(112)	(112)	(224)
Forecast Adjustments	<u>745</u>	<u>745</u>	<u>1,490</u>	Reduce conservation officer overtime - 46 hours (96 in F.Y. 1995)	(58)	(94)	(152)
AGENCY BASE	\$77,020	\$77,086	\$154,106	Operations Support			
Inflation Cost Increase	2,653	5,386	8,039	Uniform elimination	(100)	(100)	(200)
Agency Management Decisions				Eliminate 3 shop positions	(83)	(91)	(174)
Agency-wide Operations:				Convert to self-sufficient sign shop and warehouse	0	(100)	(100)
Organizational Realignment	\$(2,499)	\$(3,577)	\$ (6,076)	Reduce supplies and expenses	(28)	(30)	(58)
State Work Training Program	(1,125)	(1,160)	(2,285)	Eliminate safety & health support position	(45)	(49)	(94)
Agency Program Operations:				Eliminate General Fund lakeshore sales	(32)	(32)	(64)
Mineral Resources Management				Reduce ditch assessments, special projects	(52)	(61)	(113)
Reduce mineral diversification	\$(247)	\$(247)	\$(494)	Eliminate land sales coordinator position	0	(23)	(23)
Reduce supplies and expenses	(22)	(155)	(177)	Eliminate electrical engineering services and reduce boundary surveys	(91)	(128)	(219)
Water Resources Management				Eliminate 3.5 Human Resources positions	(75)	(110)	(185)
Reduce regional assessment program	0	(79)	(79)	Eliminate 800 phone number; prorated cost of assistant editor position	(35)	(46)	(81)
Eliminate permit unit supervisor position	0	(61)	(61)	Eliminate 3.0 Office of Planning positions	(84)	(126)	(210)
Eliminate Hydrologist 4 position - surface water unit	0	(61)	(61)	Terminate River Team Project and reduce Mississippi Headwaters Grant	(26)	(32)	(58)
Eliminate 1 position - administrative services section	(13)	(22)	(35)	Eliminate community and local government liaison positions; restructure to eliminate another position	(58)	(96)	(154)
Forest Management				Reduce legal and audit services	(28)	(28)	(56)
Reduce Minnesota Conservation Corps staffing	(85)	(119)	(204)	Eliminate 1 licensing position and all overtime; reduce mailing costs	(49)	(62)	(111)
Parks and Recreation Management				Eliminate 3 Management Information Systems positions and student workers	(75)	(112)	(187)
Reduce day use, camping, facility maintenance, resource protection	(505)	(1,161)	(1,666)	Subtotal	<u>\$(5,878)</u>	<u>\$(8,612)</u>	<u>\$(14,490)</u>
Trails and Waterways Management				Grants:			
Reduce trail and cross-country ski activities	(73)	(108)	(181)	Eliminate stream maintenance	\$(75)	\$(75)	\$(150)
Fish and Wildlife Management				Eliminate shoreland management	(518)	(518)	(1,036)
Downsize chemistry lab	(40)	(41)	(81)	Reduce flood damage reduction	(9)	(9)	(18)
Reduce habitat cost-share projects	(60)	(73)	(133)	Reduce Board of Water & Soil Resources	(6)	(6)	(12)
Delay completion of county bio-survey	(58)	(97)	(155)	Reduce cross-country ski	(18)	(20)	(38)
Eliminate federal aid coordinator position	(32)	(53)	(85)	Subtotal	<u>\$(626)</u>	<u>\$(628)</u>	<u>\$(1,254)</u>
Reduce information and education publications	(23)	(23)	(46)	TOTAL AGENCY PLAN:	\$73,169	\$73,232	\$146,401
Reduce lake contaminant samples	(4)	(21)	(25)				
Enforcement of Natural Resource Laws/Rules							
Eliminate 3 (6 in F.Y. 1995) conservation officer stations	(61)	(122)	(183)				

Agency Budget Brief
 Agency: Natural Resources, Department of
 (Continuation)

1994-95 Biennial Budget
 Fund: General

Governors Initiatives:	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Realignment of Field Offices	\$1,900	\$0	\$1,900
Workforce 2000 Initiative	396	452	848
Mille Lacs Treaty Settlement-Direct Approp	255	367	622
Restore Agency Plan Shoreland Management Reductions	518	518	1,036
Transfer Shoreland Management to BWSR	(518)	(518)	(1,036)
Focus on Forests	2,000	2,000	4,000
Restore Agency Plan MCC Reductions	85	119	204
Restore Agency Plan Parks Service Reductions	505	1,161	1,666
Phase in Agency Plan Work Training Program	725	275	1,000
Transfer Metro Parks O & M from DTED	2,238	2,238	4,476
Restore Agency Plan Trails Reductions	91	128	219
Information Systems: LANs in Regional Offices	295	115	410
Salary Planning Estimates	(1,846)	(1,846)	(3,692)
Subtotal	\$6,662	\$5,027	\$11,689
GOVERNOR'S RECOMMENDATION	\$79,813	\$78,241	\$158,054

Brief Explanation of Agency's Overall Actions:

In the process of developing the Agency Plan for the 1994-95 biennium, the commissioner's office and senior managers considered a wide range of alternatives. The cornerstones established to evaluate possible alternatives included the balance of central office and field staffing; relative number of employees and types of positions at the various levels in the organization; potential duplication or overlap of activities in more than one unit that could be considered as mergers for operational efficiency; the goals of Minnesota Milestones; and the continued focus on department initiatives, including public service and service delivery, management excellence, team development, etc.

The specific budget strategy centered on identifying areas of opportunity for innovation and change in delivery of program services. These areas were then categorized as to whether they could be realized immediately or mid to long term. Immediate opportunities included department realignment, new classification of seasonal and other employees, contracting for certain types of service, and generating new revenues. Mid- to long-term opportunities include consolidation, combination, and merger of programs and services; deregulation and delegation of permits where reasonable; internal charges for certain types of service; increased coordination with local and federal governments; equity in funding internal support costs; and downsizing equipment in fleet operations.

It is clear that the budget problems facing the department are long term and will require downsizing the organization. In the face of reduced financial resources, the department will continually be challenged to define clear priorities, restructure programs to deliver effective public service, and improve efficiency.

2. Impact on Staffing:	F.Y. 1994	F.Y. 1995
Positions Left Vacant (FTE's)		
Full-time	18.0	23.0
Part-time/Seasonal	7.8	10.4
Positions Eliminated (FTE's) (layoff/shorter season)		
Full-time	68.0	76.0
Part-time/Seasonal	\$5.8	105.1
Total Positions (FTE's)	179.6	214.5
Number of Persons Affected	644	653

3. Impact on Revenue Generation:	F.Y. 1994	F.Y. 1995	F.Y. 94-95
Agency Plan	\$-0-	\$-0-	\$-0-

The Agency Plan will impact the amount of receipts generated in the Parks and Recreation Management Program due to shorter camping seasons. The estimated loss to the General Fund is \$500,000 in F.Y. 1994 and \$800,000 in F.Y. 1995.

4. Affected Statutes:

The Agency Plan does not include any statutory changes.

5. Governor's Recommendation:

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: biennial increases totalling \$3,937,000 to restore proposed agency plan reductions in the Minnesota Conservation Corps, Parks, Trails and Waterways, to phase in implementation of the proposed work training program, and to restore a proposed elimination of the Shoreland Management grants program. Instead, the Governor recommends transfer of the Shoreland grant funding to the Board of Water and Soil Resources (BWSR) for inclusion in an environmental block grant program as part of his environmental initiative. ~~The Governor further recommends \$400,000 for a flood damage reduction grant to the City of Stillwater.~~

The Governor endorses the proposed realignment of the DNR organizational structure and provides \$1.9 million for upfront severance and relocation costs.

Another major component of the Governor's environmental initiative is the DNR's Focus on Forests budget proposal. This \$4 million initiative seeks to foster sustainable forest development by providing funds for reforestation and forest road maintenance, inventory and analysis, and fire prevention and suppression costs. The initiative also provides funding to address increased DNR responsibilities to be contained in the Generic Environmental Impact Statement (GEIS) on expanded timber harvesting, which should be released in late spring.

The Governor urges the legislature to adopt the proposed settlement agreement with the Mille Lacs Band of Chippewa in the 1837 Treaty litigation. The budget provides \$2 million for the first of 3 biennial \$8.6 million for payments to the Band, as well as \$622,000 for enforcement and land sale costs.

The Governor further recommends replacement of outmoded minicomputer equipment in regional offices with Local Area Networks, requiring \$410,000. A real estate management housekeeping bill will cost an additional \$36,000 while generating \$60,000 in revenues. Legislation proposed to increase the volume of timber allowed for sale on a single permit should generate an additional \$387,000 in non-dedicated General Fund revenues.

The Governor recommends transferring \$4,476,000 to DNR from the Department of Trade and Economic Development (DTED) for operations and maintenance grants to the Metropolitan Council for regional parks. The transfer is proposed to help focus DTED on its core mission and to facilitate overall state/local parks funding policy review.

The Governor recommends agency salary planning estimates savings of \$3,692,000 for the biennium.

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**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: Natural Resources

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>		<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$17,395	\$17,288	\$34,683	Operations Support			
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	Reduce land appraisal services	(5)	(10)	(15)
AGENCY BASE	\$17,395	\$17,288	\$34,683	Eliminate electrical engineering services and reduce boundary surveys	(10)	(20)	(30)
Inflation Cost Increase	488	983	1,471	Terminate River Research Project	(10)	(20)	(30)
Agency Management Decisions				Eliminate licensing lottery and registration enhancements	(27)	(30)	(57)
Agency-wide Operations:				Eliminate contract for processing senior citizen refunds	(4)	(26)	(30)
Organizational Realignment	\$ (17)	\$ (35)	\$ (52)	Eliminate operations, system analyst and data entry positions	(34)	(68)	(102)
Agency Program Operations:				Reduce boat and water safety grants	(40)	(40)	(80)
Water Resources Management				Subtotal	<u>\$(937)</u>	<u>\$ 1,283</u>	<u>\$(2,220)</u>
Reduce wild and scenic rivers	(4)	(7)	(11)	TOTAL AGENCY PLAN	\$16,946	\$16,988	\$33,934
Forest Management				Governor's Initiatives:			
Reduce MN Conservation Corps staffing	(12)	(24)	(36)	Enforcement: Mobile Display Terminals	\$14	\$22	\$36
Parks and Recreation Management				Enforcement: Cellular Telephones	20	9	29
Reduce day use, camping, facility maintenance, resource protection	(21)	(42)	(63)	Information Systems: LANs in Regional Offices	130	47	177
Trails and Waterways Management				License Distribution by Deputy Registrars	283	82	365
Reduce water access acquisition and development	(133)	(133)	(266)	License Fee Collections	48	48	96
Reduce water access maintenance	(400)	(405)	(805)	Salary Planning Estimates	<u>(246)</u>	<u>(245)</u>	<u>(491)</u>
Reduce recreational vehicle trail maintenance	(81)	(165)	(246)	Subtotal	<u>\$ 249</u>	<u>\$ (37)</u>	<u>\$ 212</u>
Fish and Wildlife Management				GOVERNOR'S RECOMMENDATION	<u>\$17,195</u>	<u>\$16,951</u>	<u>\$34,146</u>
Reduce information and education publications	(10)	(33)	(43)	Brief Explanation of Agency's Overall Actions:			
Reduce nongame research	(34)	(69)	(103)	In the process of developing the Agency Plan for the 1994-95 biennium, the commissioner's office and senior managers considered a wide range of alternatives. The cornerstones established to evaluate possible alternatives included the balance of central office and field staffing; relative number of employees and types of positions at the various levels in the organization; potential duplication or overlap of activities in more than one unit that could be considered as mergers for operational efficiency; the goals of Minnesota Milestones; and the continued focus on department initiatives, including public service and service delivery, management excellence, team development, etc.			
Reduce exotic species support	(12)	(12)	(24)				
Eliminate lake aeration projects	(5)	(11)	(16)				
Reduce conservation officer overtime - 46 hours (96 in F.Y. 1995)	(43)	(98)	(141)				
Reduce supplies and expenses by 9%	(24)	(24)	(48)				
Eliminate leased snowmobiles	(11)	(11)	(22)				

The specific budget strategy centered on identifying areas of opportunity for innovation and change

The Governor further recommends the following investment initiatives: \$65,000 is provided for 2 separate requests to improve communications capabilities in the Enforcement division; \$177,000 for the biennium is for the Natural Resources Fund share of the Local Are Network request; \$461,000 for the biennium funds increased license center costs and efforts to make various licenses available to DNR customers at deputy registrars offices.

in delivery of program services. These areas were then categorized as to whether they could be realized immediately or mid to long term. Immediate opportunities included department realignment, new classification of seasonal and other employees, contracting for certain types of service, and generating new revenues. Mid- to long-term opportunities include consolidate, combine, and merge programs and services; deregulation and delegation of permits where reasonable; internal charges for certain types of service; increased coordination with local and federal governments; equity in funding internal support costs; and downsizing equipment in fleet operations.

It is clear that the budget problems facing the department are long term and will require downsizing the organization. In the face of reduced financial resources, the department will continually be challenged to define clear priorities, restructure programs to deliver effective public service, and improve efficiency.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
2. Impact on Staffing:		
Positions Left Vacant (FTE's)		
Full-time	0	0
Part-time/Seasonal	1.0	1.5
Positions Eliminated (FTE's) (layoffs/shorter season)		
Full-time	2.0	3.0
Part-time/Seasonal	<u>3.1</u>	<u>6.8</u>
Total Positions (FTE's)	6.1	11.3
Number of Persons Affected	32	46

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-

It is anticipated that the Agency Plan will not negatively impact the amount of receipts generated for the Natural Resources Fund in the 1994-95 biennium.

4. Affected Statutes:
 The agency plan does not include any statutory changes.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: Game and Fish

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>		<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$50,580	\$50,628	\$101,208	Operations Support			
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	Eliminate 2 Field Services support positions	(65)	(71)	(136)
AGENCY BASE	\$50,580	\$50,628	\$101,208	Eliminate 1 shop position	(37)	(41)	(78)
Inflation Cost Increase	1,766	3,586	5,352	Convert to self-sufficient sign shop and warehouse	0	(96)	(96)
Agency Management Decisions				Eliminate land sales coordinator position	0	(23)	(23)
Agency-wide Operations:				Reduce realty services for wildlife	(31)	(39)	(70)
Organizational Realignment	\$ (5)	\$ (171)	\$ (176)	surcharge; reduce travel & supplies; special projects			
Agency Program Operations:				Eliminate electrical engineering services and reduce boundary surveys	(34)	(70)	(104)
Forest Management				Eliminate federal aid coordinator position; eliminate printing rosters and contracts	(46)	(48)	(94)
Reduce Minnesota Conservation Corps supplies and expenses	(11)	(23)	(34)	Eliminate 1 revenue accounting position	0	(46)	(46)
Trails and Waterways				Eliminate contract for processing senior citizen refunds	(34)	(9)	(43)
Reduce water access acquisition and development	(27)	(55)	(82)	Eliminate licensing lottery and registration enhancements	(18)	(14)	(32)
Fish and Wildlife Management				Eliminate printing and mailing antlerless renewals and turkey mailers	<u>0</u>	<u>(81)</u>	<u>(81)</u>
Delay filling vacant positions	(400)	(562)	(962)	Subtotal	<u>\$ (1,766)</u>	<u>\$ (3,586)</u>	<u>\$ (5,352)</u>
Reduce part-time staffing	(119)	(418)	(537)	TOTAL AGENCY PLAN	\$50,580	\$50,628	\$101,208
Eliminate river surveys	(45)	(89)	(134)	Governor's Initiatives:			
Reduce dedicated wildlife acquisition account spending	(195)	(352)	(547)	Realignment of Field Offices	\$90	-0-	\$90
Reduce fleet usage	(95)	(190)	(285)	Water Access Federal Aid	50	50	100
Reduce food plots and habitat improvement	(54)	(119)	(173)	Waterfowl Management Plan	90	90	180
Delay management information systems development	0	(40)	(40)	Deer Population Management	360	300	660
Reduce operating expenses, supplies, and equipment	(179)	(427)	(606)	Enforcement: Mobile Display Terminals	90	125	215
Reduce information and education publications - agricultural education	(20)	(50)	(70)	Enforcement: Cellular Telephones	90	64	154
Enforcement of Natural Resource Laws/Rules				Consolidate Arrest Ledgers	50	-0-	50
Eliminate 3 (6 in F.Y. 1995) conservation officer stations	(121)	(243)	(364)	Information Systems: LAN's in Regional Offices	385	115	500
Eliminate 1 conservation officer pilot position	(46)	(46)	(92)	License Distribution by Deputy Registrars	24	24	48
Reduce supplies and expenses by 9%	(39)	(39)	(78)	License Fee Collections	24	105	129
Reduce central office printing and travel	(40)	(40)	(80)	Salary Planning Estimates	<u>(1,179)</u>	<u>(1,179)</u>	<u>(2,358)</u>
Eliminate leased snowmobiles	(23)	(23)	(46)	Subtotal	<u>\$ 74</u>	<u>\$ (306)</u>	<u>\$ (232)</u>
Reduce conservation officer overtime - 46 hours (96 in F.Y. 1995)	(82)	(161)	(243)	GOVERNOR'S RECOMMENDATION	<u>\$50,654</u>	<u>\$50,322</u>	<u>\$100,976</u>

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates. The Governor endorses the proposed realignment of the DNR organizational structure, and provides \$90,000 from the Game and Fish Fund for upfront severance and relocation costs.

An appropriation of \$100,000 for the biennium is requested to match federal funds for a survey of sewage pumpout facilities on Lake Superior. \$180,000 is recommended for increased state participation in North American Waterfowl Management Plan projects. The Governor recommends \$660,000 for the biennium for renewed efforts to decrease conflicts between deer and other wildlife and people. Improved communications capabilities for the Enforcement division are addressed in 2 separate requests totalling \$369,000. \$50,000 is provided for programming to consolidate violations records with accounting system data to help improve fine collections.

The Governor further recommends replacement of outmoded minicomputer equipment in regional offices with Local Area Networks, requiring Game and Fish Fund appropriations of \$500,000 for the biennium. Increased license center costs and efforts to make various licenses available to DNR customers at deputy registrars offices generate recommendations totalling \$177,000.

Brief Explanation of Agency's Overall Actions:

In the process of developing the Agency Plan for the 1994-95 biennium, the commissioner's office and senior managers considered a wide range of alternatives. The cornerstones established to evaluate possible alternatives included the balance of central office and field staffing; relative number of employees and types of positions at the various levels in the organization; potential duplication or overlap of activities in more than one unit that could be considered as mergers for operational efficiency; the goals of Minnesota Milestones; and the continued focus on department initiatives, including public service and service delivery, management excellence, team development, etc.

The specific budget strategy centered on identifying areas of opportunity for innovation and change in delivery of program services. These areas were then categorized as to whether they could be realized immediately or mid to long term. Immediate opportunities included department realignment, new classification of seasonal and other employees, contracting for certain types of service, and generating new revenues. Mid- to long-term opportunities include consolidate, combine, and merge programs and services; deregulation and delegation of permits where reasonable; internal charges for certain types of service; increased coordination with local and federal governments; equity in funding internal support costs; and downsizing equipment in fleet operations.

It is clear that the budget problems facing the department are long term and will require downsizing the organization. In the face of reduced financial resources, the department will continually be challenged to define clear priorities, restructure programs to deliver effective public service, and improve efficiency.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
2. Impact on Staffing:			
Positions Left Vacant (FTE's)			
Full-time	14.0	20.0	
Part-time/Seasonal	1.0	2.0	
Positions Eliminated (FTE's)			
(layoffs/shorter season)			
Full-time	1.0	5.0	
Part-time/Seasonal	<u>5.1</u>	<u>16.1</u>	
Total Positions (FTE's)	21.1	43.1	
Number of Persons Affected	10	38	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
3. Impact on Revenue Generation:			
Agency Plan	\$-0-	\$-0-	\$-0-

It is anticipated that the Agency Plan will not negatively impact the amount of receipts generated for the Game and Fish Fund in the 1994-95 biennium.

4. **Affected Statutes:**
 The Agency Plan does not include any statutory changes.

1994-1995 B I E N N I A L B U D G E T
INVESTMENT INITIATIVES
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) DNR WORKFORCE 2000 PROGRAM	GEN	396	452	848			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MET	<14,912>		<14,912>			
	MNR	<6,933>		<6,933>			
(A) MILLE LACS TREATY SETTLEMENT	GEN	8,855	367	9,222			
(A) NON-POINT POLLUTION INITIATIVES	MNR	1,405		1,405			
(A) REALIGNMENT OF FIELD OFFICES	GEN	1,900		1,900			
	G&F	90		90			
(A) RESTORE PARKS DAY USE, CAMPING, MAINT	GEN	505	1,161	1,666			
(A) RESTORE TRAIL & CROSS CO SKI ACTIVITIES	GEN	91	128	219			
(A) SALARY PLANNING ESTIMATES	GEN	<1,846>	<1,846>	<3,692>			
	NRF	<246>	<245>	<491>			
	G&F	<1,179>	<1,179>	<2,358>			
(P) FOCUS ON FORESTS-NIPF REV SHIFT	GEN				<40>	<40>	<80>
(P) TIMBER SALE LEGISLATION REVENUE	GEN				190	197	387
(P) ITASCA DOUGLAS LODGE ENT STARTUP	SR	635	635	1,270	339	377	716
(P) ITASCA DOUGLAS LODGE ENT- GF REV LOSS	GEN				<223>	<223>	<446>
(P) PHASE IN WORK TRAINING PROGRAM	GEN	725	275	1,000			
(P) TRAIL DEVELOPMENT & WATER ACCESS INITIATIV	MET	5,500		5,500			
(P) COMMERCIAL LICENSE BILL-G & F REV	G&F				78	80	158
(B) RESTORE SHORELAND MANAGEMENT REDUCTIONS	GEN	518	518	1,036			
(B) TRANSFER SHORELAND MGT GRANTS TO BWSR	GEN	<518>	<518>	<1,036>			
(B) FOCUS ON FORESTS	GEN	2,000	2,000	4,000	150	250	400
	SR	578	584	1,162	160	160	320
(B) RESTORE MCC FUNDING LEVELS	GEN	85	119	204			
(B) LAND ACQUISITION RECEIPTS	SR	357	205	562			
(B) METRO REGIONAL PARKS & TRAILS	MNR	5,000		5,000			
(B) STATE PARK BETTERMENT & ACQUISITION	MET	4,500		4,500			
(B) TRANSFER METRO PARKS FROM DTED	GEN	2,238	2,238	4,476			
(B) WATER ACCESS FEDERAL AID	G&F	50	50	100	38	38	76
(B) DEER POPULATION MANAGEMENT	G&F	360	300	660			
(B) REINVEST IN MINNESOTA INITIATIVES	MET	6,000		6,000			
(B) WATERFOWL MANAGEMENT PLAN	G&F	90	90	180			
(B) CELLULAR TELEPHONES FOR CONS OFF	NRF	20	9	29			
	G&F	90	64	154			

1994-1995 B I E N N I A L B U D G E T
 INVESTMENT INITIATIVES
 (DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS, DPT OF

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(B) CONSOLIDATE ARREST LEDGERS	G&F	50		50			
(B) MOBILE DISPLAY TERMINALS	NRF	14	22	36			
	G&F	90	125	215			
(B) LAKESHORE LEASE DEFICIENCY	PS	12	104	116			
(B) INFO SYSTEMS: LANS IN REGIONS	GEN	295	115	410			
	NRF	130	47	177			
	G&F	385	115	500			
(B) LICENSE DISTRIBUTION/DEPUTY REGISTRARS	NRF	283	82	365			
	G&F	24	24	48			
(B) LICENSE FEE COLLECTIONS	NRF	48	48	96			
	G&F	24	105	129			
TOTAL BY FUND	GEN	15,244	5,009	20,253	77	184	261
	MET	1,088		1,088			
	MNR	<528>		<528>			
	NRF	249	<37>	212			
	SR	1,570	1,424	2,994	499	537	1,036
	G&F	74	<306>	<232>	116	118	234
	PS	12	104	116			
TOTAL INVESTMENT INITIATIVES		17,709	6,194	23,903	692	839	1,531

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AGENCY: Natural Resources, Department of

MISSION STATEMENT:

The mission of the Department of Natural Resources (DNR) is to serve present and future generations of Minnesotans by professionally managing our rich heritage of fish, wildlife, waters, wetlands, forests, prairies, minerals, public lands, and other natural resources in order to preserve and enhance our environment. To this end, the agency is charged with the management of public waters, lands, parks, forests, and minerals, as well as with the regulation of a broad range of activities that affect natural resources.

DNR is the major land management state agency, administering 94% of all state-owned land administered by state agencies. This includes ownership of 12 million acres in mineral rights and 5.3 million acres of land for parks, wildlife areas, public water accesses, scientific and natural areas, state trails, and state forests. These lands provide wildlife habitat and recreational opportunities and play an important role in supporting resource industries.

DNR also administers state-owned navigable waters and submerged land and is charged with maintaining surface water and ground water supplies that meet long-term requirements for basic use, environmental protection, and economic production.

Activities regulated include hunting; trapping; fishing; boating; snowmobiling; wild rice gathering; mineral exploration, mining and reclamation; dredging, filling, and draining protected waters and wetlands; constructing and maintaining dams; appropriating and using surface and ground waters; establishing lake levels; developing shorelands, floodplains, and the shores of wild, scenic, and recreational rivers; permitting and licensing private game farms, fish hatcheries, roadside zoo operations, and open burning.

In addition, the agency creates safe opportunities to utilize resources to provide economic return. It also provides forest fire protection to billions of dollars' worth of private and public timber, as well as private property, in forested areas encompassing 45 million acres. It develops and disseminates information on recreational travel and educational materials on natural resource subjects. It provides assistance to local governments, organizations, and individuals on natural resource matters such as forest management, wildlife habitat improvement, and trail development.

The issues of the DNR are complex and widespread. They affect all Minnesota citizens, present and future, as well as large numbers of travelers from other states and nations. Department operations interact directly and indirectly with local and regional governments, the federal government, other state agencies, members of the state's business community, and millions of private citizens.

MINNESOTA MILESTONES:

DNR's strategic plan identifies how the agency relates to the themes and goals in Minnesota Milestones and presents priority department strategies for achieving these outcomes.

Our Surroundings

Fragile or endangered resources need protection so that natural systems can continue to thrive. Other resources must be used wisely to provide jobs and outlets for recreation. The DNR guides the use of Minnesota's fish, wildlife, native plants, forests, parks, trails, waters, and mineral resources to benefit not only today's citizens, but our future generations as well. The following goals and strategies describe how DNR will contribute to improving our surroundings.

We will protect and manage Minnesota's diverse ecosystems, respect the natural world, and enhance the beauty of our surroundings.

- Concentrate resource management efforts on systems experiencing the greatest pressures from population growth, urbanization, and conversion to intensive uses: wetlands, blufflands and river corridors, forest lands, prairies, urban natural areas, and endangered species habitats, and aggregate resources.
- Preserve biological diversity at the genetic, species, and ecosystem levels.
- Protect surface and ground water resources by addressing increasing demand; use conflicts; and domestic, agricultural, and industrial pollution.
- Preserve unique natural, cultural, historical, and archaeological resources.
- Collect comprehensive inventory and monitoring data to improve resource management and protection efficiency.
- Use cost-effective methods to acquire lands and develop facilities that address priority resource protection and management needs and enable appropriate public use of natural resources.

We will employ integrated resource management approaches to ensure that the unique values of all resources are recognized and protected in our management efforts.

- Shift resource management focus from jurisdictional entities to entire ecological land units (ecoregions, landscapes, and watersheds).
- Function as interdisciplinary teams with broad participation to define shared management goals for entire ecological land units.

We will have opportunities to enjoy our outdoor recreation resources.

- Maintain diverse and numerous recreation opportunities, facilities, and access.
- Document the benefits people and communities obtain from recreational activities.
- Reduce future costs and meet priority program objectives, safety requirements, and personnel needs by maintaining and rehabilitating buildings and facilities.

A Prosperous People

Natural resources such as timber, pulp, iron ore, and building stone provide jobs throughout

AGENCY: Natural Resources, Department of
(Continuation)

Minnesota. Our lakes and rivers support commercial recreation industries and tourism. A healthy resource base is an essential component of a healthy economy where our citizens prosper. Through the following goals and strategies the Department of Natural Resources (DNR) will maintain the necessary balance between making resources available while protecting the environment.

We will use natural resources to create and share wealth for Minnesota.

- Ensure natural resource products and services are available to meet the needs of society, consistent with our commitment to sound environmental management.
- Support opportunities for sustainable development that benefits local economies and generate revenues for the state.
- Manage economic policies that encourage ecosystem protection or reduce abuse.

Learning

Life-long learning opportunities contribute to ongoing individual and community prosperity. The DNR's environmental education and interpretive programs help children and adults understand how our natural systems work and how they are used to benefit our society. The more knowledgeable our citizens are about the environment, the more productive resources will be. The DNR will pursue the following goals and strategies to provide information the public needs.

We will maintain our commitment to providing quality environmental education and interpretive options for all Minnesotans.

- Provide environmental education programs that keep the public informed about natural resource issues, ensure understanding of basic ecological concepts, and enable our citizens to make wise resource decisions.

A Caring and Secure Community

Minnesota will prosper if our citizens continue to have safe and healthy places to live. The DNR helps this happen. Hunting and recreation training programs teach ethical and responsible use of our natural resources. Safe fishing is available because DNR monitors lake and river contamination. Citizens take part in DNR community activities and volunteer programs that promote a better environment. DNR will support Minnesota's communities in the following ways.

We will create safe, friendly, and caring communities.

- Conduct programs that give opportunities for citizen participation in community activities and contribute to community safety.

We the People

Minnesotans want more responsive and responsible government services and more opportunities to participate in making decisions. This can be accomplished with community partnerships, ethnic and minority outreach programs, and a skilled workforce that represents our cultural diversity. The DNR will use the following goals and strategies to continuously improve department programs.

We will ensure and extend cooperation, involvement, and participation in natural resource problem solving and decision making.

- Develop partnerships with business, other agencies, government sectors, and our stakeholders.
- Improve our ability to manage conflicts over use and protection of the state's resources.
- Improve public representation in major planning, development, and resource management decisions.

We will strive for continuous management improvement and effectiveness.

- Enhance communications skills and redesign administrative systems that improve department efficiency.
- Use planning processes that identify the highest priorities for resource allocation and improve the department's ability to respond to changing public and ecosystem needs.
- Cooperatively develop and coordinate data base technologies to effectively plan resource management activities.

We will provide responsive public service delivery.

- Develop products and programs that meet customer needs and provide equal access for all citizens by using techniques such as research and marketing strategies, advisory committees, and focus groups.

We will invest in our human resources.

- Support an appropriately trained, equipped, productive, and culturally diverse workforce to meet current and future resource management responsibilities.
- Support staff mobility and career development opportunities.
- Meet affirmative action goals and continue to fill vacant positions in a timely manner.
- Provide a healthy workplace by rehabilitating facilities and providing handicapped accessibility to all work sites.
- Support employee participation in decision making and provide a work environment that recognizes employee accomplishments.

AGENCY: Natural Resources, Department of
(Continuation)

CLIMATE:

Summarized below are some significant factors and trends that influence the development of policies and programs for natural resource management.

■ **Population Growth and Urbanization**

The majority of Minnesotans now live in urban or suburban areas. The effects of this trend are enormous. For example, Twin Cities Metropolitan Area's second million people required three times the amount of land to live on than did the first million. Urban sprawl results in added pressure to sensitive natural areas. Pollution and development damage our ecological systems and deplete the state's biological diversity. Under particular threat are wetlands, blufflands and river corridors, forests, and endangered species habitats.

■ **Integrated Resource Management**

Because natural systems are integrated, their management must be integrated as well. Resource managers recognize that land-use practices in one area affect the resource quality in another. This means decision makers must consider the effects of their actions on many different resources, even those outside traditional management units. The focus is shifting away from individual state parks, forests, and wildlife management areas to much larger areas, such as entire landscapes and ecosystems. Integrated resource management will place greater emphasis on coordination and cooperation in addressing environmental threats.

■ **Public Participation in Government**

Citizens have come to expect improved service and accountability from government in recent years. Likewise, constituent groups wish to be much more actively involved in agency planning and decision making. The Department of Natural Resources (DNR) has been receptive to both trends and has actively sought to engage private citizens and interest groups in partnerships which promise to further mutual goals. This trend towards more active public participation in government will grow in the years to come. The DNR will be challenged to create more ways for citizen involvement, and to provide the public with the necessary background information so that they can meaningfully participate in complex policy-level decisions.

■ **The Economic Climate**

Natural resource industries, such as mining, lumbering, and commercial fishing, provide a substantial boost to both state and local economies. Outdoor recreation and tourism are also closely tied to Minnesota's abundant natural heritage. The current state and national economic downturn has resulted in reduced General Fund appropriations for natural resource programs and personnel. Repeated budget reductions have greatly affected DNR's land acquisition and facility development programs; interpretive services; and roads, buildings and other infrastructure maintenance throughout the state. Recent personnel reductions and office closings will add to

the formidable challenge of protecting the state's investment in its public lands, waters, and outdoor recreation facilities.

■ **Technology and Information**

Automated information systems play a key role in efforts to improve service delivery and increase accountability at all levels of government. Technology will play an even greater role in natural resource planning and policy development in the near future. Our challenge is to design integrated data bases so that decision makers can improve their understanding of how proposed actions affect entire ecosystems or landscapes.

■ **Social Trends in the Workplace**

Minnesota's workforce is on average older and more racially and ethnically diverse than ever before. Growing numbers of single adults, single-parent families, minorities, disabled, elderly, and low income persons highlight the need to eliminate persistent social, physical, and attitudinal barriers in the workplace. These and other trends will affect how the DNR recruits and retains a qualified and productive workforce in the challenging years ahead.

AGENCY BUDGET PLAN:

The fiscal challenge addressed by the department's budget plan for the 1994-95 biennium includes funding inflationary cost increases in all funds estimated at 3.5% per year, reducing the General Fund budget to 95% of base level funding, and reducing base level funding in the Water Recreation Account in order to maintain a positive balance. The inflationary increases and proposed budget reductions are summarized by program as follows:

Program	Dollars in Thousands					
	F.Y. 1994			F.Y. 1995		
	Inflation	Budget Reduction	Total	Inflation	Budget Reduction	Total
Mineral Resources Management	\$ 173	\$ 247	\$ 420	\$ 351	\$ 247	\$ 598
Water Resources Management	264	411	675	537	412	949
Forest Management	883	1,235	2,118	1,793	1,236	3,029
Parks & Recreation Mgmt.	691	959	1,650	1,403	959	2,362
Trails & Waterways Mgmt.	294	439	733	597	289	886
Fish & Wildlife Management	1,256	130	1,386	2,550	130	2,680
Enforcement of Natural Resource Laws/Rules	498	202	700	1,011	203	1,214
Operations Support	<u>861</u>	<u>677</u>	<u>1,538</u>	<u>1,713</u>	<u>678</u>	<u>2,391</u>
Total	<u>\$4,920</u>	<u>\$4,300</u>	<u>\$9,220</u>	<u>\$9,955</u>	<u>\$4,154</u>	<u>\$14,109</u>

In the process of developing the Agency Plan, the Commissioner's Office and senior managers considered a wide range of alternatives. The cornerstones established to evaluate possible alternatives included the balance of central office and field staffing; relative number of employees and types of positions at the various levels in the organization; potential duplication or overlap of activities in more than one unit that could be considered as mergers for operational efficiency; the goals of Minnesota Milestones; and the continued focus on department initiatives, including public service and service delivery, management excellence, team development, etc.

AGENCY: Natural Resources, Department of
(Continuation)

Specific budget strategy centered on identifying areas of opportunity for innovation and changes in delivery of program services. These areas were then categorized as to whether they could be realized immediately or mid to long term. Immediate opportunities included department realignment, state work training program, contracting for certain types of service, and generating new revenues. Mid- to long-term opportunities include consolidate, combine, and merge programs and services; deregulation and delegation of permits where reasonable; internal charges for certain types of service; increased coordination with local and federal governments; equity in funding internal support costs; and downsizing equipment in fleet operations.

A major component of the department's plan is the proposed organizational realignment that would improve customer service, improve Department of Natural Resources' (DNR) management of natural resources, reduce long-term operating expenses, and improve discipline integration and team work. Under the proposed realignment, regional operations would be restructured to provide 4 "full service" and 2 "customer service" regional offices and between 40-50 workstations strategically located near the natural resources to be managed. The department would accomplish its realignment goals primarily at the area level by establishing common boundaries and consolidated offices for appropriate disciplines; i.e., fisheries, wildlife, forestry, trails and waterways, waters, and enforcement. The third organizational level for field operations, the district level, would be eliminated under the proposed realignment plan. Estimated cost savings for the next biennium would approach \$6.3 million.

Also included in the department's plan is a proposal to establish the state work training program. While the focus of this proposal centered on natural resource management programs, the department's evaluation also considered the feasibility of expanding this concept to other state agencies. The primary target of the proposed program is to provide limited term (6 months or less) full-time or part-time work training opportunities to the unemployed and underemployed. Separate generic job classifications must be established through the Department of Employee Relations in order for the program to be cost effective. Also, the Department of Jobs and Training must agree that the positions are training positions and exempt from unemployment compensation. Positions working more than 67 days would be placed in the appropriate bargaining unit, and employees would be provided any benefits agreed to for temporary employees under the appropriate collective bargaining agreement. Estimated cost savings for the 1994-95 biennium would amount to \$2.3 million.

Various grant-in-aid programs would be reduced or eliminated under the department's plan. On average, proportional reductions would be made for grants administered to the counties for flood damage reduction, cross-country ski, and boat and water safety. Grant-in-aid programs eliminated would include stream maintenance and shoreland management. Stream maintenance grants provide a 50% cost-share with county governments for the cutting and removal of brush and dead or downed trees and other types of debris. The shoreland management program provides matching grants to counties and cities to assist in the implementation and administration of state-mandated standards for the development of lands adjacent to Minnesota's lakes and rivers. The proposed budget reduction would preclude the complete implementation of the shoreland management program in some cities. The reduction in grant-in-aid programs for the 1994-95 biennium would amount to \$1.25 million.

In addition, other management decisions affecting agency program operations include reductions in mineral diversification; regional water assessments; Minnesota Conservation Corps staffing; state park day use, camping, facility maintenance, and resource protection; state trail maintenance; water access acquisition, development, and maintenance; wildlife management areas acquisition, development, and operations; Fish and Wildlife full-time and part-time staffing levels; wildlife food plots and habitat cost-share projects; completion of the county biological survey; conservation officer staffing levels and overtime; staffing levels in all support bureaus; payment of ditch assessments; Mississippi Headwaters grant; licensing lottery and registration enhancements; and printing and mailing of antlerless renewals and turkey mailers. The cost of program reductions for the 1994-95 biennium would amount to \$12.6 million.

Included in the department's plan is a budget reduction in the Natural Resources Fund. A reduction of \$449,000 in F.Y. 1994 and \$300,000 in F.Y. 1995 is necessary to maintain a positive budgetary balance in the Water Recreation Account. Over 80% of the budget reduction would impact water access acquisition and improvement projects; the remaining amount would impact the activities of the Enforcement Division.

DNR project proposals recommended for funding by the Legislative Commission on Minnesota Resources (LCMR) are included in the department's budget plan. LCMR project recommendations funded from the Minnesota Future Resources Fund total \$6,933,000 and those funded from the Environment and Natural Resources Trust Fund total \$14,912,000.

GOVERNOR'S RECOMMENDATION:

General Fund

The Governor recommends funding levels as requested in the agency budget plan except for the following adjustments: biennial increases totalling \$3,937,000 to restore proposed agency plan reductions in the Minnesota Conservation Corps, Parks, Trails and Waterways, to phase in implementation of the proposed work training program, and to restore a proposed elimination of the Shoreland Management grants program. Instead, the Governor recommends transfer of the Shoreland grant funding to the Board of Water and Soil Resources (BWSR) for inclusion in an environmental block grant program as part of his environmental initiative.

The Governor endorses the proposed realignment of the DNR organizational structure and provides \$1.9 million for upfront severance and relocation costs.

Another major component of the Governor's environmental initiative is the DNR's Focus on Forests budget proposal. This \$4 million initiative seeks to foster sustainable forest development by providing funds for reforestation and forest road maintenance, inventory and analysis, and fire prevention and suppression costs. The initiative also provides funding to address increased DNR responsibilities to be contained in the Generic Environmental Impact Statement (GEIS) on expanded timber harvesting, which should be released in late spring.

The Governor urges the legislature to adopt the proposed settlement agreement with the Mille Lacs Band of Chippewa in the 1837 Treaty litigation. The budget provides \$3 million for the first of 3 biennial payments to the Band, as well as \$622,000 for enforcement and land sale costs.

The Governor further recommends replacement of outmoded minicomputer equipment in regional offices with Local Area Networks, requiring \$410,000. A real estate management housekeeping bill

1994-95 Biennial Budget

AGENCY: Natural Resources, Department of
(Continuation)

will cost an additional \$36,000 while generating \$60,000 in revenues. Legislation proposed to increase the volume of timber allowed for sale on a single permit should generate an additional \$387,000 in non-dedicated General Fund revenues. Converting the Douglas Lodge complex at Itasca State Park to a Special Revenue Fund operation will cost \$446,000 for the biennium in lost General Fund revenues.

The Governor recommends transferring \$4,476,000 to DNR from the Department of Trade and Economic Development (DTED) for operations and maintenance grants to the Metropolitan Council for regional parks. The transfer is proposed to help focus DTED on its core mission and to facilitate overall state/local parks funding policy review.

The Governor recommends salary savings of \$3,692,000 due to salary planning estimates for the biennium.

Natural Resources Fund

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

The Governor further recommends the following investment initiatives: \$65,000 is provided for 2 separate requests to improve communications capabilities in the Enforcement division; \$177,000 for the biennium is for the Natural Resources Fund share of the Local Area Network request; \$461,000 for the biennium funds increased license center costs and efforts to make various licenses available to DNR customers at deputy registrars offices.

Game and Fish Fund

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates. The Governor endorses the proposed realignment of the DNR organizational structure, and provides \$90,000 from the Game and Fish Fund for upfront severance and relocation costs.

An appropriation of \$100,000 for the biennium is requested to match federal funds for a survey of sewage pumpout facilities on Lake Superior. \$180,000 is recommended for increased state participation in North American Waterfowl Management Plan projects. The Governor recommends \$660,000 for the biennium for renewed efforts to decrease conflicts between deer and other wildlife and people. Improved communications capabilities for the Enforcement division are addressed in 2 separate requests totalling \$369,000. \$50,000 is provided for programming to consolidate violations records with accounting system data to help improve fine collections.

The Governor further recommends Game and Fish Fund appropriations of \$500,000 for the Local Area Network project for the biennium. Increased license center costs and efforts to make various licenses available to DNR customers at deputy registrars offices generate recommendations totalling \$177,000. Legislation proposed to update commercial fish and wildlife regulations should generate an additional \$158,000 in revenue for the fund.

Other Funds

The Governor recommends \$116,000 for the biennium from the Permanent School Fund for costs associated with the sale of leased lakeshore lots.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF

PROGRAM RESOURCE ALLOCATION:	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MINERAL RESOURCES MGMT	6,974	8,580	7,059	6,773	6,705	6,444	6,781	6,534	6,422
WATER RESOURCES MGMT	8,689	9,141	9,439	8,237	9,860	9,150	8,252	8,444	8,252
FOREST MANAGEMENT	41,569	39,356	39,956	38,146	38,748	42,060	38,159	38,840	41,258
PARKS & RECREATION MGMT	21,191	21,270	22,246	21,432	23,473	33,962	21,439	20,480	24,523
TRAILS & WATERWAYS MGMT	11,320	12,358	12,792	11,876	19,221	17,592	11,881	12,018	12,070
FISH & WILDLIFE MANAGEMENT	41,226	44,950	47,115	44,574	54,156	59,758	44,595	45,066	44,598
ENFORCEMENT--NR LAWS&RULES	13,644	14,767	15,225	15,138	15,410	15,432	15,142	15,374	15,272
OPERATIONS SUPPORT	39,397	41,846	40,692	40,054	39,966	40,850	39,620	38,886	39,441
TOTAL EXPENDITURES BY PROGRAM	184,010	192,268	194,524	186,230	207,539	225,248	185,869	185,642	191,836
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		3,020	2,311		14,912	16,000			
GENERAL	77,391	75,471	76,756	76,275	73,169	79,813	76,341	73,232	78,241
MN RESOURCES	3,616	3,389	3,103		6,933	6,405			
STATE GOVT SPEC REV		193	1,057						
NATURAL RESOURCES	17,077	16,739	18,160	17,395	16,946	17,195	17,288	16,988	16,951
GAME AND FISH	44,804	49,361	50,673	50,580	50,580	50,654	50,628	50,628	50,322
ENVIRONMENTAL		100	100						
PERMANENT SCHOOL	476	532	374	374	374	386			104
OPEN APPROPRIATIONS:									
GENERAL	13,081	11,901	11,295	11,295	12,986	21,586	11,295	13,543	13,543
NATURAL RESOURCES	70	78	80	80	80	80	80	80	80
GAME AND FISH	1,555	1,561	1,638	1,638	1,662	1,662	1,638	1,675	1,675
STATUTORY APPROPRIATIONS:									
GENERAL	1,041	947	837	837	837	837	837	837	837
SPECIAL REVENUE	19,491	20,762	20,797	20,667	20,767	22,337	20,673	20,773	22,197
GAME AND FISH	334	304	281	281	281	281	281	281	281
IRON RANGE R & R	198								
FEDERAL	4,376	4,489	6,618	6,364	7,568	7,568	6,364	7,161	7,161
AGENCY		2,820							
GIFTS AND DEPOSITS	500	601	444	444	444	444	444	444	444

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	184,010	192,268	194,524	186,230	207,539	225,248	185,869	185,642	191,836
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

ENVIRONMENT TRUST		17.5	29.7		31.0	30.5			30.5
GENERAL	1,456.5	1,406.7	1,363.3	1,374.3	1,224.3	1,312.5	1,374.3	1,190.3	1,302.8
MN RESOURCES	25.1	17.5	17.7		15.0	8.0			8.0
NATURAL RESOURCES	199.1	212.9	214.4	214.4	210.6	214.4	214.4	205.5	212.4
SPECIAL REVENUE	120.0	103.2	107.2	107.2	107.2	107.2	107.2	107.2	107.2
GAME AND FISH	770.3	825.1	821.7	821.7	795.5	801.0	821.7	770.5	775.9
FEDERAL	27.7	20.2	23.7	27.7	27.7	27.7	27.7	27.7	27.7
ENVIRONMENTAL			.5	.5	.5	.5	.5	.5	.5
GIFTS AND DEPOSITS	1.2	.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
PERMANENT SCHOOL		2.1	1.4	1.4	1.4	1.4	1.4	1.4	2.4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	2,599.9	2,605.6	2,583.0	2,550.6	2,416.6	2,506.6	2,550.6	2,306.5	2,470.8

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: NATURAL RESRCS,DPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	196,530	196,530	88,888	88,888	101,024	101,024	6,618	6,618
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<1,193>	<1,193>	<320>	<320>	<873>	<873>		
BIENNIAL APPROPRIATIONS	185	185	185	185				
APPROPRIATIONS CARRIED FWD	<1,497>	<1,497>	<895>	<895>	<348>	<348>	<254>	<254>
NON-RECURRING EXPENDITURES	<135>	<250>			<135>	<250>		
SUNSET PROGRAM/AGENCY		<374>				<374>		
BASE TRANSFER (BTWN AGENCIES)	<343>	<343>	<343>	<343>				
DOCUMENTED RENT/LEASE INC/DEC	123	251	63	129	60	122		
LCMR-FUNDED PROJECTS	<6,471>	<6,471>			<6,471>	<6,471>		
INSURANCE PREMIUM HOLIDAY	554	554	346	346	208	208		
1992 SESSION REDUCTIONS	483	483	483	483				
SUBTOTAL TECH. ADJ.	<8,294>	<8,655>	<481>	<415>	<7,559>	<7,986>	<254>	<254>
CURRENT SPENDING	188,236	187,875	88,407	88,473	93,465	93,038	6,364	6,364
FORECAST ADJUSTMENTS								
LEG-DIRECTED ADJUSTMENTS	350	350	350	350				
ANNUALIZING NEW PROG COSTS	395	395	395	395				
FEDERAL RECEIPTS	1,204	797					1,204	797
OPEN APPROPRIATION ADJUSTMENT	1,715	2,285	1,691	2,248	24	37		
DED STAT APPROP SPENDING	100	100			100	100		
SUBTOTAL FORECAST ADJ.	3,764	3,927	2,436	2,993	124	137	1,204	797
AGENCY BASE	192,000	191,802	90,843	91,466	93,589	93,175	7,568	7,161

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM:
 ACTIVITY:

ITEM TITLE: Organizational Realignment

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,900	\$-0-	\$-0-	\$-0-
Game and Fish Fund				
- State Operations	\$90	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Department of Natural Resources (DNR) restructure its field operations to better serve customers and provide for the efficient protection of the state's natural resources. In specific terms, this would mean 4 "full service" and 2 "customer service" regional offices and between 40-50 workstations strategically located near the natural resources to be managed.

The appropriations here are for up-front severance and relocation costs, a large share of which are attributable to removing an intermediate layer from the Division of Forestry organization structure. The realignment is an integral part of the agency's plan to meet its' targeted reductions, allowing cost reductions through reduced staffing levels and other efficiencies. Total projected General Fund savings is over \$6 million for the biennium. The Governor is recommending one-time funds through this initiative to avoid the service reductions that would be necessary if the agency were required to absorb all severance and relocation costs within current resources.

During the last 2 bienniums, the department has adopted a strategic direction which would be met by this realignment. This direction includes a focus on integrating natural resource management, improving customer service and external relations, and fostering management excellence.

Integrating natural resource management requires not only that the department better allocate and utilize its human and financial resources, but that employees work through others (federal and local units of government, private citizens, and other organizations) to adopt and execute natural resource management goals for the state. Improving customer service means locating certain products and services nearer to population centers where the products and services can be more easily

accessed. And fostering management excellence in this case means locating workstations in such a way that products and services can be effectively and efficiently delivered.

PROGRAM OUTCOMES:

The details of the proposed realignment would need to be worked out, but the department believes that the transition could occur over the next several years. The 40-50 workstation locations could be cooperatively negotiated with other agencies and organizations responsible for similar work; possibilities include the United States Forest Service, Minnesota Pollution Control Agency, and Board of Water and Soil Resources.

LONG-TERM IMPACT:

Benefits include:

- Improved customer service, due to clarity of which services can be delivered in which locations.
- Addressing customer service needs in second-tier cities.
- Adopting similar boundaries for various natural resource and environmental purposes.
- Reducing costs due to elimination of some services that would no longer be provided in each "region" but would only be provided at the full service regions.

Barriers include:

- Closing workstations in small towns where the DNR has often been a major employer.
- Start-up inertia due to employee relocations, siting of new facilities, learning curve of customers as they learn the new ways to access DNR products and services.
- Some potential dislocations of employees from being as near to the natural resource being managed as might be desirable.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM:
 ACTIVITY:

ITEM TITLE: DNR Workforce 2000 Program

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$396	\$452	\$452	\$452

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$396,000 in F.Y. 1994 and \$452,000 in F.Y. 1995 for a youth and young adult career exploration/employment, internship and scholarship program designed to attract primarily disadvantaged and under-represented groups, including women, people of color, and the hearing impaired, to natural resources careers.

Changing demographics and technologies are affecting the workforce. There are fewer qualified workers to fill the fastest growing occupational categories: managers, professionals, and technicians. The U. S. Bureau of Labor Statistics estimates 80% of the new entrants in the job market between 1988 and the year 2000 will be either women or minorities and that minorities (and legal immigrants) are currently under-represented in those expanding occupational categories. Further, recent national surveys have indicated that fewer young people are studying the sciences and that significantly fewer minority youth from low- to middle-income families are entering college. The Minnesota Department of Natural Resources (DNR) determined that if it is to attract an educated and diverse workforce, it must be proactive in recruiting and facilitating the education of individuals who might not otherwise be interested in or exposed to natural resource careers, with special interest in disadvantaged and under-represented group members.

Competition with private sector employers for top resource management graduates, coupled with decreasing numbers of candidates choosing such careers, has significantly reduced interest in government employment, especially for difficult-to-fill positions throughout the state. As the state population utilizing our natural resources becomes more diverse, it is important state agency workforces reflect the populations served. Reaching minority, female, and other disadvantaged individuals to encourage and financially support pursuits in natural resource careers will clearly improve agencies' abilities to provide services and programs that may otherwise not be made available.

PROGRAM OUTCOMES:

The DNR has created a long-term strategy to increase the applicant pool for difficult-to-fill natural resource positions (occupations and locations) utilizing 3 proven and successful models: the Minnesota Conservation Corps, the Youth in Natural Resources Program, and the DNR Internship/Scholarship Program. Funding of this initiative would provide adequate support for the strategy and ensure effective levels of operation.

■ **Minnesota Conservation Corps (MCC)**

MCC provides 2 primary services:

- meaningful work and educational experience for unemployed youth; and
- a quality, cost-effective workforce for accomplishing a wide variety of conservation projects.

The MCC has 2 components: 1) a summer youth program which employs 15 to 18 year olds, and 2) a year-round young adult program for 18 to 26 year olds. The MCC employs urban and rural youth who earn the minimum wage.

Participants develop a strong work ethic, new job skills and attitudes, improved self-esteem, and an awareness of the natural environment. In return, Minnesotans realize long-term environmental and economic benefits, including improved timber production, fish and wildlife habitat, trail and waterway systems, park and recreation resources, and work-prepared citizens.

■ **Youth in Natural Resources**

Summer employment/training opportunity for youth of color to explore natural resource career and post-secondary education options.

The 1992 program fielded 12 multi-cultural teams, each with an adult leader and 5 members, in the Metro, Mille Lacs, and Leech Lake areas.

Participants invest 20 hours a week for 8 weeks in orientation/training in cultural, career, and resource management issues and work the balance of each week in hands-on field experiences. Participants earn the minimum wage.

Successful participants are eligible for specialized internships and post high-school tuition vouchers for any accredited Minnesota higher education institution.

Note: The Youth in Natural Resources Program was initiated in F.Y. 1992-93 utilizing funding provided by the Minnesota Legislature as recommended by the Legislative Commission on Minnesota Resources.

■ **DNR Internship/Scholarship Program**

Increased applicant pool through post high-school-paid scholarships for natural resource career programs.

Improved client services through a workforce that reflects the populations served.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: DNR Workforce 2000 Program
(Continuation)

Graduating students placed into vacancies and expected to work one year for each year supported through the program.

Improved program management through specialized project internships that directly focus on public interests and demands in the natural resource and related fields.

Note: This program was initiated in F.Y. 1992-93 utilizing funding provided by the Minnesota Legislature as recommended by the Legislative Commission on Minnesota Resources.

LONG-TERM IMPACT:

■ **Minnesota Conservation Corps**

Provides participants with training in basic work and life skills; structured opportunities for reflection on their service experience; education and other support services designed to enhance self-esteem, skills development, and ethic of civic responsibility/leadership, and to empower participants to improve their lives.

Increases participant awareness and commitment to the stewardship of the natural environment.

Enables participants to make a sustained commitment to effectively serve environmental and community needs.

Engages participants in service-learning work experiences that will not otherwise be performed.

Provides equal opportunity for service to all state youth with preference given to those who are economically, socially, physically, or educationally disadvantaged and youth residing in areas of substantial unemployment.

■ **Youth in Natural Resources and Department of Natural Resources (DNR) Internship/Scholarship Program**

Allows the DNR to reach out to schools and organizations to promote interest in and provide financial support to those who may otherwise be unable to pursue a career in natural resource management.

Heightens the awareness of disadvantaged youth of color to career and post-secondary education opportunities in natural resource management.

Improves resource program management and delivery to difficult-to-fill outstate locations.

Improves capabilities for workforce diversity in natural resource occupations.

Provides an avenue for soliciting collaborative financial or in-kind support from private organizations and foundations to continue the program on an on-going basis.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM:
 ACTIVITY:

ITEM TITLE: 1837 Treaty Litigation/Settlement Costs: Mille Lacs Band of Chippewa Indians

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$255	\$367	\$50	\$50
- Grants	\$2,000	\$-0-	\$2,000	\$-0-
	<u>\$8,600</u>			

Statutory Change? Yes No

If yes, statute affected: 477A.11 to allow continued in-lieu payments on land conveyed to the Band.

GOVERNOR'S RECOMMENDATION:

The Governor recommends appropriations from the General Fund to cover costs related to the 1837 Treaty with the Mille Lacs band of Chippewa Indians; ~~\$3,000,000 as the first of 3 biennial payments~~ \$8,600,000 for a cash payment to the band; and \$622,000 for state operations consisting of on-going law enforcement (\$130,000) and one-time costs for transfer of 7,500 acres of land (\$492,000).

The Mille Lacs band of Chippewa Indians has sued the state of Minnesota over the 1837 agreement between the Chippewa and United States government seeking recognition of certain hunting and fishing rights. The social and political implications of settlement or litigation are far more significant than any impact on the resource.

A tentative settlement has been reached that must be approved by the Legislature and the Mille Lacs band government. The agreement, if approved, will provide:

1. A final court-approved settlement of the Mille Lacs band's claims to hunting, fishing, and gathering rights under the 1837 Treaty.
2. Recognition of the Mille Lacs band's hunting, fishing, and gathering rights with the following limitations:
 - All harvesting rights will be exercised pursuant to a band conservation code.
 - Commercial harvest of big game, game fish, and timber will be prohibited; other resources may be harvested commercially under a band code.
 - No spearing or netting of game fish except for subsistence in a tribal fishing zone in Lake Mille Lacs, Ogechie, Onamia, and Shakopee Lakes and their connecting rivers; 3 addition-

al lakes to be determined through mutual agreement; and 20 miles on the St. Croix River.

- Hunting, fishing, and gathering on private lands will be prohibited, unless the lands are open to public hunting or fishing by landowner consent.
3. A tribal fishing zone of 6,000 acres of Lake Mille Lacs adjacent to the reservation (approximately 4.5% of the lake).
 - Non-band members will have access to sport angling in the tribal fishing zone under band regulations.
 - There will be no commercial harvest in the tribal zone by band members or non-band members.
 - Fishing in the tribal zone will be managed so that the total annual harvest of walleye is similar to the rest of the lake (approximately 4 pounds per acre in a typical year).
 4. Cooperative management, protection, and enhancement efforts to insure the continued health of the shared resources in the state.
 5. The state will convey 7,500 acres of land to the band.
 - Precise locations of the land have not yet been determined. Parcels will be located contiguous to or near band lands.
 - Selection of the lands will be subject to a procedure that will include opportunity for comment by affected local governments and the public.
 - The band will not allow casinos on the land.
 - The state will continue to make payments in lieu of taxes to the counties for the lands.
 6. The state will pay the band a total of ~~\$10~~ \$8.6 million ~~over the next 5 years~~ in F. Y. 1994.
 - The band will invest 50% of the ~~\$10~~ \$8.6 million payment in a fund that may be used only for environmental and natural resource management and law enforcement.

~~Payments are to be made as follows: \$3 million in the 1994-95 biennium, \$3 million in the 1996-97 biennium, and \$4 million in the 1998-99 biennium.~~ No further payments will be required.

Operational costs include \$80,000 in F.Y. 1994 and \$50,000 in F.Y. 1995 for a law enforcement position to work on state regulations and band codes of the 1837 Treaty agreement between the state of Minnesota and Mille Lacs Lake band. The position would address law enforcement and public relations issues in the ceded territory, with the major emphasis on Mille Lacs Lake, and specifically, the tribal fishing zone.

It also includes \$175,000 in F.Y. 1994 and \$317,000 in F.Y. 1995 for costs related to land transactions in conveying 7,500 acres of land to the band.

Note: This request does not include an estimate of costs to replace lands that may be transferred where federal aid has been received. Federal regulations require one-for-one replacement of any land removed from state ownership.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: 1837 Treaty Litigation/Settlement Costs: Mille Lacs Band of Chippewa Indians
(Continuation)

PROGRAM OUTCOMES:

Successful litigation/settlement will help in maintaining the resource for tourism, which brings in millions of dollars to the state each year and will help to assure that Minnesota doesn't experience the political unrest that Wisconsin did.

LONG-TERM IMPACT:

~~Future payments of \$3 million in 1996-97 and \$4 million in 1998-99 will be required as well as \$50,000 per year for enforcement.~~ Enforcement costs of \$50,000 per year will continue into the future.

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1994-95 Biennial Budget

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The Division of Minerals' Mineral Resources Management Program exists to manage the mineral assets of the state and to ensure that all stages of mining, ranging from initial exploration through development and operation to eventual mine closure, generate environmentally acceptable outcomes and equitable income for the state and its citizens. The assets managed include:

- over 12 million acres of state-owned school trust and tax-forfeited mineral rights (including 18% of the Mesabi Iron Range mineral rights);
- 3 million acres of state and county-owned peatlands; and
- surface rights for industrial minerals and construction materials on 3 million acres of additional state-owned land.

The Division of Minerals is the trust agent for the Permanent School and University Trust funds and is responsible for regulating environmentally sound mineral development to provide equitable rental and royalty income to the trust funds, general revenue fund, and local taxing districts. The program also has statewide authority to regulate mineral exploration through the Exploratory Boring Law and to ensure that minelands are reclaimed to provide stable, hazard-free areas suitable for future uses.

The division, through its Mineral Diversification and Iron Ore Cooperative Research programs, works with the minerals industry and the University to identify and develop new technologies and value-added processes to assist taconite and industrial mineral operations to remain competitive. The division also identifies new resources and areas of high mineral potential to attract new industry that will provide employment opportunities and further diversify the state's rural economy.

These responsibilities contribute directly to the maintenance and growth of prosperity in rural Minnesota through the creation of high-wage mining jobs and support services and long-term environmental enhancement through reclamation of areas subject to the impacts of mining.

PROSPECTS:

Past budget reductions and anticipated cuts will reduce the division's capability to produce minerals-related jobs and trust income in the future. Rent and royalty revenue in the current biennium is at an all time high, but that is principally due to the foresight shown by the division 15 to 20 years ago. Mineral management requires a long-term perspective as mineral leases may run for 50 years, and mine operations typically extend from 10 to 40 years.

The U. S. Bureau of Mines estimates that Minnesota ranks seventh in non-fuel mineral production with a value of \$1.4 billion and direct employment of 9,000. The figures show that the existing minerals industry is a significant contributor to the state's economy. However, as the discussion below points out, the long-term trends are not favorable.

The division has moved beyond the point where more can be done with less. The current biennium saw a cut of 5.1% or \$541,000 in a \$10.6 million budget. These cuts required the division to concentrate on activities needed for today, so programs needed to support future generations were

reduced, consolidated, or eliminated. Further cuts anticipated in the next biennium will force more restructuring of personnel and budget to focus on the problems outlined below:

1. **The Threatened Taconite Industry:** This critical industry, which currently employs about 6,000 Minnesotans, remains under siege despite great strides made during the 1980's to reduce costs and improve quality. The taconite plants in Minnesota are currently among the best in the world, but their primary customers, the integrated steel companies, are being menaced by subsidized foreign competition and expansion of mini-mills into higher quality markets. The recent success of NUCOR Steel's Crawfordsville, Indiana, plant sent shock waves through the steel industry which forced our Minnesota plants to put forth even greater efforts at cost reduction. The state's best interests are served by helping this important industry because of its direct contribution to the state's economy and the large number of jobs in supporting services.
2. **Reduced Mineral Exploration in North America:** From 1980 to 1988, mineral exploration in Minnesota was a growth industry. The number of mineral leases increased, and a marked increase in exploration drilling followed. Overall exploration activity seemed to correlate with minerals prices, but the Minnesota locations chosen correlated with the amount and type of information the division prepared. However, by 1989, the demand for new leases had begun to slacken due to a general decrease in mineral exploration in North America, so the division devised new strategies to attract exploration dollars. It held a second lease sale in 1990 and began to investigate leasing alternatives. In 1991, it began the regional reconnaissance program which allowed companies to develop more detailed geological information on state-owned mineral rights prior to leasing. These efforts must be accelerated as Minnesota is in worldwide competition for exploration dollars.

The geology of Minnesota shows significant potential for gold, platinum, and other precious metals; copper, zinc, and other base metals; industrial minerals such as kaolin clay, silica sand, and dimension stone; and construction materials such as sand, gravel, crushed stone, and mine waste rock. Unlocking this potential requires consistent effort to collect, organize, and present mineral potential information.

3. **Environmental Enhancement:** The long-term improvement of our surroundings requires implementation of more stringent limits on the release of pollutants, development of a better understanding of the causes of pollution, and the reclamation of lands impacted by past and present mining activities. However, unreasonable implementation of new rules and regulations could severely damage existing minerals industries and restrict the state's ability to attract environmentally acceptable new industries. The division's successes with taconite reclamation can be extended into other areas including non-ferrous mineral mining, reclamation of industrial minerals sites, and reduction of water quality impacts.
4. **Sand and Gravel - Inventory, Access, and Reclamation:** Aggregate resources are a vital component of modern life; e.g., per capita consumption of sand and gravel in Minnesota was 9.7 tons in 1990. However, residential and commercial development is threatening access to high-quality aggregate resources in a number of counties. Also, local governments are placing more emphasis on reclamation and operation of environmentally sound aggregate pits. The division's resource inventory and reclamation specialists have the expertise to assist the counties, and substantial cooperation already exists. We expect the demand for services will grow in the next biennium.

OUTCOMES AND OBJECTIVES:

During the last several years, the division has found several ways to cope with the realities of budget

1994-95 Biennial Budget

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of
 (Continuation)

reductions while maintaining high output. The table below shows past, current, and anticipated results for several key indicators.

Minerals Outcomes:

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Exploration drill holes - number drill holes	87	148	115	115	100	100
Drill core sampled - feet	11,000	12,800	2,140	1,000	1,000	1,000
Lease agreements completed	90	66	79	122	90	90
Mineral diversification:						
Dollars (\$000s)	\$997	\$750	\$804	\$460	\$361	\$361
Projects	19	19	23	21	6	6
Registered explorers	19	24	25	25	25	25
Acres reclaimed	750	881	800	800	800	800
Regional authorizations - sections	0	1,446	718	800	800	800
Severed minerals - acres researched:						
Complete	63,485	45,094	28,164	30,000	40,000	40,000
Partial	20,417	106,818	103,420	50,000	15,000	0
Drill core library visits - person days	237	271	190	95	90	90

Most of these indicators will be affected in some way by anticipated budget cuts. Of particular note is the 64% reduction of funds allocated to Mineral Diversification. This reduction will have a drastic effect on the availability of new information to support existing minerals industries and attract companies to explore for new mineral deposits.

The division restructured itself in the 1992-93 biennium to accommodate the cuts received. The economic analysis, minerals graphics, and mineland clean-up activities were eliminated. The environmental review unit was combined with mineland reclamation and 1 managerial position was eliminated. The table shows the personnel reductions during the last 4 fiscal years, along with estimates for the next biennium.

From a total reduction of 12 employees in the last 3 years, 4 were taken as layoffs. Also, 7 of the

12 were taken in St. Paul as the division worked to maintain its field staff in the Hibbing office. At this time, it is difficult to predict how future cuts will balance between retirements and layoffs. In addition, funding levels for future oriented mineral potential studies, which in the past have been used to generate exploration interest, were cut from about \$240,000 per year in F.Y. 1990 to \$45,000 per year in F.Y. 1993.

In order to increase efficiency, the division has made greater use of computer technology. It improved the methods for production of its mining unit book used in lease sales so that it is a less labor-intensive process. It revised its procedures for evaluation of land exchanges by constructing a data base to automate the process. It improved its contracting procedures to ensure a smoother contracting process. It improved the evaluation of rental and royalty collection by programming some of the estimates and calculations. It used telecommunications to link its 2 offices to improve the flow of data, and it found ways to help the minerals industry substitute computer-based modeling for extensive and costly in-plant experimentation.

The division has also experimented with new ways to improve land availability for exploration through additional lease sales and development of the regional geologic reconnaissance authorization program. This work has resulted in 75 new drill holes that can be used to augment the geologic data base without the use of state funds. The leasing process itself has been improved by the development of a more accurate way of performing preliminary environmental review of lands that might be leased and the establishment of a written leasing procedure for state lands near the Boundary Waters Canoe Area. These efforts have been lauded by the industry and by the environmental community as significant improvements.

The division increased the efficiency of its mineral potential unit by adopting low-cost methods to inventory dimension stone and sand and gravel prospects. These new techniques led to leasing of 3 dimension stone sites and creation of 2 county-level sand and gravel resource maps.

The division also installed a geographic information systems capability to improve its ability to graphically depict information on leases, land ownership, permits, mineral potential, and geology. This capability has been coordinated with other units in the department, the University, and private companies. The first applications were oriented toward sand and gravel resources and the Mesabi Range where mine fencing and reclamation permit monitoring are the primary objectives. This capability will minimize manual map drafting thereby reducing the cost of updating maps and data bases as new data is generated.

The division has also made strides in the execution of iron ore cooperative research. Since its inception, the program has funded 44 projects. Of these, 25 have been completed; the remainder are currently underway. Ten of the completed projects have been carried forward by industry using their own funds. Most of the remaining projects were designed to produce information of general interest to the industry; e.g., grate bar corrosion studies. The program also leverages state funds and every year has generated more than the required amount of matching funds.

The critical long-term objective is to manage the state's mineral assets to provide stable, long-term rental and royalty revenue to the trust funds. Funds will be allocated to meet ongoing management and regulatory activities and to support those programs which have a history of demonstrated success. If the division is required to absorb further cuts, several essential programs will be reduced or consolidated and personnel will again be shifted to meet immediate needs. The details of these changes are described in the following section.

In order to minimize the impact of the Minerals Diversification cut, the Minerals Coordinating Committee will focus its ferrous-related activities on value-added processes that would be specific

1994-95 Biennial Budget

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of
 (Continuation)

to Minnesota's taconite industry and its non-ferrous activities into one area of the state so that all of the data collected can be integrated into a single package. The industrial minerals activities will focus on problems associated with protecting, identifying, and reclaiming the state's sand and gravel resources.

REVENUE:

All rental and royalty income from iron ore, taconite, non-ferrous, metallic minerals, and peat is non-dedicated. The table below shows past, current, and estimated revenue.

	Dollars in Thousands					
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Rental & Royalty Income	\$2,580	\$3,798	\$6,094	\$6,654	\$5,117	\$4,861

PROGRAM PLAN:

The division's program plan for the 1994-95 biennium is to concentrate on those activities needed to manage the state's mineral assets and those activities that help keep existing industry competitive. The focus will necessarily become shorter term rather than longer term. The main issue will be which activities to keep and which to curtail or eliminate. The activities which will remain include:

- assuring compliance with all permits to mine, issuing permits, and permit modifications;
- managing leases to collect rents and royalties;
- negotiating with taconite companies on leases, stockpiling agreements, and royalties;
- increasing the availability of lands for exploration through regular lease sales;
- consolidating and correlating existing mineral potential data for both external and internal use--e.g., integrated resource management;
- continuing process research and technology development in cooperation with existing minerals industries;
- maintaining and improving existing data and drill core libraries so that mining companies and the public can have access to the valuable records generated in past studies;
- maintaining oversight on exploration through the Exploratory Boring Law; and
- implementing the 1991 wetlands legislation in the Mineland Reclamation Rules.

The targeted General Fund reduction and the absorption of inflationary cost increases will result in the following F.Y. 1994 and F.Y. 1995 budget decisions:

- curtailing mineral ownership research, which has increased the land available for leasing by showing that the state owns more mineral rights than presumed;
- curtailing mineral potential studies by doing only that which is required by the department's resource planning activities and concentrating on organization and correlation of existing data (1.0 position);
- eliminating University contracts that are used to produce new information--i.e., geologic mapping

- and geochemical studies needed for exploration and ground water studies;
- closing the division's Ironton office;
- reducing field inspections of inactive iron ore properties and completed exploration areas for fencing and general cleanup (1.5 positions);
- curtailing manual map drafting by switching to computer-based methods (1.5 positions);
- assigning administrative and accounting tasks to other employees in addition to their regular duties (1 position).

In addition, 6 supervisory positions will be eliminated and the incumbents will be assigned to other work. Also, personnel currently assigned to tasks which will be curtailed will either be reassigned or laid off.

Legislative Commission on Minnesota Resources Recommendations:

Mitigating Concrete Aggregate Problems in Minnesota: This project provides for a contract with the University of Minnesota to study means of mitigating concrete aggregate problems in southern Minnesota.

\$179,000 - Minnesota Future Resources Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: MINERAL RESOURCES MGMT
ACTIVITY: MINERAL MGMT

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,391	3,362	3,505	3,521	3,521	3,437	3,521	3,521	3,409
EXPENSES/CONTRACTUAL SRVCS	1,825	1,113	1,417	1,285	1,217	1,038	1,293	1,046	1,046
MISC OPERATING EXPENSES	1,273	3,878	1,866	1,849	1,849	1,851	1,849	1,849	1,849
SUPPLIES/MATERIALS/PARTS	240	139	250	97	97	97	97	97	97
CAPITAL EQUIPMENT	184	77	16	16	16	16	16	16	16
OTHER	21	11	5	5	5	5	5	5	5
SUBTOTAL STATE OPERATIONS	6,934	8,580	7,059	6,773	6,705	6,444	6,781	6,534	6,422
LOCAL ASSISTANCE	40								
TOTAL EXPENDITURES	6,974	8,580	7,059	6,773	6,705	6,444	6,781	6,534	6,422
GOV'S INITIATIVES:									
(A) REALIGNMENT OF FIELD OFFICES						30			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<179>			
(A) SALARY PLANNING ESTIMATES						<112>			<112>
TOTAL GOV'S INITIATIVES						<261>			<112>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,415	4,654	5,226	4,940	4,693	4,611	4,948	4,701	4,589
MN RESOURCES	126				179				
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,335	1,009	1,738	1,738	1,738	1,738	1,738	1,738	1,738
FEDERAL	63	78	45	45	45	45	45	45	45
AGENCY		2,820							
GIFTS AND DEPOSITS	35	19	50	50	50	50	50	50	50

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: MINERAL RESOURCES MGMT
ACTIVITY: MINERAL MGMT

ACTIVITY SUMMARY	FY 1993			FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	6,974	8,580	7,059	6,773	6,705	6,444	6,781	6,534	6,422
POSITIONS BY FUND:									
GENERAL	74.5	70.1	66.5	66.5	61.5	61.5	66.5	61.5	61.5
MN RESOURCES	1.5								
SPECIAL REVENUE	1.4	1.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0
FEDERAL	.5	.8	.5	.5	.5	.5	.5	.5	.5
GIFTS AND DEPOSITS	1.2	.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	79.1	73.2	69.0	69.0	64.0	64.0	69.0	64.0	64.0

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PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The Department of Natural Resources' Division of Waters is the principal water resources management agency of state government involved primarily with water quantity and regulatory issues, including ground and surface water appropriation or diversion, dam safety, construction in protected waters and wetlands, technical ground water and surface water analyses, and land-use management.

The division's charge is to maintain surface and ground water supplies that meet long-term requirements for basic necessity, environmental protection, and economic production. The division strives to achieve this by:

1. conducting investigations that collect, analyze, and interpret data on climate, ground water, and surface water, adding to and maintaining systems that provide crucial information to guide state water policy-making;
2. monitoring and regulating the amount of water used for commercial, industrial, municipal, agricultural, and other purposes, restricting withdrawals when necessary during drought conditions to ensure adequate supplies for in-stream flow needs and other higher priority uses;
3. responding to surface water problems that arise, such as fluctuating lake levels and conflicts among uses of the water surface, by providing statewide standards and policy development;
4. guiding the development of shoreland and floodplain areas, including wild and scenic rivers, through statewide rules and ordinances administered by local governments that seek to prevent erosion, non-point and point source contamination, flood damages and maintain scenic and fish/wildlife habitat values;
5. providing technical assistance to local units of government in development of water plans that detail local roles in regulation of water and land use;
6. reducing the risk of loss of life or injury associated with the presence of dams on state waterways through a program of inspection, repair, reconstruction, or removal of dams;
7. reducing the risk of loss of life, injury, and property damage associated with floods through regulation, provision of grants for projects to avoid flood damage and coordination of governmental response during major flood events;
8. preventing degradation of streams, lakes, and protected wetlands by regulating alterations through a permit system;
9. preventing destruction or loss of wetlands through implementation of the Wetlands Conservation Act; and

10. prevent degradation of ground water supplies by providing standards for assessing geologic sensitivity to pollution and applying those criteria throughout the state, continue development of county ground water atlases.

The divisions's charge is directly related to 3 of the Minnesota Milestones goals:

- Minnesotans will act to protect and enhance their environment.
- We will improve the quality of the air, water, and earth.
- Minnesota's environment will support a rich diversity of plant and animal life.

Specific Milestones that the division's programs address involve the availability of water and its allocation for use in public consumption, irrigation, and industrial production; the protection of shorelands; providing information to characterize Minnesota's ground and surface water resources for development and planning; and maintaining the values of wetlands remaining in the state.

PROSPECTS:

Floods in 1987, 1989, and 1991-92 and the drought of 1988-89 have increased public awareness of the need for water resource management. The public is demanding more responsiveness in terms of division technical and financial assistance for dealing with these disasters. The division's ability to respond to these events depends on information management and funding. The state-local partnership to prevent unwise development of floodplain areas needs to be continued and improved through additional training. Flood damage reduction grants have reduced potential for damage from future flooding, but the need for more assistance is still great.

Local governments water planning activities have significantly increased over the last 5 years. This, along with advancements in technology, increase local governments reliance upon the division for technical data and support.

Wetland management in Minnesota has evolved since the 1930's when the state initially provided protection to the major lake and stream resources. When the protected water inventory was conducted in the early 1980's, the state provided protection to the larger emergent vegetation wetlands. Passage of the 1991 Wetlands Conservation Act completes this evolutionary process with local government units assuming protection of the remaining wetland resources. The department has had a "no net loss" of wetlands policy for wetlands subject to state control since the completion of the protected waters inventory. Interim guidelines issued by the Board of Water and Soil Resources, with input from the department, presently provide local units of government the direction they need to achieve a "no net loss" of wetlands.

The 1989 Ground Water Act built on existing legislation governing the activities of several state agencies to enhance ground water protection and provided funding to the division to accelerate programs for ground water protection and management. With the additional funding, the division expanded its in-house ground water technical studies, continued to perform preliminary geologic sensitivity analyses for counties previously started with support from the Legislative Commission on Minnesota Resources, expanded the well water level measurement program carried out in cooperation with the soil and water conservation districts, and contracted with the Minnesota Geological Survey for county geologic atlases and regional hydrologic assessments. The last two efforts were further accelerated with funding from the Environment and Natural Resources Trust Fund for the 1992-93 biennium.

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PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of
 (Continuation)

The data collection and interpretation programs supported by the 1989 Act are considered fundamental to implementation of local water management plans. The broad support for the Act came from the need by counties to have information on ground water supplies and to be able to relate that information to land-use and siting decisions they were being asked to make.

OUTCOMES AND OBJECTIVES:

■ **Water Quantity Management**

In general terms, Minnesota's performance in water quantity management has been successful in that the water supply has been sufficient to meet the aggregate demand for water. There is normally an adequate supply of water available each year. Current annual amounts appropriated for regulated uses total 3.5 million acre-feet. During drought periods, demand may exceed supply in parts of the state. As a result, localized shortages can occur and should be planned for. Water use varies with economic and climatic conditions; and the division will work to help water utilities, industries, and other users to develop conservation plans. Conservation plans will allow economic development to continue because the plan would promote efficient water use, evaluate alternative water supplies, and extend the life of treatment plants (because their capacity isn't exceeded).

Minnesota Milestone: Water Use (billion gallons per day)

Type of Use	C.Y. 1980	C.Y. 1990	C.Y. 1994-95	C.Y. 2000
Public, rural	.63	.72	.78	.84
Irrigation	.16	.18	.18	.18
Industrial, power production	<u>2.30</u>	<u>2.20</u>	<u>2.20</u>	<u>2.20</u>
Total	3.09	3.10	3.16	3.22

The Milestone above reflects a goal of maintaining current levels of water use into the next century for irrigation and industrial uses. Other indicators that measure some of the division's contributions to meeting the water-use targets are included in the table below.

Indicator	C.Y. 1980	C.Y. 1990	C.Y. 1994-95	C.Y. 2000
Percent of municipal water supplies with conservation plans	0	75	85	100
Percent of once-through cooling systems converted	0	0	55	65
No. of geologic sensitivity assessments done for counties	0	8	15	25

Geologic sensitivity is a description of the likelihood that pollutants on the land surface can travel downward and contaminate ground water in a short period of time due to geologic characteristics. It is important to know the geologic sensitivity in order to effectively manage the land surface to protect ground water that is used for drinking water supply. It is desirable to take into account this geologic sensitivity in siting facilities such as land fills, transportation corridors, waste handling facilities, various types of residential or commercial development, or other surface uses. With this knowledge, local governments can make better land-use decisions to protect ground water.

■ **Water Resources Information**

The division is charged with developing and maintaining records to document the availability, use, and hydrologic characteristics of the surface and ground water resources of the state. In addition, it monitors the impacts of human modifications to those resources and documents trends in availability of water and use of these resources. The hydrologic input to the system comes from precipitation, which is also measured and documented by the division. Geologic mapping and interpretation is a part of the division information resource as a cooperative effort with the University of Minnesota, Minnesota Geological Survey. Hydrologic information is incorporated into local water plans and plan implementation proceeds based on a sound information base.

The goal is to increase our knowledge of the natural system and its response to climate and human stressors so that mitigative measures or management practices can be designed to maintain the quality and quantity of these resources. The advantage of providing these types of data are that local governments manage ground water and surface resources in relation to economic development.

Indicator	C.Y. 1980	C.Y. 1990	C.Y. 1994-95	C.Y. 2000
No. of lake elevations	100	450	700	800
Percent of wetland maps for counties	0	75	100	100
No. of well water levels	350	650	700	750
No. of county atlas maps	0	6	9	12
No. of regional assessment maps	0	0	2	3
No. of precipitation observers	1,000	1,400	1,600	2,000

■ **Wetlands Preservation**

Minnesota Milestone: Amount of Wetlands (millions of acres)

	C.Y. 1980	C.Y. 1990	C.Y. 1994-95	C.Y. 2000
Wetland acreage	7.9	7.9	7.9	7.9

The official state policy articulated in the 1991 Wetlands Conservation Act is to achieve no net loss in the quantity, quality, and biological diversity of Minnesota's existing wetlands. Furthermore, gains in these qualities are expected to be pursued by restoring or enhancing a portion of the 9 million acres of diminished or drained wetlands. Wetland areas provide substantial flood control, water quality benefits, and wildlife habitat benefits to the state. The department's direct regulatory programs protect 3.55 million acres of lakes and wetlands.

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PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of
 (Continuation)

The department has a major role in implementing the provisions of the Wetlands Act, specifically in providing assistance to the Board of Water and Soil Resources in the rule development process and in enforcement. As the involved agencies move towards full implementation of the Act in the F.Y. 1994-95 biennium, and improved wetland resource data become available, it will become possible to determine how the goal of the Wetlands Act is being met.

■ **Land-Use Management**

Minnesota, through the Department of Natural Resources, manages and protects water resources through the floodplain and shoreland programs. The floodplain program's goal is to prevent the loss of life and property from flooding through state technical assistance, mandated local ordinances that control the development of floodplain areas and grants-in-aid to local governments. Shoreland areas are protected through local ordinances that meet state standards for buildings, setbacks, on-site septic systems, land alteration, and vegetation management. Specific land-use plans have been adopted for many rivers through local initiatives and the Wild and Scenic Rivers Program. Staff assistance is available through area and regional offices.

	<u>C.Y. 1980</u>	<u>C.Y. 1990</u>	<u>C.Y. 1994-95</u>	<u>C.Y. 2000</u>
% of shoreland protected by ordinance:				
Rivers	10	25	75	95
Lakes	40	75	85	95

The land-use management programs protect both landowners and natural resources from unwise development. The standards provide for adequate lot size, structure setback and elevation, appropriate septic system, and well placement to assure that water quality and general aesthetic parameters are met.

FEDERAL FUNDS:

■ **Mine Pit Study**

The Division of Waters wishes to engage in hydrologic studies during the 1994-95 biennium which will be a collection of hydro-meteorological data and modeling water balance of abandoned mine pit systems for use in multi-phased mineland reclamation studies. The databases will be used to evaluate post-mining land-use proposals. These studies will involve the participation of the United States Bureau of Mines and could result in approximately \$100,000 of federal funds becoming available to the state.

■ **Drained Wetland/Ditch Inventory**

The department has requested funds from the Environmental Protection Agency to continue the development of water management related Geographic Information System (GIS) components. It is possible that \$120,000 of federal funds could become available to the state. A drained

wetland and ditch inventory will be developed and tested in selected areas. The system will be developed with the assistance of interested federal, state, and local agencies and will be supplied to the Land Management Information Center in a form compatible with existing GIS layers.

REVENUE:

Protected Waters and Water Appropriation Programs: The protected waters and water appropriation programs provide for the orderly and consistent review of permit applications to change the course, current or cross section of protected waters and the appropriation and use of the surface and ground water resources of Minnesota in order to conserve and utilize the water resources of the state in the public interest. The water appropriation program also exists to resolve water-use conflicts and well interferences for the protection of domestic water supplies and other water-use priorities established by the legislature. Principal clientele include lakeshore owners, developers, watershed districts, power producers, public water suppliers, agricultural irrigators, commercial and industrial water users, domestic well owners, and local, state and federal government agencies.

All revenues from permit application fees and water-use fees are non-dedicated General Fund.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Protected waters permit application fees	\$ 135	\$ 135	\$ 135	\$ 135
Water appropriation permit application fees	30	30	30	30
Permit amendment/transfer fees	25	25	25	25
Field inspection fees	2	2	2	2
Water-use fees	<u>3,111</u>	<u>3,111</u>	<u>3,111</u>	<u>3,111</u>
Total Revenue	\$3,303	\$3,303	\$3,303	\$3,303

Currently, there are approximately 6,500 water appropriation permit holders. An annual report of water use and a processing fee are required for each active permit. The fee schedule is established by the legislature and is subject to change. Revenue estimates are expected to remain the same and are based on the current fee schedule in M.S. 103G.271, Subd. 6. As the once-through cooling systems convert, water-use fees for these entities will be reduced. Approximately 50% of these systems will be converted before the end of the 1994-95 biennium.

<u>No. of Permits</u>	<u>Category</u>	<u>(\$000s) C.Y. 1991 Revenue</u>
113	Once-through systems	\$1,242
702	Public water suppliers	670
45	Power producers	413
414	Industrial	215
3,946	Agricultural irrigation	158
<u>1,219</u>	Other categories	<u>192</u>
6,511		\$2,890

Revenue totals for each category are based on fees paid/owed for the 1991 calendar year.

1994-95 Biennial Budget

PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of
 (Continuation)

GRANTS:

■ **Stream Maintenance Grant-in-Aid Program**

The department has the authority under M.S. 103G.701 to allocate grants-in-aid to Minnesota county governments for stream maintenance projects and is required to cost-share with participating counties. The department may allocate grants for up to 75% of the total project costs but has elected to assist with 50% in order to fund more projects. The grant money is for stream maintenance work and includes the following: 1) the cutting and removal of brush and dead or downed trees; and 2) the removal of large rocks and other debris such as concrete, asphalt, or scrap material. Seventeen grants were awarded in F.Y. 1992-93. This activity will cease without funding.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund	\$75	\$75	0	0

■ **Flood Hazard Mitigation Grant Program**

The purpose of the flood hazard mitigation grant program or flood damage reduction program is to assist local governments in reducing the devastating effects of periodic flooding. The program was created in 1987 in M.S. 103F.161. Cost-sharing grants on a 50% local/50% state basis are made to local governments that demonstrate that they have flooding problems. Cities, counties, watershed districts, townships, and lake improvement districts are eligible to apply for cost-share grants. Grants are limited to a state share of \$75,000 and basic eligibility criteria are identified in M.S. 103F.161, Subd. 2. Additional criteria have been developed to select among the wide variety of requested flood damage studies and projects. This activity directly supports the floodplain management objective by expanding the choices available to local governments for dealing with severe flood problems. Fewer and smaller grants will be made with reduced funding. Even at peak funding levels, grant funds have never been sufficient to meet requests. Typically, requests exceed available dollars by approximately \$250,000 per year.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund	\$370	0	\$176	\$176

■ **Shoreland Management Grant Program**

This activity supplies matching grants to counties and cities to assist in the implementation and administration of state mandated standards for the development of lands adjacent to Minnesota's lakes and rivers pursuant to M.S. 103F.201-221 and Minnesota Rules parts 6120.2500 through

6120.3900. Twenty-one grant contracts were awarded in F.Y. 1992. It is anticipated that approximately 120 will be awarded in F.Y. 1993.

The proposed budget cut will preclude the complete implementation of the shoreland management program in some cities. Counties and cities will have less funding available for the administration of their shoreland ordinances. Specific management objectives such as nonconforming sewage treatment system identification, land-use district development, and shore impact zone protection may not be accomplished. Failure to control development adjacent to our protected waters could result in the need for remedial action later to take care of pollution problems, primarily non-point. Poor administration of shoreland ordinances will lead to more litigation. Support for the North Shore Management Board (\$85,000 per year) will also not be provided.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund	\$210	\$806	0	0

■ **Locke Lake Dam**

This grant provided funds to the city of Fridley for the purpose of reconstructing the Locke Lake Dam (Laws of 1991, Chapter 254, Section 5).

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund	\$150	0	0	0

■ **Legislative Commission on Minnesota Resources (LCMR) Projects**

The grants approved by the LCMR for the 1992-93 biennium and those recommended for funding in the 1994-95 biennium are as follows:

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Aquifer Analyses in Southeast Minnesota	\$ 73	\$ 0	\$ 0	\$0
Local Rivers Planning	159	241	380	0
South Central Minnesota Surface Water Atlases	150	150	0	0
Watershed Map Digitization	161	160	0	0
Total Grants	\$543	\$551	\$380	\$0

PROGRAM PLAN:

The division plans to give priority to those program activities that result in direct benefit to its clientele. Particularly, the division will maintain field staff at full complement to provide assistance and support for local governments and the public near where they are located. The basic data collection programs that underlie our ability to make decisions about impacts on water resources and to describe those impacts will be maintained.

PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of
 (Continuation)

The regulatory programs are being examined for areas that might be deregulated because the activities do not have major impact on waters and for activities which might be delegated to other levels of government. The division plans to delegate decision-making authority to some area hydrologists on a pilot basis thus shortening the time for the public to obtain an answer on their projects and eliminating some transfer of files back and forth between offices.

Deregulation could be expected to free enough time for field staff to become more involved with the technical assistance role that they also play. The division is planning for information systems development that will enable all field hydrologists to have access to all the basic water resources information that is available statewide. Some efficiencies will be realized through this development; however, there will be a great deal more data to analyze and interpret from more perspectives than has previously been the case. These data will be available to the clientele, and there is expected to be a large increase in the number and types of requests to staff for assistance in interpreting and using the data.

Programs that will be reduced or eliminated fall into the categories of preventive of potential damages or pass-through support. These programs provide for forward looking steps that avoid future costs. The division will address the targeted reduction and absorption of inflation costs as follows:

- elimination of the stream maintenance grant program;
- elimination of the shoreland grant program and the central office shoreland supervisory position;
- maintain vacancies in the central office;
- reduce cooperative regional hydrologic assessment program in favor of maintaining both the county geologic atlas effort and aquifer investigations.

Legislative Commission on Minnesota Resources Recommendations:

■ **Local River Planning - Continuation**

This project provides for contracts of up to two-thirds of the cost to counties, or groups of counties acting pursuant to joint powers agreement, to develop comprehensive plans for the management and protection of rivers in northern and central Minnesota. All plans must meet or exceed the requirements of state shoreland and floodplain laws.

\$480,000 - Minnesota Future Resources Fund

■ **South Central Minnesota Ground Water Contamination Susceptibility Project - Continuation**

This project provides for a contract with Mankato State University to couple surface hydrology, subsurface geology, and hydrogeology for environmental analysis to assess present environmental conditions, establish benchmarks, and develop regional priorities for south central Minnesota.

\$290,000 - Minnesota Future Resources Fund

■ **White Bear Lake Levels Feasibility Study**

To conduct a feasibility study to address lake level issues (\$50,000), abandon/retrofit existing augmentation wells (\$128,000), and install additional observation wells at White Bear Lake (\$50,000) for study of lake and ground water relationships.

\$228,000 - Minnesota Future Resources Fund

■ **County Geologic Atlases, Assessments & Ground Water Sensitivity Mapping - Continuation**

This project provides funds to the Commissioner of Natural Resources for hydrogeologic and ground water sensitivity mapping.

\$425,000 - Environment and Natural Resources Trust Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, except that the reductions of \$518,000 proposed for the shoreland management grants are restored. This funding is transferred to the Board of Water and Soil Resources (BWSR) for inclusion in a natural resources block grant to counties as part of the Governor's environmental initiative.

An additional component of the environmental initiative is a major effort to attack non-point sources of pollution. The Governor recommends \$1,405,000 in this division and the Division of Fish and Wildlife from LCMR funding sources to finance projects that will contribute to the goal of non-point source pollution prevention and mitigation. This recommendation builds upon the commission's allocations in an area that is an environmental priority for the Governor. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of the commission recommendations with the Governor's proposals.

~~The Governor recommends \$200,000 per year for flood damage reduction grants to the city of Stillwater.~~

Program funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: WATER RESOURCES MGMT
ACTIVITY: WATER RESOURCES MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	5,025	5,342	5,834	5,553	6,322	6,130	5,553	5,909	5,717
EXPENSES/CONTRACTUAL SRVCS	1,730	1,404	1,611	1,433	2,085	1,557	1,448	1,486	1,486
MISC OPERATING EXPENSES	248	284	268	255	291	291	255	280	280
SUPPLIES/MATERIALS/PARTS	154	308	172	116	136	136	116	136	136
CAPITAL EQUIPMENT	134	227	16	11	27	27	11	15	15
OTHER	81	226	106	91	119	119	91	119	119
SUBTOTAL STATE OPERATIONS	7,372	7,791	8,007	7,459	8,980	8,260	7,474	7,945	7,753
LOCAL ASSISTANCE	1,317	1,350	1,432	778	880	890	778	499	499
TOTAL EXPENDITURES	8,689	9,141	9,439	8,237	9,860	9,150	8,252	8,444	8,252
GOV'S INITIATIVES:									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<425>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<998>			
(A) NON-POINT POLLUTION INITIATIVES						905			
(A) SALARY PLANNING ESTIMATES						<189>			<189>
(A) SALARY PLANNING ESTIMATES						<3>			<3>
(B) RESTORE SHORELAND MANAGEMENT REDUCTIONS						518			518
(B) TRANSFER SHORELAND MGT GRANTS TO BWSR						<518>			<518>
TOTAL GOV'S INITIATIVES						<710>			<192>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		735	869		425				
GENERAL	7,618	7,897	8,006	7,939	7,818	7,629	7,954	7,832	7,643
MN RESOURCES	793	232	241		998	905			
NATURAL RESOURCES	93	105	99	100	100	97	100	100	97

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: WATER RESOURCES MGMT
ACTIVITY: WATER RESOURCES MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	33	38	28	18	18	18	18	18	18
FEDERAL	152	134	196	180	501	501	180	494	494
TOTAL FINANCING	8,689	9,141	9,439	8,237	9,860	9,150	8,252	8,444	8,252
POSITIONS BY FUND:									
ENVIRONMENT TRUST		5.1	9.5		6.0				
GENERAL	108.8	109.1	118.1	124.1	122.1	122.1	124.1	119.1	119.1
MN RESOURCES	1.8				1.0	7.0			7.0
NATURAL RESOURCES	1.9	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0
SPECIAL REVENUE	.8	.6	.6	.6	.6	.6	.6	.6	.6
FEDERAL	2.0	1.9	1.8	3.8	3.8	3.8	3.8	3.8	3.8
TOTAL POSITIONS	115.3	119.0	132.0	130.5	135.5	135.5	130.5	125.5	132.5

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Water Resources Management
ACTIVITY:

ITEM TITLE: Stillwater Flood Damage Reduction

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this item be moved to the Capital Budget for funding.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Water Resources Management
ACTIVITY:

ITEM TITLE: Non-Point Pollution Initiatives

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Minnesota Future Resources				
- State Operations	\$1,405	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1,405,000 in project funding to the department for hydrogeologic data collection, local river management planning grants, and for wetland restoration efforts in the Niemackl watershed. These projects have been recommended by the Legislative Commission on Minnesota Resources (LCMR). The Governor endorses these efforts as part of his non-point source pollution reduction initiative.

Geologic maps and interpretive maps provide the basic information needed by local units of government and the state to protect and manage the ground water resources on which most of us depend for drinking water. Local river planning allows local units of government to plan and implement innovative locally initiated methods for the management and protection of Minnesota's river resources. Environmental indicators in the Niemackl watershed reflect deep problems with surface water and land use; these translate to a reduced quality of life for citizens.

PROGRAM OUTCOMES:

Seven county geologic atlases and 1 regional hydrogeologic assessment have been completed to date. Three more county geologic atlases and 2 regional hydrogeologic assessments will be completed during the 1994-95 biennium. The local river planning appropriation will result in up to 6 locally initiated river protection plans. Repairing the Niemackl watershed will provide improved water quality, flood reduction, fish and wildlife habitat, and recreation in a cost-effective and sustainable manner.

LONG-TERM IMPACT:

The implementation of these initiatives will result in better protection for Minnesota's water re-

sources. To complete atlases for all counties in the state is expected to take at least 20 years. This is a joint program with the Minnesota Geological Survey. Implementation of the Niemackl watershed plan will take 8 to 10 years.

1994-95 Biennial Budget

PROGRAM: Forest Management
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The Department of Natural Resources' (DNR) Division of Forestry is the state's forest management agency. The division exists to maintain and improve the health and productivity of Minnesota's forests so they can produce a wide variety of forest outputs, values, and opportunities to meet the needs of current and future generations of Minnesotans. The division also exists to protect the lives, property, and natural resources of Minnesota citizens from wildfire.

The division is responsible for managing 4.5 million acres of state-owned lands for multiple benefits, protecting all non-federal lands in the state from wildfire and pests, providing forest management assistance to other public and private forest landowners, coordinating forestry cost-share and technical assistance programs in the state, and administering the DNR Office of Youth Programs. The division carries out these responsibilities by:

- providing a sustained yield of renewable resources from state forests including commodities, wildlife habitat, aesthetics, and clean water;
- maintaining and improving biological diversity in state forests;
- ensuring the availability of a sustainable supply of raw materials for the wood products industry;
- promoting expansion of wood products industries where appropriate, particularly secondary manufacturing where the value added is greater;
- providing recreational opportunities on state lands;
- protecting natural resources, homes and property, and lives from damage from forest and grass fires;
- preventing wildfires by informing the public of the dangers of wildfire and methods to prevent fires;
- increasing the management of non-industrial private forest lands in a way that is cost effective to the division and complementary to other governmental and private efforts;
- developing better forest resource information systems through sharing and coordination with other agencies;
- improving forest management practices to enhance forest resources and reduce resource losses from insects, diseases, and soil erosion to acceptable levels;
- coordinating with other natural resource agencies in resource management to achieve better overall management of the resources;
- working with local communities to help meet local forestry-related needs;
- managing school trust fund lands in a way that will maximize long-term economic returns consistent with sound resource management principles;
- supporting a policy of "no net loss of commercial forest land" as outlined in the report of the Governor's Blue Ribbon Commission on Forestry and Forest Products; and
- providing employment, education, and career exploration opportunities to Minnesota youth and young adults, including protected class individuals.

The Division of Forestry's mission relates to all 5 of the common themes identified in Minnesota Milestones. It directly relates to 3 of the goals identified:

- Minnesota's environment will support a rich diversity of plant and animal life.
- We will have opportunities to enjoy our outdoor recreation resources.
- Minnesotans will enhance the beauty of our surroundings.

Specific Milestones that the division's programs address involve both rural and urban forest lands. Milestones include the amount of forest lands in the state, land area in designated wilderness, land area in natural resource-related public ownership, number of trees planted in communities, and the percentage of urban tree cover. The Division of Forestry contributes to the 5 Milestone themes by promoting environmental education for all age groups. It also promotes a balance between a healthy environment and economic development opportunities that provide jobs for Minnesotans.

PROSPECTS:

- **Multiple-use Management:** Minnesotans are concerned about a wide range of potential environmental impacts resulting from growing demands for forest resources and amenities. Our ability to provide increased, yet sustainable, levels of forest outputs will depend greatly on the degree to which forest managers are successful in addressing environmental concerns embodied in the Generic Environmental Impact Statement (GEIS) for Timber Harvesting and Forest Management (scheduled for completion in the summer of 1993). Addressing these issues will significantly increase the cost of forest management in the state.

As the lead forestry agency in Minnesota, the DNR is responsible for examining the GEIS's major findings and recommendations within the context of existing policies and programs. Where needed, the DNR will be responsible for developing and implementing additional forestry initiatives. The DNR's active involvement and leadership will be critical if the GEIS is to have an influential and long-term impact on the management of the state's forest resources.

Annual timber harvests are projected to increase from statewide levels of 3.4 million cords in 1990 to 4.85 million cords by the year 2000. Directly related to this is a projected \$1.6 billion in capital investments to be made by forest products industries during the same time period. The combination of increased timber harvests and capital investments will continue the rapid growth in the value of forest products manufactured in Minnesota from \$6.2 billion in 1990 to an estimated \$7.8 billion in 1993. Minnesota's forest products industries currently have payrolls of over \$2 billion and directly employ nearly 60,000 people.

Despite significant reductions in staffing and funding (from federal and state sources), the Division of Forestry has continued to provide the services and products expected by the public by adapting its approach to management and service delivery. Continued innovation will be critical in light of anticipated budget and staffing contractions. Since 1985, Division of Forestry staffing has been reduced by over 20% [from 462 FTE (full-time equivalency) in F.Y. 1985 to 365 FTE in F.Y. 1993].

- **Forest Protection:** Residential development in forested and grass-covered suburban areas, along lakeshores, and in rural areas is increasing in Minnesota. The occurrence of wildfires and the potential for destruction of life, property, and natural resources by wildfires is much greater in these "rural/urban interface" areas compared to rural areas. Thus, maintaining a well-equipped and trained wildfire suppression force becomes more and more important. However, the DNR's ability to maintain this level of preparedness in the future is uncertain, given ongoing budget and staffing reductions. Increased demands on remaining staff in areas other than fire protection will make it even more difficult to maintain current levels of preparedness. Cooperative efforts with other government agencies and fire departments will be the key to effective and efficient wildfire protection.
- **Technical Forestry Assistance:** To address emerging issues focused primarily on the protection of and management of non-timber resources and amenities, public forest land management agencies will be expected to achieve an equitable balance between timber and non-timber

PROGRAM: Forest Management
AGENCY: Natural Resources, Department of
 (Continuation)

resources/values. This balance will likely affect, to some degree, future timber supplies from public lands.

With nearly 40% of the state's timber land in private ownership, and with harvests likely reaching recommended levels on public lands, private lands will be called upon to provide a greater portion of future timber harvests. At the same time, the production of timber from private lands will be expected to be balanced with the objectives of the landowner and within the context of the overall ecosystem.

Improved stewardship of private forest lands, through the assistance of professional resource managers, will be necessary to assure that private lands will be able to provide needed timber while meeting landowner needs and maintaining the ecological integrity of the land.

Given the state of the federal budget, federal support for private forest landowner assistance (through the Federal Stewardship Initiative, the America the Beautiful Program, and the Conservation Reserve Program) is expected to decrease in the near future.

Community tree planting has the potential to make a significant contribution to the reduction of carbon dioxide in the atmosphere. Community tree planting, management, and care could help reduce CO₂ levels in the atmosphere by reducing the demand for fossil fuels through energy conservation (provide summer shade for homes and other buildings, act as windbreaks, and reduce the summer temperatures of city heat islands).

- **Office of Youth Programs:** The Department of Natural Resources' (DNR) Youth Programs will play an increasingly important role in maintaining a quality workforce that reflects the changing demographics of the state and the diversity of the public which the DNR serves. Youth programs also present innovative opportunities to accomplish resource management objectives that might otherwise go undone given the DNR's shrinking workforce.

OUTCOMES AND OBJECTIVES:

- **Amount of Forest Land**

Among the 50 states, Minnesota ranks 16th in terms of forested land area. However, only one-half of Minnesota's original forests remain forested today. Since 1952, the state's commercial forest land base has declined by about 18%. This trend is expected to continue, with an 8% decline in commercial forest land anticipated over the next 10 years. The loss of forest land is attributed primarily to agricultural, residential, and commercial development. The objectives established in Minnesota Milestones, in essence, adopt a no net loss of forest lands goal for Minnesota.

Minnesota Milestone: Amount of Forest Land (millions of acres)

C.Y. 1980	C.Y. 1992	C.Y. 1993	C.Y. 1994	C.Y. 1995	C.Y. 2000
16.7	16.7	16.7	16.7	16.7	16.7

Four and one-half million acres of forest land is owned by the state and administered by the DNR. The 1982 Forest Resource Management Act requires reforestation on an acreage at least equal to the acreage harvested on DNR-administered lands each year. During the 1980's, the DNR reforested harvested state lands, plus a large backlog of deforested lands. The amount and complexity of reforestation on state lands is expected to increase in the years ahead due to increased demands for timber and the integration of a variety of resource management objectives. The DNR uses the following indicators to measure some of the division's contributions to meeting forest land targets:

Indicator	F.Y. 1980	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
State land reforestation:						
Natural (acres)	4,900	24,100	23,300	23,400	24,900	27,500
Artificial (acres)	9,600	8,000	8,400	8,600	9,100	10,000
Private land reforestation (with DNR assistance)	6,000	14,909	15,300	11,000	10,000	9,000

- **Community Tree Planting**

In the past 2 decades, many communities have suffered substantial losses of mature elm and oak trees due to Dutch elm disease and oak wilt. The DNR has programs to provide new community tree planting and maintenance. Measuring increased tree planting would show a commitment to enhancing the environment. The environmental benefits of community tree planting include reduced noise and air pollution and increased energy conservation through residential shading.

Minnesota Milestone: Number of trees planted in communities and percentage of tree cover.

	C.Y. 1980	C.Y. 1992	C.Y. 1993	C.Y. 1994	C.Y. 1995	C.Y. 2000
Planted trees (thousands)	N/A	200	300	300	620	1,000
% of urban tree cover	N/A	30	35	40	50	50

In addition, the DNR uses the following indicator to measure some of the division's contributions to meeting community tree planting targets:

Indicator	F.Y. 1980	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Plant, maintain & improve community trees (with DNR assistance) (thousands)	N/A	100	150	150	150	150

- **Recreational Public Land and Facilities**

The use of Minnesota outdoor recreation facilities has grown substantially in recent years. Division of Forestry administered lands and facilities provide a significant share of outdoor recreation opportunities. These lands are open to a wider variety of recreation uses than most public lands. The 1990 State Comprehensive Outdoor Recreation Plan predicts that demand for most recreational activities will increase on state forest lands. The Department of Natural Resources (DNR) administers 5.3 million acres of natural resource land. Of this total, the Division of Forestry administers 4.5 million acres.

Minnesota Milestone: Land area in natural resource-related public ownership.

1994-95 Biennial Budget

PROGRAM: Forest Management
AGENCY: Natural Resources, Department of
 (Continuation)

	<u>C.Y. 1980</u>	<u>C.Y. 1992</u>	<u>C.Y. 1993</u>	<u>C.Y. 1994</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>
Natural resource-related public ownership (million acres)	11	12	12	12	12	12

Minnesota Milestone: Miles of recreation trails.

	<u>C.Y. 1980</u>	<u>C.Y. 1992</u>	<u>C.Y. 1993</u>	<u>C.Y. 1994</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>
Public total (thousands)	12.6	20.6	20.6	20.4	20.3	20.9

Minnesota Milestone: Number of public access sites on lakes and rivers.

	<u>F.Y. 1980</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
DNR public access sites	1,042	1,360	1,400	1,440	1,480	1,680

In addition, the DNR uses the following to measure some of the division's contributions to meeting the public land and facility targets:

<u>Indicator</u>	<u>F.Y. 1980</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
State forest recreation trail miles	1,250	1,000	993	800	750	750
Public water access sites maintained by Forestry Division	203	140	140	135	130	100

In addition, the Division of Forestry has identified additional goals and indicators listed below that respond to Milestone themes.

The state's forest products industry, value-added processing and related trades and service industries employ more than 150,000 people and generate over \$6.2 billion in annual sales, ranking it the state's third largest manufacturing enterprise. The state's forest products industry accounts for 3% of total employment in Minnesota and yields 11% of the state's value-added manufacturing shipments. Net state revenues from timber harvesting on state lands currently exceed \$5.3 million per year and have been growing at a compound annual rate in excess of 9% for the last 3 years. Minnesota's forest products industry generates an estimated \$164 million in corporate and personal income and sales tax revenue, of which \$9 million is directly attributable to state forest lands.

- **Goal:** Minnesota will have sustained, above-average economic growth that is consistent with environmental protection.

<u>Indicator</u>	<u>F.Y. 1980</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Amount of wood harvested from state lands (thousand cords)	557	642	620	640	680	650
Industrial utilization & marketing assists	N/A	620	620	430	430	430
Stewardship plans written for private landowners (in thousands of acres)	N/A	51	51	51	51	51

- **Goal:** Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

<u>Indicator</u>	<u>F.Y. 1980</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Miles of state forest roads maintained	1,800	2,064	2,064	2,064	2,064	2,064

- **Goal:** Minnesotans will have the opportunity to enjoy the state's natural resources by providing excellent opportunities for youth to experience Minnesota's natural resources through hands-on education and work experience in a team setting.

<u>Indicator</u>	<u>F.Y. 1980</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of Minnesota Conservation Corps (MCC) summer youths employed	N/A	74	57	40	37	37
No. of MCC young adults employed	N/A	181	181	174	171	171

- **Goal:** Our communities will be safe, friendly, and caring by preventing and suppressing wildfire on public and private lands in Minnesota.

<u>Indicator</u>	<u>F.Y. 1980</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Average number of wildfires suppressed by the DNR	2,463	1,400	1,600	1,900	1,700	1,400

PROGRAM PLAN:

Forestry programs and public services will be maintained through reductions in central office staff, restructuring of the field organization, and developing alternative methods of service delivery. Eight central staff positions, including a manager, will be eliminated.

Reorganization: The field organization, which is currently composed of 5 regions, 16 areas, and 69 districts, will be restructured to include 5 regions and 35 to 40 field units (mini areas). Specific locations of these units are dependent on department realignment decisions. Approximately 50 positions will be eliminated. In addition, about 24 to 30 Youth Program positions will remain vacant. The reorganization will be disruptive and costly for the division and employees. Most

1994-95 Biennial Budget

PROGRAM: Forest Management
AGENCY: Natural Resources, Department of
(Continuation)

savings will result from the elimination of an administrative level and the associated expenditures and work demands.

For the restructuring proposal to be successful, retirement and office needs must be addressed.

- **Retirement:** To reduce the number of layoffs resulting from the restructuring, retirement plans could be adjusted to encourage early retirement. The rate of attrition among employees in the Department of Natural Resources (DNR) is only about 3% annually. Consequently, most of the positions eliminated in the Division of Forestry by the restructuring will result in layoffs. Layoffs will result in the loss of the division's newest and youngest employees with the most up-to-date scientific and technical knowledge—capabilities and knowledge that are needed to maintain an effective workforce over the long term. Most Division of Forestry employees are in the 35 to 55 age bracket. Appropriately structured early retirement incentive programs would help minimize layoffs from the proposed restructuring.
- **Office Needs:** There are adequate facilities at the existing DNR Division of Forestry area offices to accommodate the proposed restructuring. However, additional facilities (remodeling, new buildings, or new additions) will likely be needed at 25 other locations. The estimated cost of these new facilities is \$7 million. Identification of consolidated office locations will proceed as DNR restructuring unfolds. The department will develop long-range facilities plans as part of the capital budget planning process for the 1994 session.

Service Delivery Changes: In addition to the proposed restructuring, the Division of Forestry will pursue the following opportunities to increase the efficiency of service delivery:

- improvements in timber sales procedures;
- contracting of reforestation and forest road maintenance;
- reduce tree nursery labor costs;
- improved cooperation and partnerships with local fire departments and other wildfire protection agencies;
- shift assistance for private forest landowners to private forestry consultants; and
- establish more effective use of fire equipment and personnel through improved dispatching procedures.

Generic Environmental Impact Statement (GEIS): The GEIS for Timber Harvesting and Forest Management that is currently being prepared will impose additional responsibilities and work on the Division of Forestry. The extra demands, which won't be known until the GEIS is completed in the spring of 1993, are expected to be substantial. Additional funding and staff may be necessary in this and following biennia.

Legislative Commission on Minnesota Resources Recommendations:

- **Development of Tree Seed Orchard Complex:** This project provides for production of genetically improved forest tree seeds.

\$80,000 - Minnesota Future Resources Fund

- **Reforestation in Ramsey County Parks and Open Space:** This project provides for a contract with Ramsey County to accelerate the reforestation program in Ramsey County regional and county parks to replace trees lost to storm damage, draught, and disease, and begin establishment of new plantings.

\$50,000 - Minnesota Future Resources Fund

- **Developing Quality Hardwood Forests:** This project provides for a contract with the University of Minnesota to conduct research on the effects of different canopy gap sizes and site preparation methods on natural hardwood regeneration.

\$210,000 - Minnesota Future Resources Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, except for a biennial increase above the agency plan of \$1,330,000 to pay the severance and relocation costs associated with the proposed restructuring, and an additional \$204,000 to prevent reduction in youth employment opportunities through the Minnesota Conservation Corps (MCC).

The Governor recommends a biennial increase of \$4 million in the General Fund and \$1,162,000 in the special revenue fund for the Focus on Forests initiative, which is a major component of the Governor's environmental package.

Another initiative recommended here is the Workforce 2000 Program. This initiative totals \$848,000 for the department, with \$548,000 allocated to Forest Management (Youth Programs), and \$300,000 allocated to the Operations Support Program. The Youth Programs component includes funding for additional MCC positions and for continuation of the Youth in Natural Resources Program.

The Governor further recommends passage of legislation increasing statutory limits on the volume of timber that may be sold on a single permit, and raising the dollar threshold for executive council approval of sales. This will increase administrative efficiency of timber sale management and generate an additional \$387,000 in non-dedicated General Fund revenues from timber sales.

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

Program funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FOREST MANAGEMENT	34,403	33,144	34,529	32,870	31,897	34,940	32,882	31,988	34,047
FIRE FIGHTING	5,535	4,344	3,553	3,554	5,154	5,139	3,554	5,154	5,139
YOUTH PROGRAMS	1,631	1,868	1,874	1,722	1,697	1,981	1,723	1,698	2,072
TOTAL EXPENDITURES BY ACTIVITY	41,569	39,356	39,956	38,146	38,748	42,060	38,159	38,840	41,258
GOV'S INITIATIVES:			FUND						
(A) REALIGNMENT OF FIELD OFFICES			GEN			1,330			
(A) DNR WORKFORCE 2000 PROGRAM			GEN			246			302
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<340>			
(A) SALARY PLANNING ESTIMATES			GEN			<567>			<567>
(A) SALARY PLANNING ESTIMATES			NRF			<10>			<10>
(A) SALARY PLANNING ESTIMATES			G&F			<10>			<10>
(B) FOCUS ON FORESTS			GEN			2,000			2,000
(B) FOCUS ON FORESTS			SR			578			584
(B) RESTORE MCC FUNDING LEVELS			GEN			85			119
TOTAL GOV'S INITIATIVES						3,312			2,418
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	25,169	23,921	24,679	24,706	23,496	26,590	24,719	23,508	25,362
MN RESOURCES	236	673	542		340				
STATE GOVT SPEC REV		193	1,057						
NATURAL RESOURCES	303	298	331	331	331	321	331	331	321
GAME AND FISH	287	296	322	322	322	312	322	322	312
OPEN APPROPRIATIONS:									
GENERAL	9,097	7,802	6,940	6,940	8,540	8,540	6,940	9,040	9,040
STATUTORY APPROPRIATIONS:									
GENERAL	279	169	200	200	200	200	200	200	200
SPECIAL REVENUE	4,000	4,263	3,409	3,409	3,509	4,087	3,409	3,509	4,093
FEDERAL	2,186	1,727	2,419	2,181	1,953	1,953	2,181	1,873	1,873
GIFTS AND DEPOSITS	12	14	57	57	57	57	57	57	57

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	41,569	39,356	39,956	38,146	38,748	42,060	38,159	38,840	41,258
POSITIONS BY FUND:									
GENERAL	486.7	475.5	450.3	450.3	395.0	420.8	450.3	387.3	416.8
MN RESOURCES	4.2	9.1	11.4		.5				
NATURAL RESOURCES	17.5	21.7	20.2	20.2	20.2	20.2	20.2	20.2	20.2
SPECIAL REVENUE	55.1	52.3	45.3	45.3	45.3	45.3	45.3	45.3	45.3
GAME AND FISH	23.4	22.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
FEDERAL	10.9	2.7	5.3	5.3	5.3	5.3	5.3	5.3	5.3
GIFTS AND DEPOSITS			1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL POSITIONS	597.8	583.3	555.0	543.6	488.8	514.1	543.6	480.6	510.1

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM: Forest Management
 ACTIVITY:

ITEM TITLE: Focus on Forests

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$2,000	\$2,000	\$2,145	\$2,220
Special Revenue Fund				
- State Operations				
(Timber Sales)	\$160	\$160	\$160	\$160
- State Operations				
(Forest Roads)	\$218	\$221	\$221	\$221
- Grants				
(Forest Roads)	\$ 200	\$ 203	\$203	\$203
	\$2,578	\$2,584		
Revenues: (\$000s)				
General Fund-Dedicated	\$150	\$250	\$250	\$250
General Fund-Nondedicated	\$(40)	\$(40)	\$(40)	\$(40)
Special Revenue Fund	\$160	\$160	\$160	\$160

Statutory Change? Yes X No _____

If yes, statute affected: M.S. 88.79, Subd. 2; M.S. 89.70; M.S. 296.16

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the following investments in the state's forest assets be funded at the levels indicated as a major component of his environment initiative to promote sustainable development. The Governor views these investments as being critical to the long-term environmental and economic health of Minnesota. These initiatives are needed to maintain and improve the health and productivity of Minnesota's forests so they can produce the wide variety of forest outputs, values, and opportunities to meet the needs of current and future generations of Minnesotans and to protect the state's citizens, property, and natural resources from wildfires. The initiative also reinvests projected timber revenues earned on state lands back into activities that will maintain the forest's productivity.

The Department of Natural Resources (DNR) is charged with managing important assets for the state and its citizens, including 4.5 million acres of state-owned forest land, the 2,000+ mile state forest road system, and numerous (and popular) state forest recreation facilities (campgrounds, day-use areas, trails, and public water accesses). The *Focus on Forests* initiative does what its title suggests: focuses investments in the state's forest-related assets, not in the state bureaucracy.

The investment initiative does not supplant personnel reductions and restructuring proposed in the department's budget. Actions proposed in the budget provide the organizational and operational structure needed to continue the division's mission given the societal and budget realities of the 1990's. However, these organizational changes do not remove the need to make investments in the state's forest-related assets and the tools needed to manage those forests effectively and efficiently. These investments are needed regardless of the proposed restructuring and budget.

The *Focus on Forests* investments will provide long-term benefits to the state through increased revenues, decreased future costs, and improved program management and productivity.

PROGRAM OUTCOMES:

- F.Y. 1994: \$275,000 F.Y. 1995: \$275,000

Reforestation: The 1982 Forest Resource Management Act (M.S. 89.002) requires the DNR to reforest an acreage at least equal to the acreage harvested on DNR lands each year. Regeneration of harvested and understocked forest stands and timber stand improvements will ensure a steady source of timber sale revenue to the state in the future. Without sufficient funding for regeneration, there are 2 alternatives: 1) reduce timber harvests (thus reducing revenues to the state); and 2) delaying reforestation. Delaying reforestation limits the options for, and significantly increases the cost of, regeneration. A reduction or elimination of timber stand improvements reduces the future value of and revenues from state-owned timber. Funding would be used to purchase planting and seeding stock; contract for reforestation of 8,600 acres of state land in F.Y. 1994 and 9,200 acres in F.Y. 1995; and contract for the release, thinning, and pruning on 6,000 acres of state land in F.Y. 1994 and 6,000 acres in F.Y. 1995.

- F.Y. 1994: \$718,000 (\$418,000 Special Revenue) F.Y. 1995: \$724,000 (\$424,000 Special Revenue)

Forest Roads: The existing state forest road system is a capital asset worth more than \$10 million. This 2,000+ mile system of gravel roads provides access to the state's forest resources and supports 2 of the state's largest industries: forest products and tourism. Over 95% of state forest road use is for recreational purposes. Regular maintenance and resurfacing reduces the need for costly reconstruction in the future. Funding is needed to supplement dedicated motor fuels dollars for increased maintenance of the state forest road system and major bridge repair.

The supplement, in part, will come from the motor vehicle license revenues in the Highway User Tax Distribution Fund in the same manner that motor fuels revenues are distributed. The Governor is proposing legislation in this budget to dedicate a small portion of motor vehicle license and registration revenues to forest road maintenance. Using the same proportions of use assumed in the motor fuels distribution formula, license revenues available for state forest roads would include \$218,000 in F.Y. 1994 and \$221,000 in F.Y. 1995.

Similarly, the county land departments should share in the license revenues in the same manner as they share the gas tax revenues because they maintain a forest road system similar

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Forest Management
ACTIVITY:

ITEM TITLE: Focus on Forests
(Continuation)

to that of the state. The counties' share of the license revenues under the formula is \$200,000 in F.Y. 1994 and \$203,000 in F.Y. 1995.

- F.Y. 1994: \$300,000 F.Y. 1995: \$300,000

Forest Inventory: The previous statewide inventory methods that completed statewide surveys on 12-15 year cycles cannot meet current and future forest resource information needs. The new procedure will allow the state to maintain a data base of remeasurement observations and growth model estimates that are not more than one year old. This up-to-date information is critical to future industry development, environmental monitoring, and forest management. This investment is also needed to maintain/update the DNR's cooperative stand assessment (CSA): a stand-by-stand inventory critical for making sound site-specific management decisions on state-owned lands. Without continual maintenance and updating, the entire CSA would have to be redone at some point—a venture that cost the state \$7 million in the mid-1980's. Projected funding is for 170,000 acres of CSA fieldwork, 170,000 acres of CSA data processing, and 800 permanent forest inventory and analysis (FIA) plots in F.Y. 1994; and 164,000 acres of CSA fieldwork, 164,000 acres of CSA data processing, and 765 permanent FIA plots in F.Y. 1995.

- F.Y. 1994: \$570,000 F.Y. 1995: \$570,000

Generic Environmental Impact Statement (GEIS) Issues: The following components of this initiative are needed to address issues and recommendations which will likely come from the Generic Environmental Impact Statement (GEIS) process. Addressing these issues will be critical to the continued vitality of forest-related industries in the state. There will be significant additional recommendations from the GEIS when completed and released in 1993. Requested funding is for:

- **Water Quality Best Management Practices Implementation:** Includes education for loggers, contractors and foresters and field operations inspections.
- **Ecological Classification System:** Includes the integration of existing and new natural resources data bases into a common system and development of management tools which will support more comprehensive and integrated management of natural resources.
- **Implementation and Monitoring of Aesthetic Best Management Practices:** These practices are needed to protect the aesthetic, recreational, and tourism resources of the forest.
- **Identification and protection of cultural and historic resources.**
- **Biodiversity management training for the Department of Natural Resources (DNR) and other natural resource managers.**

The funding needs to carry out other mitigation strategies are uncertain pending the release of the final GEIS recommendations. Additional recommendations should become available during the legislative session. Funding needs could be developed at that time.

- F.Y. 1994: \$555,000 F.Y. 1995: \$555,000

Wildfire Protection: Increased annual up-front funding will enable the implementation of efforts which will result in the reduction of emergency expenditures and an overall savings in costs. Partnership efforts with local units of government and industry in fire prevention education can result in significant fire control cost savings. An additional contracted helicopter and more specialized ground equipment will help to reduce the size and costs of fires. Collections of suppression costs from fire law violators will increase \$250,000 or more per year by F.Y. 1995. Equipment and training grants to rural fire departments will enable the fire departments to better participate in wildfire suppression, resulting in less fire damage and suppression costs.

- F.Y. 1994: \$160,000 (Special Revenue) F.Y. 1995: \$160,000 (Special Revenue)

Restructuring Timber Sale Assistance to Non-Industrial Private Forest Landowners: Assistance to non-industrial forest landowners for timber sales should be established as a self-supporting revolving fund activity. Non-industrial private forest timber sales provide revenue to the landowner. Timber marking and harvesting technical assistance is available through private consultants within their identified service areas. The DNR has also provided this assistance to smaller landowners (less than 500 acres) to promote sound multiple resource management in situations where private consultant services are not available or economically viable. Historically, state technical assistance fees have not recouped costs and have been lower than average consultant costs.

A self-supporting timber sale technical assistance program will eliminate potential competition with new private consultant businesses. It will change the primary role of the DNR from providing technical assistance to private landowners to assuring availability of quality technical assistance through the private sector or the DNR. Additionally, it will maintain DNR technical assistance for the purpose of promoting sound multiple resource management where private consultants are unavailable. Current General Fund revenues of \$40,000 will revert to a revolving account and are projected to increase to a total of \$160,000 per year.

LONG-TERM IMPACT:

The *Focus on Forests* initiative addresses funding needs for the 1994-95 biennium for a number of critical, long-term investments. The state's forest assets will require continued investments in the 1996-97 biennium and beyond to assure continued growth in revenues from state forest land, decreased costs in maintaining forest assets over the long-term, and to realize long-term gains in efficiency and effectiveness for forest management and wildfire protection. Continued investments will result in a healthier economy; a healthier and more diverse forest capable of providing for the wide variety of the public's needs (e.g., clean water, sustainable forest ecosystems, wildlife habitat, recreation, aesthetics, wood products, etc.); and greater efficiency in the protection of lives, property, and natural resources from wildfire.

- **A Healthy Economy:** Since 1980, forest industry capital investments in Minnesota have totaled more than \$1.4 billion. Forest industries are projected to invest an additional \$2.3 billion between 1991 and 1997. Directly related to this is a projected annual increase in the statewide timber harvesting levels from 3.4 million cords in 1990 to 4.85 million cords by the

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Forest Management
ACTIVITY:

ITEM TITLE: Focus on Forests
(Continuation)

year 2000. The combination of increased timber harvests and capital investments will continue the rapid growth in the value of forest products manufactured in Minnesota from \$6.2 billion in 1990 to an estimated \$7.8 billion in 1993. Minnesota's forest products industries currently have payrolls of over \$2 billion and employ nearly 60,000 people. Continued growth in the forest products sector of our economy will be important for the long-term health and vitality of the state's economy. However, the long-term strength of the forest products industry is directly tied to the continued health and productivity of the state's forests. The long-term health and productivity of Minnesota's forests depends on the investments made today and in the years ahead.

- **Healthy and Diverse Forests:** The expected increase in forest industry-related economic activity is directly linked to our ability to sustain a higher level of harvesting while maintaining the long-term health and vitality of our forest ecosystems. Our ability to address environmental concerns embodied in the GEIS for Timber Harvesting and Forest Management will be a major determinant of how, if, and when additional forest industry development takes place.

A central focus of the GEIS on timber harvesting is developing a series of recommendations to address significant environmental impacts. As the lead forestry agency in Minnesota, the DNR will be responsible for examining the GEIS's major findings and recommendations within the context of existing policies and programs. Where needed, the DNR will develop and implement additional forestry initiatives, including development of, or adjustments to, policies and programs. The DNR's active involvement and leadership will be critical if the GEIS is to have an influential and long-term impact on the management of the state's forest resources in the future.

- **Wildfire Protection:** The investments presented for wildfire protection are necessary for achieving long-term efficiencies in the protection of lives, property, and natural resources. Major reductions in suppression expenditures will be possible by reducing the number and size of wildfires in the state through increased investments in wildfire prevention and presuppression efforts. The cost of wildfire suppression to the state would be further reduced through increased collection of suppression costs from responsible parties.

1994-95 Biennial Budget

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

This activity covers all the services provided by the Division of Forestry, with the exception of Firefighting and Youth Programs.

State Land Management is responsible for the stewardship of 4.5 million acres of state forest land. The division provides recreation facilities and hunting, fishing, and nature observation opportunities for Minnesota citizens and tourists. The sale of state timber contributes to the forest products economy and provides fuelwood for residents. The division maintains a state forest road system used by recreationists, loggers, and land managers. Silvicultural activities ensure healthy and productive forests for future generations. State forests also provide abundant fish and wildlife habitat and contribute to the conservation of biodiversity.

Cooperative Forest Management involves providing technical forestry advice to private forest landowners and communities. The Private Forest Management (PFM) Program provides direct assistance to about 6,000 landowners each year. Services to forest landowners include stewardship plans, reforestation, timber management, and assistance in qualifying for state and federal cost-share funds. The division also works with nearly 500 communities across the state to promote the planting and maintenance of trees and shrubs in urban areas. The division also provides forest management services for counties without county land departments.

Nursery and Tree Improvement involves operation of 2 tree nurseries and efforts to improve the genetic quality and productivity of nursery stock. The 2 state nurseries produce over 20 million seedlings per year for planting on public and private lands. Approximately 4,500 landowners purchase tree seedlings from the nursery each year.

Forest Resource Information and Planning provides services to the division, forest industries, and the public. Forest inventory data is provided to forest managers and to industries that are evaluating forest resource availability. Planning is conducted to ensure effective management of forest resources and to provide a means for citizens to influence future forest management direction. Students and others benefit from Project Learning Tree and other environmental education efforts.

BUDGET ISSUES:

Division of Forestry budget and staffing reductions over the past 5+ years have been severe--over 20% reduction in staffing [nearly 100 FTE's (full-time equivalency) since 1985]. As a result, the division has already implemented many innovative measures to reduce costs and increase efficiency. Staffing and budget reductions have affected every aspect of forest management programs and undermined the Department of Natural Resources' (DNR) responsibility to maintain the long-term health and productivity of Minnesota's forests. As the leader of the state's forestry community, there is particular concern about the DNR's ability to effectively address the *significant* environmental issues embodied in the soon-to-be-completed Generic Environmental Impact Statement

(GEIS) for Timber Harvesting and Management in Minnesota. Addressing the findings of the GEIS will significantly increase the cost of forest management in Minnesota.

To limit the impact of reduced budgetary resources on delivery of services, the division is proposing the following changes in how forest management services are provided:

- **Division Restructuring:** The division proposes to realign its structure, changing from 4 administrative levels to 3, resulting in the staffing reduction of 50 positions by F.Y. 1995 (combined total for Forest Management and Firefighting budget activities). Appropriately structured early retirement incentive programs would help minimize layoffs from the proposed restructuring. Additional consolidated office facility needs will be identified as part of the capital budget planning process for the 1994 session.
- **Stewardship Contracts:** Where feasible, institute competitive bidding for reforestation as "turn key" operations called stewardship contracts. Stewardship contracts could combine what are currently up to 3 separate, sequential competitive contracts (site preparation, planting, and release) into 1 comprehensive contract where final payment would be based on having an established plantation at the end of a specified period (e.g., 500 well-spaced trees free to grow at the end of 5 years).
- **Privatization of PFM Timber Sales:** The division plan is to offer assistance to non-industrial private forest landowners for timber marking and harvesting on a revolving fund basis, rather than supporting it through General Fund appropriations. This will promote the delivery of timber sales technical assistance by private consultants, while assuring that DNR-provided technical assistance will still be available to landowners where private consultants are not available. The possibility of a self-sufficient referral system will be explored through an independent organization, such as the Minnesota Forestry Association.
- **Reclassification:** Review the classification of nursery laborers to determine appropriate compensation for the level of skill required and analyze the benefits earned based on the short duration of employment. An alternative would be to contract the work with a private firm.

EFFICIENCY MEASURES:

	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Volume of state timber sold (thousand cords)	772	612	640	680
Agency cost per cord sold	\$2.58	\$2.92	\$2.75	\$2.60
Acres of state forest land treated	44,500	39,000	44,700	39,000
Acres treated per FTE	1,261	1,485	2,191	2,086
Acres of completed PFM plans and private forest land treated with PFM assistance	89,361	110,331	100,000	100,000
Acres PFM plans and treated per FTE	2,864	2,474	2,450	2,550
Tree seedlings produced (millions)	18.4	14.5	12.9	12.9
Cost per thousand seedlings	\$107	\$161	\$150	\$158

1994-95 Biennial Budget

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of
 (Continuation)

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated - General	\$ 235	\$ 228	\$1,054	\$1,101	\$ 1,147
Non-dedicated - Game and Fish	83	112	107	113	119
Non-dedicated - Agency	36	29	28	29	31
Dedicated - Special Revenue	3,740	4,231	3,177	3,234	3,396
Dedicated - Federal	1,698	2,310	2,115	1,684	1,633
Dedicated - Perm. School Trust	3,009	3,448	3,321	3,502	3,682
Dedicated - Gift	6	35	40	40	40
Total Revenue	\$8,807	\$10,393	\$9,842	\$9,703	\$10,048

General Fund and trust fund revenues are attributable to timber sales from state lands. (Most of the trust fund revenue is currently transferred to the General Fund to offset forest management costs). Special revenue fund earnings are about 2/3rds from forest nursery sales and 1/3rd from timber sales on consolidated conservation lands.

The division collects \$40,000 per year from delinquent timber sale accounts through the Attorney General's Office. When necessary, the division also seeks collection through setoffs against income and property tax refunds (M.S. 270A).

GRANTS:

■ **State Forest Improvement Program**

This grant is to the Board of Water and Soil Resources for distribution to eligible private forest landowners through selected soil and water conservation districts. The grants provide state cost-share assistance to non-industrial private woodland owners as an incentive to perform needed forestry practices which are not adequately cost-shared under federal programs. Statutory Authority: M.S. 88.79

General Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$120	\$120	\$114	\$114

■ **Hybrid Aspen/Larch Program**

This grant to the University of Minnesota College of Natural Resources supports hybrid aspen and hybrid larch research and development at the North Central Experiment Station at Grand Rapids. Statutory Authority: Laws of 1991, Chapter 254, Article 1, Section 5, Subdivision 4

Funds for the Hybrid Aspen/Larch Program in the 1994-95 biennium will be directly appropriated to the University of Minnesota.

General Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$343	\$343	-0-	-0-

■ **County Forest Roads**

A share of the state gas tax is dedicated as grants to counties with forest access roads to support forest road construction and maintenance. Statutory Authority: M.S. 89.70 and M.S. 296.421

Special Revenue Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$240	\$240	\$240	\$240

■ **Rural Community Fire Departments**

This program provides financial, technical, and other assistance to organize, train, and equip fire departments in rural areas and communities with a population under 10,000 for preventing and suppressing fires. The Department of Natural Resources disperses the federal rural community fire funds pursuant to M.S. 88.063, Public Law 95-313, Section 7.

Federal Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$134	\$264	\$200	\$200

■ **National Small Business Tree Planting Program**

For the purpose of making grants to communities, counties, and the state to contract with small businesses to plant trees on land owned or controlled by the state or local government (Public Law 101-515, Section 4).

Federal Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$191	\$257	\$250	\$250

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FOREST MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	16,658	17,408	18,002	18,280	17,444	18,402	18,280	17,414	17,139
EXPENSES/CONTRACTUAL SRVCS	5,336	5,242	6,533	5,167	5,231	6,593	5,179	4,945	6,586
MISC OPERATING EXPENSES	6,383	6,540	6,129	6,114	6,104	6,220	6,114	6,600	6,653
SUPPLIES/MATERIALS/PARTS	1,951	1,808	1,488	1,439	1,296	1,578	1,439	1,272	1,569
CAPITAL EQUIPMENT	320	230	335	335	350	335	335	335	335
OTHER	469	783	818	718	668	668	718	618	618
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	31,117	32,011	33,305	32,053	31,093	33,796	32,065	31,184	32,900
AIDS TO INDIVIDUALS			702	359	239	239	359	239	239
LOCAL ASSISTANCE	3,286	1,133	522	458	565	905	458	565	908
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	34,403	33,144	34,529	32,870	31,897	34,940	32,882	31,988	34,047
GOV'S INITIATIVES:									
(A) REALIGNMENT OF FIELD OFFICES									1,330
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING									<340>
(A) SALARY PLANNING ESTIMATES									<525>
(B) FOCUS ON FORESTS									2,000
(B) FOCUS ON FORESTS									578
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						3,043			2,059
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	23,724	22,195	22,935	22,959	21,774	24,579	22,971	21,785	23,260
MN RESOURCES	218	397	388		340				
STATE GOVT SPEC REV		193	1,057						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OPEN APPROPRIATIONS:									
GENERAL	4,557	4,552	4,540	4,540	4,540	4,540	4,540	5,040	5,040

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FOREST MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
GENERAL	31								
SPECIAL REVENUE	3,949	4,241	3,350	3,350	3,450	4,028	3,350	3,450	4,034
FEDERAL	1,920	1,556	2,219	1,981	1,753	1,753	1,981	1,673	1,673
GIFTS AND DEPOSITS	4	10	40	40	40	40	40	40	40
TOTAL FINANCING	34,403	33,144	34,529	32,870	31,897	34,940	32,882	31,988	34,047
POSITIONS BY FUND:									
GENERAL	371.6	376.7	373.2	373.2	327.2	330.2	373.2	323.2	326.2
MN RESOURCES	2.0	1.2	2.0		.5				
SPECIAL REVENUE	53.5	51.5	40.0	40.0	40.0	40.0	40.0	40.0	40.0
FEDERAL	8.1	1.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL POSITIONS	435.2	430.5	417.7	415.7	370.2	372.7	415.7	365.7	368.7

1994-95 Biennial Budget

BUDGET ACTIVITY: Firefighting
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

By statute, the Division of Forestry is charged with preventing and suppressing wildfires on public and private land in Minnesota. This responsibility encompasses some 45.5 million acres of land. The goal of the activity is to provide wildfire protection at the level necessary to avoid loss of life and, considering values at risk, minimize the potential for loss of property and natural resources on all lands.

Wildfire protection activities are classed into 3 categories: prevention, presuppression, and suppression.

- Prevention activities are designed to reduce the number of wildfires and minimize the damage caused by wildfires. Prevention includes activities such as education, regulation of open burning, and enforcement of state statutes. In Minnesota, 98% of all fires are caused by human activity. Increased development in rural areas (rural/urban interface) is increasing public safety risks and the potential for property damage. Various crop reserve programs have added to the fire potential in Minnesota.
- Presuppression activities are designed to prepare for the suppression of wildfires. Activities include training of firefighters and support personnel, developing and maintaining partnerships with local and national agencies that are involved in fire protection, operation of a statewide interagency wildfire coordination center, maintaining a national interagency fire cache which is located in Minnesota, precontract arrangements for ground and aerial suppression equipment, Department of Natural Resources' (DNR) fleet management charges for specialized fire equipment, maintenance of a radio communications network, developing mobilization and dispatching plans, and other activities to provide for effective suppression activities. Wildfire protection in Minnesota functions effectively because of partnerships with fire departments, federal agencies with wildfire responsibilities, and national partnerships.
- Suppression activities include the detection and suppression of wildfires. Detection is accomplished by planned aerial detection and some lookout towers. The goal of suppression actions is to provide fast, effective initial attack. Effective initial attack minimizes suppression costs and protects life, property, and natural resources. Effective suppression is accomplished by a balanced force of trained firefighters, support personnel, and aerial and ground equipment.

BUDGET ISSUES:

The current spending level does not allow for increases in wildfire prevention activities needed to reduce the number of wildfires and achieve major reductions in suppression expenditures.

Funding for presuppression activities will be maintained at current levels. However, funding at this level does not ensure fast, effective initial attack of wildfires. Effective initial attack is the major factor in reducing suppression costs by keeping fires small. An escaped fire can cost over a million dollars to suppress.

To limit the impact of reduced budgetary resources on delivery of service, the division is proposing the following changes in how wildfire protection activities are accomplished:

- The division will eliminate or hold vacant 46 positions in F.Y. 1994 and 50 positions in F.Y. 1995 (combined total for Firefighting and Forest Management budget activities).
- The division has proposed to replace the existing 4-level organizational structure with a 3-level organization to improve efficiency. Organizational restructuring would allow several wildfire protection changes to occur:
 - Dispatching efficiency would improve because of a reduction in the number of dispatch centers.
 - Rural wildfire protection dispatching areas would be created which would involve fire departments, federal agencies, townships, citizens, and other governmental entities. The dispatching areas would analyze wildfire protection needs, burning regulations, prevention methods, and other needs. There would be local involvement which would reduce the number of fires and costs.
 - Consolidated DNR headquarters would allow better sharing of equipment and personnel.
 - Increased numbers of areas would allow better coordination of protection resources.
 - The amount of time spent on records and reports would be reduced.
 - Consolidation of personnel would allow the development of specialists which would improve operational efficiency.
- Reductions in personnel will hamper the division's ability to directly respond to wildfires. Therefore, the development of wildfire protection partnerships will be stressed on a local level. Emphasis will be placed on fire department partnerships. When possible, field stations will become part of the mutual aid system. At times, investments will be necessary to allow fire departments to assist with wildfire protection due to their scarce resources. Part of the presuppression strategy is to place specialized wildfire equipment with fire departments.
- M.S. Chapter 88, which addresses the prevention and suppression of forest and grass fires, needs to be revised. A proposal will be presented to the legislature to modernize the language, to allow consistency with Minnesota Pollution Control Agency rules and regulations, to improve the ability to collect suppression costs from responsible people, and to help prevent wildfires.

EFFICIENCY MEASURES:

<u>Statistics</u>	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Protection acres (million acres)	45.5	45.5	45.5	45.5
Fires controlled	2,000	1,400	1,900	1,900
Acres lost	76,500	28,000	70,000	70,000
Air tanker contract days	90	90	90	90
Helicopter contract days	234	234	234	234
<u>Effectiveness</u>	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Average acres lost/fire	38	20	37	37
Number of fires	2,000	1,400	1,900	1,900

1994-95 Biennial Budget

BUDGET ACTIVITY: Firefighting
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of
 (Continuation)

F.Y. 1992 was a wet year. As a result, fire occurrence in F.Y. 1992 was well below the 5-year annual averages for the number of fires (1,900) and acres burned (70,000).

REVENUE:

This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Dedicated - General	\$248	\$169	\$200	\$200	\$200
Dedicated - Special	21	25	26	26	27
Dedicated - Federal	<u>268</u>	<u>169</u>	<u>200</u>	<u>200</u>	<u>200</u>
Total Revenue	\$537	\$363	\$426	\$426	\$427

The dedicated General Fund revenues are attributable to collections made from parties responsible for starting a fire, when the party can be identified. These revenues are rededicated to fire control costs.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FIRE FIGHTING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,870	2,324	1,739	1,740	2,640	2,625	1,740	2,640	2,625
EXPENSES/CONTRACTUAL SRVCS	2,179	1,620	1,766	1,766	2,166	2,166	1,766	2,166	2,166
MISC OPERATING EXPENSES	43	70	68	68	68	68	68	68	68
SUPPLIES/MATERIALS/PARTS	438	325	167	167	467	467	167	467	467
CAPITAL EQUIPMENT	5	5							
OTHER			<187>	<187>	<187>	<187>	<187>	<187>	<187>
SUBTOTAL STATE OPERATIONS	5,535	4,344	3,553	3,554	5,154	5,139	3,554	5,154	5,139
TOTAL EXPENDITURES	5,535	4,344	3,553	3,554	5,154	5,139	3,554	5,154	5,139
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
GEN									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	476	747	748	749	749	734	749	749	734
OPEN APPROPRIATIONS:									
GENERAL	4,540	3,250	2,400	2,400	4,000	4,000	2,400	4,000	4,000
STATUTORY APPROPRIATIONS:									
GENERAL	248	169	200	200	200	200	200	200	200
SPECIAL REVENUE	5	7	5	5	5	5	5	5	5
FEDERAL	266	171	200	200	200	200	200	200	200
TOTAL FINANCING	5,535	4,344	3,553	3,554	5,154	5,139	3,554	5,154	5,139

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FIRE FIGHTING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
POSITIONS BY FUND:									

GENERAL	65.4	52.6	22.5	22.5	22.5	22.5	22.5	22.5	22.5
FEDERAL	2.8	1.6	2.8	2.8	2.8	2.8	2.8	2.8	2.8
=====									
TOTAL POSITIONS	68.2	54.2	25.3	25.3	25.3	25.3	25.3	25.3	25.3

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1994-95 Biennial Budget

BUDGET ACTIVITY: Youth Programs
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

The Office of Youth Programs operates the Minnesota Conservation Corps (MCC) and Youth in Natural Resources programs.

MCC provides 2 primary services:

- meaningful work and educational experience for unemployed youth; and
- a quality, cost-effective workforce for accomplishing a wide variety of conservation projects.

The MCC has 2 components: 1) a summer youth program which employs 15-18 year olds, and 2) a year-round young adult program for 18-26 year olds. Hiring preference is given to those who are economically, socially, physically, or educationally disadvantaged and to protected classes. Participants develop self-esteem, self-management skills, a strong work ethic, new job skills and attitudes, and an awareness of the natural environment. In return, Minnesotans realize long-term environmental and economic benefits, including improved timber production, fish and wildlife habitat, trail and waterway systems, park and recreation resources, and work-prepared citizens. The MCC serves most DNR disciplines and other public agencies.

The Youth in Natural Resources Program is a career exploration program for youth of color. The Legislative Commission on Minnesota Resources-sponsored program (F.Y. 1992-93) provides 74 youth and staff with 8 weeks of training in career/education options related to natural resource management. Internships and tuition vouchers are also available.

Further, the Office of Youth Programs contracts with several agencies to provide services ranging from construction of the Superior Hiking Trail, to employment opportunities for hearing impaired youth, to assisting the Minneapolis Community College in field experience for its students of color.

BUDGET ISSUES:

The division's current spending level would require reducing the number of MCC summer youth employed by 17 in F.Y. 1994 and 20 in F.Y. 1995 and young adults employed by 7 in F.Y. 1994 and 10 in F.Y. 1995. There will also be a corresponding reduction in conservation project accomplishments.

EFFICIENCY MEASURES:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
No. of youth and young adults employed	255	238	214	208
Hours of service	175,341	160,504	144,319	140,273
Cost per hour of public service received (includes all operational/administrative costs)	\$9.28	\$10.06	\$10.46	\$10.36
Estimated value of work accomplished (\$000s)	\$1,789	\$1,777	\$1,661	\$1,598

REVENUE:

This activity generates dedicated revenue.

Type of Revenue:	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Dedicated - Special	\$29	\$17	\$54	\$54	\$54
Dedicated - Gift	<u>13</u>	<u>0</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total Revenue	\$42	\$17	\$71	\$71	\$71

GRANTS:

Legislative Commission on Minnesota Resources - Youth in Natural Resources: To develop a career exploration program for minority youths and to test their occupational interests, skills, and aptitudes (Laws of 1991, Chapter 254, Section 14).

Amount available for grants	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Amount available for grants	\$128	\$12	0	0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: YOUTH PROGRAMS

ACTIVITY SUMMARY	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,218	1,406	1,546	1,465	1,444	1,608	1,465	1,444	1,689
EXPENSES/CONTRACTUAL SRVCS	223	163	176	161	161	172	162	162	174
MISC OPERATING EXPENSES	42	36	43	34	34	45	34	34	45
SUPPLIES/MATERIALS/PARTS	83	103	76	41	37	63	41	37	71
CAPITAL EQUIPMENT	54	19	7	7	7	7	7	7	7
OTHER	11	13	14	14	14	14	14	14	14
SUBTOTAL STATE OPERATIONS	1,631	1,740	1,862	1,722	1,697	1,909	1,723	1,698	2,000
LOCAL ASSISTANCE		128	12			72			72
TOTAL EXPENDITURES	1,631	1,868	1,874	1,722	1,697	1,981	1,723	1,698	2,072
GOV'S INITIATIVES:									
(A) DNR WORKFORCE 2000 PROGRAM						246			302
(A) SALARY PLANNING ESTIMATES						<27>			<27>
(A) SALARY PLANNING ESTIMATES						<10>			<10>
(A) SALARY PLANNING ESTIMATES						<10>			<10>
(B) RESTORE MCC FUNDING LEVELS						85			119
TOTAL GOV'S INITIATIVES						284			374
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	969	979	996	998	973	1,277	999	974	1,368
MN RESOURCES	18	276	154						
NATURAL RESOURCES	303	298	331	331	331	321	331	331	321
GAME AND FISH	287	296	322	322	322	312	322	322	312
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	46	15	54	54	54	54	54	54	54

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: YOUTH PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GIFTS AND DEPOSITS	8	4	17	17	17	17	17	17	17
TOTAL FINANCING	1,631	1,868	1,874	1,722	1,697	1,981	1,723	1,698	2,072
POSITIONS BY FUND:									
GENERAL	49.7	46.2	54.6	54.6	45.3	68.1	54.6	41.6	68.1
MN RESOURCES	2.2	7.9	9.4						
NATURAL RESOURCES	17.5	21.7	20.2	20.2	20.2	20.2	20.2	20.2	20.2
SPECIAL REVENUE	1.6	.8	5.3	5.3	5.3	5.3	5.3	5.3	5.3
GAME AND FISH	23.4	.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
GIFTS AND DEPOSITS			1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL POSITIONS	94.4	98.6	112.0	102.6	93.3	116.1	102.6	89.6	116.1

1994-95 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The mission of the Division of Parks and Recreation is to work with the people of Minnesota to provide a state park system which preserves and manages Minnesota's natural, scenic, and cultural resources while providing appropriate recreational and educational opportunities.

The state park system is an important factor in Minnesota's quality of life and a key element of Minnesota's tourism industry.

State parks preserve and protect a great variety of natural wonders, including relict old-growth forests, the state's highest waterfall, the headwaters of the Mississippi River, several natural national landmarks, some of Minnesota's last remaining native prairies, and rare calcareous fens. Cultural resources preserved include ancient bison kill sites, native American village sites, early settlement ghost towns, Indian conflict battle sites, historic iron mines, and old mills.

This program provides for the management, maintenance, operation and development of 230,600 acres of outstanding natural resources that comprise 66 state parks, 17 waysides, and 1 state trail. This responsibility is accomplished with only 211 full-time people. This permanent staff is assisted by approximately 540 seasonal and part-time employees and 40 needy/elderly people employed under a contract with Greenview, Incorporated. This staff maintains and operates the park system's 4,000 campsites, 900 miles of trails, 93 picnic areas, 911 buildings, 260 miles of road, 60 boat accesses, and all other physical developments. The division also provides low-key law enforcement, operates and leases concessions, provides night security services, conducts environmental education and interpretive programs for park visitors, and manages parks' natural resources.

The state's investment in this excellent state park system must be maintained to make sure that Minnesota's outstanding natural, cultural, and scenic resources; quality of life; and diverse economy are preserved.

State parks contribute to the goals of the Department of Natural Resources' Directions 1993 and Minnesota Milestones as follows:

- Minnesotans will act to protect and enhance their environment.
Minnesota's environment will support a rich diversity of plant and animal life.
We will have opportunities to enjoy our outdoor recreation resources.
Use natural resources to create and share wealth for Minnesota.
Minnesota citizens will understand environmental issues and make sound environmental decisions.
People will believe their participation in government is meaningful.

PROSPECTS:

The state park system's operating needs continue to expand with increased public use, aging park facilities, public demand for new park activities, and the need to preserve outstanding natural and cultural resources.

A 44% increase in visitor use from 1986-91, plus much heavier use during the winter season, has taxed parks' staff and facilities beyond their capabilities.

The largest growing segment of the population between 1993 and 2010 will be persons 40 to 60 years old. With more leisure time to spend close to home and higher expectations for comfort and services, the type of activities these visitors demand will change. They will require more hiking and biking trails, fishing opportunities, and improved roads for pleasure driving.

State funding deficiencies and cuts have seriously eroded the ability to serve an increasing and more demanding clientele. Although many cost-saving measures have been implemented, it is impossible to maintain acceptable levels of service to the public, contribute to the state's tourism economy, maintain the physical plant, manage park resources, provide adequate training for park employees, and generate appropriate revenues without additional staff and funding.

The division is also faced with the need to improve its cultural and natural resource management programs which are responsible for maintaining and preserving the unique resources found within state parks.

A quiet crisis is emerging within the state park infrastructure. We need to maintain our state park landmarks: historical buildings, archaeological sites, and natural areas. Many of the most significant landmarks are deteriorating from excessive use. Over the years, increased use and absence of maintenance programs have led to serious deterioration of park facilities. Roads, buildings, structures, trails, and campgrounds have deteriorated to the point where some are closed and more will be closed in the future unless we take corrective action. Funds are urgently needed to maintain and enhance park facilities and the cultural and natural landmarks which are the cornerstone of Minnesota state parks.

OUTCOMES AND OBJECTIVES:

The Division of Parks and Recreation delivers many valued outcomes to the people of Minnesota. The goals and outcomes include:

- Goal: Minnesotans will act to protect and enhance their environment.

Indicator: Number of resource management projects conducted in state parks.

Table with 8 columns: C.Y. 1970, C.Y. 1980, C.Y. 1990, C.Y. 1995, C.Y. 2000, C.Y. 2010, C.Y. 2020, # of projects. Values: N/A, N/A, 40, 40, 60, 80, 100.

The number of resource management projects conducted in state parks is an indicator of successful preservation of those resources. Successful preservation is achieved through the expansion of resource management projects.

- Goal: Minnesota's environment will support a rich diversity of plant and animal life.

Indicator: Land area in state parks.

1994-95 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of
 (Continuation)

	<u>C.Y. 1970</u>	<u>C.Y. 1980</u>	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Acres of land in state park ownership (thousands)	136	204	207	213	219	225	231

About 10% of the 230,600 acre state park system is still privately owned (within statutory boundaries). The goal is to acquire the remaining 23,600 acres by the year 2020.

Indicator: Number of state parks with completed cultural and natural resource inventories.

	<u>C.Y. 1970</u>	<u>C.Y. 1980</u>	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
# inventories	0	0	0	5	10	15	20

Completed natural and cultural inventory for a state park will provide baseline information on the species, communities, and cultural resources found in that park. In order to better manage and preserve these resources, we need to locate and identify (inventory) the resources.

- **Goal:** We will have opportunities to enjoy our outdoor recreation resources.

Indicator: Number of people participating in recreational opportunities offered in state parks.

	<u>C.Y. 1970</u>	<u>C.Y. 1980</u>	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
# of visitor occasions (millions)	5.8	5.9	8.0	8.1	8.2	8.5	N/A

The present 8 million annual park visits will continue to grow. The variety of recreational opportunities desired by these visitors will also continue to increase.

Indicator: Number of state park facilities.

	<u>C.Y. 1970</u>	<u>C.Y. 1980</u>	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Total no. of facilities	1,700	2,100	2,350	2,500	2,750	2,900	3,150

The number of recreational facilities in state parks expanded rapidly in the late 1970's, but slowed in the 1980's and 1990's. This slower, but continued growth is expected to continue in the near future. Public demand for new recreational facilities and opportunities will continue to grow faster than land acquisition, development, and maintenance/operation funding.

Indicator: Number of existing state park facilities which need to be rehabilitated, restored, replaced, or reconstructed.

C.Y. 1990 C.Y. 1995 C.Y. 2000 C.Y. 2010 C.Y. 2020

Projects needed 200 200 200 250 300

Itasca State Park was 100 years old in 1991. Many state park facilities are over 50 years old. The intensive use that state park facilities receive and their age will require more investment in facility rehabilitation, restoration, replacement, and reconstruction in the future.

Indicator: Number of state park customers who are satisfied with the quality or service provided.

	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
% of satisfied state park customers	98	98	98	98	98

A 1988 survey of Minnesotans on their attitudes, perceptions, and use of Minnesota state parks concluded that 94% of the visitors to state parks enjoyed their stay and 98% would return. The goal is to maintain this high level of customer satisfaction.

Indicator: Percent of state park minimum operating standards achieved.

	<u>F.Y. 1990</u>	<u>F.Y. 1992</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>	<u>F.Y. 2010</u>	<u>F.Y. 2020</u>
% of standards achieved	95	80	100	100	100	100

In 1990, the Parks and Recreation Division established minimum standards for maintenance and operations of state parks. This system provides a means to establish budgets, allocate funds equitably to each park, communicate management expectations, and evaluate park staff performance. The goal is to achieve minimum standards to provide appropriate recreational and educational opportunities while preserving outstanding resources.

- **Goal:** Use natural resources to create and share wealth for Minnesota.

Indicator: Economic impact of state parks.

	<u>C.Y. 1970</u>	<u>C.Y. 1980</u>	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Millions of dollars	\$35	\$77	\$202	\$217	\$221	\$229	N/A

State parks pay for themselves when you consider the overall economic benefits. In 1991, state park-related expenditures generated \$215 million in business activity for Minnesota and supported over 3,400 full- and part-time jobs. This information is from the "Significance of State Park Visitors' Expenditures to the State and Regional Economics in Minnesota" study conducted by the Department of Natural Resources' Office of Planning.

Indicator: Number of community-based special events conducted in state parks.

	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Number of special events	92	120	135	145	160

Special events conducted in state parks introduce new "customers" to their state park system and economically and socially benefit that local community. The goal is to encourage more special events in our state parks.

1994-95 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of
 (Continuation)

- **Goal:** Minnesota citizens will understand environmental issues and make sound environmental decisions.

Indicator: Number of people participating in formal environmental learning experiences in state parks.

	<u>C.Y. 1990</u>	<u>C.Y. 1992</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Attendance at state park interpretive activities (thousands)	620	670	710	750	800	850

As awareness of environmental problems increases, public demand for experiences and knowledge about resources and issues continues to increase. The goal is to meet the public demand and to implement a 1990 law which requires environmental education opportunities for all Minnesotans.

- **Goal:** People will believe their participation in government is meaningful.

Indicator: Number of projects in the Park Partners Program.

	<u>C.Y. 1990</u>	<u>C.Y. 1992</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Number of projects	0	5	15	30	45	60

The "Park Partners" Program (adopt-a-park) was created by the legislature to foster the involvement of citizens and the business community to "partner" with a state park to complete projects or initiatives which benefit the partner and the state park. The goal is to expand this program and increase the number of "Park Partners."

Indicator: Number of state park citizens advisory groups actively involved in state park planning and management decisions.

	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Number of advisory groups	19	24	29	34	40

Citizen advisory groups help to establish a base for community involvement and support for their local state park which benefits the local economy, the general public, and the administrator of the state park. The goal is to expand cooperation and partnership with the people in the management of the state parks.

In recent years, 3 new state parks have been created: Hill Annex Mine (1989), Grand Portage (1989), and Glendalough (1991). These parks have added to the diversity of recreational opportunities provided in state parks and preserved some tremendous natural resources, but adding these new state parks has also increased the fiscal demands on an already stressed state park budget.

REVENUE:

This program generates dedicated and non-dedicated revenue.

Type of Revenue:	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Non-dedicated - General	\$5,592	\$5,673	\$5,800	\$5,466	\$5,234
Dedicated - Special	2,052	1,899	1,975	2,047	2,117
Dedicated - Gift	59	20	36	36	36
Total Revenue	\$7,703	\$7,592	\$7,811	\$7,549	\$7,387

The Agency Plan will impact the amount of receipts generated in the Parks and Recreation Program due to shorter camping seasons. The estimated loss to the General Fund is \$500,000 in F.Y. 1994 and \$800,000 in F.Y. 1995.

GRANTS:

Thomas Sadler Roberts Bird Sanctuary: Appropriation from the Environment and Natural Resources Trust Fund for a grant to the Minneapolis Park and Recreation Board to restore and improve public access to the Thomas Sadler Roberts Bird Sanctuary (Laws of 1991, Chapter 254, Section 14).

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Environmental Trust Fund	\$50	0	0	0

PROGRAM PLAN:

The financial challenge faced by the division from the targeted General Fund reduction and the absorption of inflation costs is almost \$4 million. The division's operating plan calls for allocating funds to protect Minnesota state parks' resources and provide the most services at the major, most heavily used parks. This will allow the division to serve the largest number of visitors, while protecting and managing Minnesota's unique natural, cultural, and scenic resources.

The division has reviewed region and central office budget allocations and has shifted resources from these areas, where appropriate, to the parks. Even after these shifts, park unit funding will be well below base level to operate all parks at a minimally acceptable level.

At the highest ranked parks (levels 4 and 5):

- Resource and facility protection will be reduced to 75% in F.Y. 1994 and F.Y. 1995.
- Full camping services, including reservations, will be available Memorial Day to Labor Day. Full camping services, including reservations, will be eliminated for the fall, winter, and spring.
- Full public contact services and fee collection will be available Memorial Day to Labor Day in F.Y. 1994. These services will be available at 10 of 14 parks during the fall, winter, and spring in F.Y. 1995.
- Trail maintenance will be reduced to 75% in F.Y. 1994 and F.Y. 1995.

At the next grouping of 20 parks (level 3):

- Resource and facility protection will be funded at 75% in F.Y. 1994 and F.Y. 1995.
- Full camping services, including reservations, will be available Memorial Day to Labor Day.
- Picnic area maintenance and other day-use services will be severely reduced during the fall, winter, and spring in F.Y. 1994 and F.Y. 1995.
- Full public contact services and fee collection will be available Memorial Day to Labor Day. Public contact services will be reduced to 50% in F.Y. 1994 and fee collection will be a self-service honor system during the fall, winter, and spring in F.Y. 1995.
- Trail maintenance will be reduced to 50% in F.Y. 1995.

1994-95 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of
(Continuation)

At the next grouping of 10 parks (level 2):

- Resource and facility protection will be reduced to 50% in F.Y. 1995.
- Primitive camping only, with no reservations accepted, will be offered at less than 20% of the sites year-round.
- Public contact services and fee collection will be reduced to 50% Memorial Day to Labor Day in F.Y. 1994. Public contact services will be eliminated and fee collection will be a self-service honor system only year-round in F.Y. 1995.
- Trail maintenance will be reduced to 50% in F.Y. 1994 and F.Y. 1995.

The next 2 groupings of parks (level 1 and tech parks) will continue to run at a severely restricted public service level:

- Resource and facility protection will be reduced to 50% in F.Y. 1994 and F.Y. 1995.
- Primitive camping only, with no reservations accepted, will be offered at less than 20% of the sites year-round.
- Picnic area maintenance and other day-use services will be severely reduced year-round.
- Public contact services will be eliminated and fee collection will be a self-service honor system year-round.
- Trail maintenance will be reduced to 25%.

This plan factors in the utilization of a state work training program to assist unemployed and underemployed state residents to gain temporary work experience in state agencies. The wage scale for this position would be significantly lower; e.g., \$5.00 to \$7.00 per hour (versus current wage rates of \$9.35 to \$12.32 per hour, plus fringe benefits up to 30%). Potential annual savings from immediate full implementation of the program would be \$1,125,000. An alternative plan would call for implementation of the work training plan through attrition. Under this alternative, savings would be \$400,000 in F.Y. 1994, \$885,000 in F.Y. 1995, and \$1,125,000 in F.Y. 1996 and beyond.

The plan also projects an increased payroll obligation for the division due to the implementation of the Hay study. Programmatic changes in parks due to the study have not been factored in, however.

The division is looking at the option of contracting services in areas where cost savings might be attained while maintaining acceptable quality of service.

In addition, the department is looking at consolidation of regional/area offices to provide better management and customer services.

Legislative Commission on Minnesota Resources Recommendations:

State Park Betterment: This project provides funds to develop, improve, and rehabilitate state park facilities to meet growing user demand as well as prevent further deterioration of outstanding historically significant structures.

\$3,000,000 - Environment and Natural Resources Trust Fund

GOVERNOR'S RECOMMENDATION:

As part of his environmental initiative, the Governor recommends restoring \$1,666,000 for the biennium to the parks division budget to maintain services at current levels and mitigate the impacts to parks customers that are described in the agency plan. The Governor supports implementation of the work training program, but provides an additional \$1 million in resources so that the work

training program can be phased in through normal attrition and avoid impacting current employees.

The Governor further recommends converting the Douglas Lodge complex to a self-supporting activity in the Special Revenue Fund. This proposal would shift \$446,000 in non-dedicated General Fund revenue to the Special Revenue Fund and shift approximately \$635,000 in General Fund lodge complex operating costs to the Special Revenue Fund, freeing up these funds for general operations.

An additional component of the Governor's environmental initiative is to provide significant new parks funding through LCMR funding sources. The Governor recommends \$4.5 million from the Environmental and Natural Resources Trust Fund for state parks rehabilitation and betterment, to be expended based on the division's prioritized capital spending plan. The Governor further recommends an additional \$5 million from the Minnesota Future Resources Fund to be granted to the Metropolitan Council for distribution to metropolitan park operating agencies in accordance with the regional system's capital improvements planning process. These recommendations build upon the commission's allocations in an area that is an environmental priority for the Governor. See the LCMR section the Environment and Natural Resources budget volume for overall comparison of the commission's recommendations with the Governor's proposals.

In a related matter, the Governor recommends the transfer of \$4,476,000 from the Department of Trade and Economic Development (DTED) to the DNR for grants to the Metropolitan Council for support of operations and maintenance costs of the metropolitan parks operating agencies. This transfer of oversight responsibilities is designed to consolidate state funding for local and state parks in one agency to facilitate strategic planning and decision making regarding state support for parks and recreation.

The Governor recommends a legislation change converting the land acquisition account to a statutory appropriation. Estimated funds available for the biennium total roughly \$562,000.

Program funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: PARKS & RECREATION MGMT
ACTIVITY: PARKS & RECREATION MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	14,044	14,337	15,302	15,439	14,422	15,661	15,439	14,422	15,751
EXPENSES/CONTRACTUAL SRVCS	2,871	3,061	2,477	2,154	2,604	2,154	2,161	2,161	2,161
MISC OPERATING EXPENSES	960	910	971	971	971	971	971	971	971
SUPPLIES/MATERIALS/PARTS	2,408	2,295	2,862	2,764	2,822	2,977	2,764	2,822	3,093
CAPITAL EQUIPMENT	330	172	20	20	20	20	20	20	20
OTHER	574	437	614	84	2,634	4,941	84	84	289
SUBTOTAL STATE OPERATIONS	21,187	21,212	22,246	21,432	23,473	26,724	21,439	20,480	22,285
LOCAL ASSISTANCE	4	58				7,238			2,238
TOTAL EXPENDITURES	21,191	21,270	22,246	21,432	23,473	33,962	21,439	20,480	24,523
GOV'S INITIATIVES:									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<3,000>			
(A) RESTORE PARKS DAY USE, CAMPING, MAINT						505			1,161
(A) SALARY PLANNING ESTIMATES						<469>			<469>
(A) SALARY PLANNING ESTIMATES						<2>			<2>
(P) ITASCA DOUGLAS LODGE ENT STARTUP						635			635
(P) PHASE IN WORK TRAINING PROGRAM						725			275
(B) LAND ACQUISITION RECEIPTS						357			205
(B) TRANSFER METRO PARKS FROM DTED						2,238			2,238
(B) STATE PARK BETTERMENT & ACQUISITION						4,500			
(B) METRO REGIONAL PARKS & TRAILS						5,000			
TOTAL GOV'S INITIATIVES						10,489			4,043
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		50			3,000		4,500		

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: PARKS & RECREATION MGMT
ACTIVITY: PARKS & RECREATION MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	17,542	18,752	19,237	19,181	18,222	21,221	19,188	18,229	21,434
MN RESOURCES	215	90	80			5,000			
NATURAL RESOURCES	1,023	720	1,267	589	589	587	589	589	587
STATUTORY APPROPRIATIONS:									
GENERAL		18							
SPECIAL REVENUE	2,172	1,615	1,626	1,626	1,626	2,618	1,626	1,626	2,466
IRON RANGE R & R	198								
FEDERAL	1	5							
GIFTS AND DEPOSITS	40	20	36	36	36	36	36	36	36
TOTAL FINANCING	21,191	21,270	22,246	21,432	23,473	33,962	21,439	20,480	24,523
POSITIONS BY FUND:									
GENERAL	404.3	384.1	388.5	388.5	327.3	379.5	388.5	308.0	379.5
NATURAL RESOURCES	1.6	1.1	1.8	1.8	1.8	1.8	1.8	1.8	1.8
SPECIAL REVENUE	9.0	7.4	9.2	9.2	9.2	9.2	9.2	9.2	9.2
FEDERAL			.3	.3	.3	.3	.3	.3	.3
GIFTS AND DEPOSITS			.2	.2	.2	.2	.2	.2	.2
TOTAL POSITIONS	414.9	392.6	400.0	400.0	338.8	391.0	400.0	319.5	391.0

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Recreation Management
ACTIVITY:

ITEM TITLE: Douglas Lodge Complex: Self-Sustaining Operations

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$635	\$635	\$635	\$635
- Douglas Lodge	\$(635)	\$(635)	\$(635)	\$(635)
Special Revenue Fund				
- Douglas Lodge	\$635	\$635	\$635	\$635
Revenues: (\$000s)				
Genl Fund-Non-Dedicated	\$(223)	\$(223)	\$(223)	\$(223)
Special Revenue Fund	\$339	\$377	\$385	\$390

Statutory Change? Yes X No _____

If yes, statute affected: M.S. 85.05, M.S. 85.22

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Douglas Lodge Complex within Itasca State Park be open and operating for the full term of the visitor season and on a self-sustaining basis through the State Parks Working Capital Account in the Special Revenue Fund.

The Douglas Lodge Complex in Itasca State Park consists of Douglas Lodge, Nicollet Court, the Clubhouse, 19 rental cabins, Brower Inn, and 2 gift shops. Food service is offered in Douglas Lodge and Brower Inn. Business and revenue is lost every year due to fluctuating General Fund appropriations which result in late openings and early closures. Improved service could be provided and revenues generated by stabilizing the opening and closing dates of the lodge complex. This could be done by dedicating lodge revenues to the State Parks Working Capital Account. This initiative would be handled on a trial basis for the 1994-95 biennium. This request is made contingent upon implementation of the training position initiative.

Currently, the revenues and expenditures from Douglas Lodge operations are accounted for both in the General and Special Revenue Funds. Consolidating revenues and expenses will put the complex on a more business like basis creating incentives for more efficient operations.

PROGRAM OUTCOMES:

The additional revenue would result in an earlier operating date and a later closing date for the Douglas Lodge Complex. This would eliminate many complaints, greatly improve service, and enhance revenues. The creation of an operating revolving account within the State Parks Working Capital Account would allow the lodge complex to establish consistent seasons and would free it from dependence on the General Fund. Beginning in F.Y. 1994, lodging revenues (\$223,000 in 1991) would be deposited in the State Parks Working Capital Account and not in the General Fund.

LONG-TERM IMPACT:

In the long term, the Douglas Lodge Complex in Itasca State Park will operate throughout the Minnesota tourist season on its own working capital revolving account. This would mean the lodge complex would be operated on sound business practices. It would also make General Fund monies available for the rest of the park system.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Recreation Management
ACTIVITY:

ITEM TITLE: State Park Rehabilitation, Development and Acquisition

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Env. & Nat. Res. Trust				
- State Operations	\$4,500	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$4.5 million be appropriated for state park acquisition and betterment from the Environment and Natural Resources Trust Fund as part of his environmental initiative. The division has identified capital improvement, rehabilitation and acquisition needs in excess of \$60 million. The administration will attempt to address the long term needs of the park system as part of the strategic capital budget planning process for the 1994 session.

These funds will be used to improve park facilities across the state. Projects will be done in priority order. Emergency projects will also be accomplished as the need arises. High priority inholdings will be acquired.

PROGRAM OUTCOMES:

Previous betterment and acquisition funds have been used to develop and rehabilitate state park facilities to meet growing user demands as well as prevent deterioration of outstanding historically significant structures. Acquisition of inholdings has protected significant natural and cultural resources.

LONG-TERM IMPACT:

Betterment of state park facilities and acquisition of lands within state park boundaries protects statewide significant resources which serve over 8 million visitors each year.

If inholdings are not acquired and existing facilities are not protected, future costs will be significantly higher.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Recreation Management
ACTIVITY:

ITEM TITLE: Metropolitan Regional Parks and Trails

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
MN Future Resources Fund	\$5,000	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No _____

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$5,000,000 from the Minnesota Future Resources Fund to the Department of Natural Resources for the Metropolitan Regional Park System. The department will make a grant in this amount to the Metropolitan Council for this purpose. The Governor recommends this appropriation for the first year be available for both years of the biennium.

In 1974, the legislature created the Metropolitan Parks and Open Space Commission to advise and assist the Metropolitan Council in carrying out its park responsibilities. The intent was to establish the system planning and funding responsibilities at the metropolitan level, but to use the operational expertise already existing at the county and municipal levels for acquiring, developing and operating a regional park system. The Act requires the Council to develop and adopt a policy plan and regional recreation open space system plan defining general locations of sites needed to meet the future recreation open space needs of the metropolitan area. This plan must include a 5 year Capital Improvement Program for acquisition and development policies needed to implement the system. Following adoption of the regional plan, each special park district, county or municipality prepares master plans of specific sites. The approved master plans become the basis for acquisition, development and operation of the regional park.

The Legislative Commission on Minnesota Resources has recommended numerous park projects with appropriations going to various constituent members of the regional park system. The total amount of these recommendations is \$4,979,000. The Governor believes that any funding for regional parks should go to the Metropolitan Council to be allocated according to the strategic planning process described above.

PROGRAM OUTCOMES:

The program outcomes from the funds recommended by the Governor will be spelled out in the

policy plan and regional recreation open space system plan prepared by the Metropolitan Parks and Open Space Commission.

LONG-TERM IMPACT:

The long-term impact also will be identified in the regional recreation open space system plan. The Governor will further address the role of state support of this plan in future capital budgets and biennial budgets.

PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The Department of Natural Resources' (DNR) Trails and Waterways Unit provides Minnesotans and visitors with access to the state's many lakes, streams, and river corridors and to natural, cultural, historic, and recreational facilities and amenities located within and along trail corridors and adjacent to public waters. This program provides a broad range of outdoor recreation facilities throughout Minnesota including hiking, bicycling, snowmobiling, cross-country skiing, all-terrain vehicle (ATV) riding, and horseback riding trails; river recreation facilities; fishing piers and shore access facilities; and public water access sites.

The objective of the program is to provide opportunities to access and enjoy Minnesota's natural resources in a safe and responsible manner, to protect and enhance the natural environment, and to promote local and regional economic development.

Specifically, this program:

1. Provides grants and technical assistance for construction, maintenance, and winter grooming of snowmobile, ATV, and cross-country ski trails to local units of government.
 - Snowmobile: 12,847 miles
 - ATV: 112 miles
 - Cross-country Ski: 1,013 miles
2. Manages and maintains 1,011 miles of state trail. Plans, acquires, and develops additional off-road trail miles for hiking, bicycling, snowmobiling, and horseback riding. Ensures access for disabled trail users.
3. Provides some technical assistance and funding for the development and maintenance of DNR unit trails within state parks and state forests.
4. Manages and maintains 2,865 miles of river recreation routes. Acquires and develops river access points, campsites and picnic areas, canoe portages, and rest areas. Removes river safety hazards such as snags, piers, pilings, and lowhead dams.
5. Manages and maintains 1,360 public water access sites. Plans, acquires, and develops additional public water accesses on high-priority lakes and rivers throughout Minnesota.
6. Manages and maintains 140 public fishing piers and numerous shore access sites in cooperation with local units of government. Constructs facilities on priority lakes and rivers.
7. Implements recommendations for Lake Superior contained in the *North Shore Harbors Plan* (North Shore Management Board, 1991).
8. Provides interpretive and visitor services information along trails, canoe routes, and at water access sites and fishing piers.
9. Convenes Minnesota's Clean Rivers Project and administers the DNR's Adopt-a-River Program.
10. Provides maps, brochures, and other information which highlights trail and water-related recreational opportunities provided by the DNR's Trails and Waterways Unit.

PROSPECTS:

Additional Trail Facilities: Surveys conducted for the 1990 Statewide Comprehensive Outdoor Recreation Plan (SCORP) suggest that trail-related recreational activities (e.g., walking, hiking, bicycling, nature observation) are among the most popular and fastest growing outdoor activities among adult Minnesotans. The surveys conducted by the DNR's Office of Planning in 1988-89 show that respondents place a high priority on continued trail development. Results of a January, 1991, telephone survey conducted by University of Minnesota researchers showed that nearly 90% of adult Minnesotans had participated in some sort of trail-related recreational activities within the previous year (College of Natural Resources, unpublished research by Professor Dorothy Anderson, 1991). Trail mileage data provides an indicator of recreational opportunity by geographic region, by activity type, and by trail administrator. Additional trail development is needed to accommodate increased numbers of trails users, to better distribute trail use, to connect existing trails and recreation facilities, and to ensure a balanced, statewide distribution of trail recreation opportunities.

Additional Public Water Access Facilities: With over 12,000 lakes and 90,000 miles of streams and rivers, Minnesota truly offers a wealth of water-based recreation opportunities. Providing access to these waters for public use and enjoyment is essential to unlocking their tremendous potential for meeting fast-growing outdoor recreation demands. The 1990 SCORP projects that water-based recreation will comprise fully 28% of the total increase in outdoor recreation demand expected by the year 2000. The Trails and Waterways Unit is committed to ensuring free and adequate access to public waters for current and future generations of Minnesotans.

Lake Superior Harbors: Recent surveys conducted by the University of Minnesota in 1988 show that Minnesota boaters would like to boat more often on Lake Superior, but they feel the lake lacks safe, protected harbors and sufficient public access (or boat launch) sites. This facility shortage serves as a barrier to wider recreational use of Lake Superior. Harbor development is needed to remedy this facility shortage and promises to stimulate local economic activity and tourism. It is estimated that operation of the completed system of harbors will contribute approximately \$1.2 million annually to the region's economy and employ about 30 full-time workers once the harbors are completed.

Volunteer River Cleanup: By removing trash along sections of Minnesota's waterways, volunteers improve the health and restore the natural beauty of these once majestic rivers. Volunteers rediscover this hidden beauty and begin to appreciate the severity of this problem by the quantity of debris that society has dumped along its riverbanks. The Adopt-A-River Program seeks to instill greater respect for our natural world through this working/learning experience and to empower Minnesotans to play a more active role in caring for the state's river resources.

Economic Impact of Water-Based Recreation: Managing water for outdoor recreation has economic implications much as does water use for consumptive (commercial or industrial) purposes. Water use for outdoor recreation has far-reaching economic effects on income, employment, tax revenues, and other economic variables which can be quantified and reported. This translates into a very significant part of Minnesota's multi-billion dollar per year outdoor recreation industry (source: *Significance of Water-Related Outdoor Recreation to the State and Regional Economies of Minnesota*, Department of Natural Resources' (DNR) Office of Planning, 1987).

The Trails and Waterways Program addresses the following *Minnesota Milestones* with the indicators listed below:

- **Goal:** Minnesotans will have the opportunity to enjoy the state's natural resources.
 - Minnesota Milestone:** Miles of recreational trail.
 - Minnesota Milestone:** Number of public access sites on Minnesota lakes and rivers.

Additional Trails and Waterways indicators which also contribute to *Minnesota Milestones* but are not included in the *Minnesota Milestones* report include the following:

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PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of
 (Continuation)

■ **Goal:** Rural areas, small cities, and urban neighborhoods throughout the state will be economically viable places for people to live and work.

Indicator: The economic impact of 3 recreational trails in the summer.

Indicator: The economic impact of water-based outdoor recreation.

Indicator: The economic impact of harbor construction and operation on Lake Superior.

■ **Goal:** Minnesotans will have the opportunity to enjoy the state's natural resources.

Indicator: Communities with a safe recreational boat harbor along the north shore of Lake Superior.

■ **Goal:** Minnesotans will act to protect and enhance their environment.

Indicator: Number of groups and river miles enrolled in the Adopt-A-River Program.

OUTCOMES AND OBJECTIVES:

The Trails and Waterways Unit has collected data on the following programs in order to demonstrate outcomes which can be used to measure performance in achieving goals.

1. **Minnesota Milestone:** Miles of public and private recreational trails.

	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
Miles of public and private recreational trails: (in thousands)					
Public total	18	18	19	19	19
Private total	<u>1.4</u>	<u>1.5</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Grand total	19.0	20.0	20.0	21.0	21.0

Existing Data: Contained in the 1992 Minnesota Registry of Public Trail Mileages (as required by M.S. 85.017) and entered below as benchmark data.

<u>Administrator</u>	<u>Hiking Trail</u>	<u>Ski Trail</u>	<u>Horse Trail</u>	<u>Bicycle Trail</u>	<u>Snowmobile Trail</u>	<u>Total Miles</u>
All public (miles)	3,469	2,543	1,216	730	15,012	18,683
All private (miles)	<u>889</u>	<u>304</u>	<u>273</u>	<u>190</u>	<u>55</u>	<u>1,383</u>
Grand total	4,358	2,847	1,489	920	15,067	20,066

Note: Trail miles by use includes multi-use or overlap where as the total miles reflect actual trail miles.

The Trails and Waterways Unit's contribution to meeting the *Minnesota Milestones* goal pertaining to recreational trail mileages (see *Minnesota Milestones*) is outlined below:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
State trail miles	1,012	1,031	1,041	1,081	1,211
Unit trail miles	2,046	1,996	1,850	1,815	1,865
Grants-in-aid trail miles	<u>13,972</u>	<u>13,972</u>	<u>13,921</u>	<u>13,844</u>	<u>14,269</u>
Grand total	17,030	16,999	16,812	16,740	17,345

Explanation: Surveys conducted by the DNR Office of Planning (Outdoor Recreation Facility Adequacy and Participation Surveys, 1989) suggest that trail-related recreation activities (e.g., hiking, walking, bicycling, horseback riding, snowmobiling) are among the most popular and fastest growing outdoor activities in Minnesota. Survey respondents place a high priority on continued trail development. Similarly, research conducted by the University of Minnesota points to continued growth in demand for trail-related outdoor activities (College of Natural Resources, unpublished data, January, 1991). Trail mileage by trail activity and administrator provides a reliable indicator of total available opportunity. The Trails and Waterways Unit's contribution to meeting growing trail user demands can be measured by its provision of state trails, unit trails, and additional grants-in-aid trail miles.

2. **Minnesota Milestone:** Number of public access facilities on lakes and rivers.

	<u>C.Y. 1990</u>	<u>C.Y. 1995</u>	<u>C.Y. 2000</u>	<u>C.Y. 2010</u>	<u>C.Y. 2020</u>
No. of public access facilities on lakes and rivers (in thousands) (all public access)	2.2	2.3	2.5	2.8	3.1

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Lakes/ivers with <i>DNR public access</i>	1,360	1,400	1,440	1,480	1,680

Explanation: Providing access to Minnesota's many lakes and rivers is the key to unlocking their tremendous potential to satisfy growing public demands for water-based outdoor recreation. The 1990 Statewide Comprehensive Outdoor Recreation Plan projects that growth in water-based recreation will comprise fully 28% of the total growth in demand for all outdoor recreation activities by the year 2000. The number of lakes and rivers served by public access facilities is a good indicator of overall access opportunity, and it serves as a benchmark in gauging success in providing free and adequate access to public waters for all Minnesotans present and future (see *Minnesota Milestones*). Future access projections are based upon projected growth in user demands and on long-term funding expectations.

3. **Trails and Waterways Indicator:** Number of North Shore communities with a recreational boating harbor.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Number of harbors	0	0	1	2	3

Total average annual economic activity from construction and operation (1995-2010): \$1.7 million
 Total average job creation (1995-2010): 25.6 FTE's
 Total average annual economic activity from construction and operation in Silver Bay* (1995-1999): \$580,000
 Total average job creation (1995-1999) in Silver Bay: * 6.1 FTE's

(* Silver Bay is the only community with a funding proposal approved by the Legislative Commission on Minnesota Resources for this budget period.

Explanation: Currently, there are no recreational boating harbors along Minnesota's North Shore between Knife River and Grand Marais, a distance of about 90 miles. This lack of safe

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PROGRAM: Trails and Waterways Management
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 (Continuation)

Dollars in Billions
 F.Y. 1992 F.Y. 1993 F.Y. 1994 F.Y. 1995 F.Y. 2000

Economic impact of water recreation	\$4.84	\$4.99	\$5.14	\$5.29	\$6.14
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harbors and protected launching and retrieval facilities is a major barrier to recreational boating on Lake Superior. Surveys of registered boaters conducted by the University of Minnesota in 1988 showed that 44% of respondents indicated a desire to boat or boat more often on the Minnesota waters of Lake Superior.

Harbors can sustain themselves economically and encourage economic growth nearby while satisfying the need for safe access to the lake. It is estimated that the economic impact of operating the harbor system will average \$1.2 million annually and that the harbors will sustain the equivalent of 20 full-time jobs after construction is complete. Data is from *Recreational Boating On Lake Superior*, Minnesota Extension Service, 1989, and *Harbors Plan Economic Study*, Public Sector Consultants, Inc., May, 1992. All data is available from the Department of Natural Resources' (DNR) Trails and Waterways Unit or the North Shore Management Board.

4. Trails and Waterways Indicator: Number of volunteer groups and river miles enrolled in the Adopt-a-River Program.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Groups enrolled	140	160	180	200	300
River miles adopted	434	472	510	550	650

Explanation: By removing trash along sections of Minnesota's waterways, volunteers restore the health and natural beauty of these once majestic rivers. Fish and wildlife habitat are improved and there is reduced potential for toxic releases into the riverine ecosystem. Volunteers rediscover the hidden beauty and learn to appreciate the severity of the problem, thereby instilling a greater respect for our natural world. Success in meeting future goals will depend upon enlisting the aid of those who have been, as yet, unaware of the need to protect and enhance our river resources and reduce all non-point pollution.

5. Trails and Waterways Indicator: Economic impact of 3 recreational trails during the summer.

	Dollars in Thousands				
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Economic impact of the Root River, Willard Munger, and Heartland State Trails (summer use only)	\$969	\$997	\$1,025	\$1,052	\$1,210

Explanation: Summer trail-use data was collected during 4, 16-week summer trail-use seasons (1988 to 1990) along the Root River, Willard Munger, and Heartland state trails to determine the type and intensity of trail use, the origin of trail users, and the average dollar amount trail users expected to spend in conjunction with their visit. Travel-related purchases by trail users hold economic promise for adjacent communities. This data is not from all state trails and because the data was collected during the summer, it excludes snowmobiling and cross-country skiing impacts.

6. Trails and Waterways Indicator: The economic impact of water-based outdoor recreation.

Explanation: Consumer spending data was assembled and fed into the Interactive Policy Analysis Simulation System input-output model in order to derive the significance of these purchases to the Minnesota economy and sub-state regional economies. Income, employment, and tax revenues resulting from this economic activity (including economic multiplier effects) were also explored. This information is useful to planners, analysts, and decision-makers when evaluating fiscal, program, and policy alternatives. (Data Source: *Significance of Water-Related Outdoor Recreation to State and Regional Economies in Minnesota*, DNR Office of Planning, 1987.)

PROGRAM PLAN:

The Trails and Waterways' program plan for the 1994-95 biennium reflects its continuing commitment to providing Minnesotans and their visitors with access to high-quality trail and water recreation facilities and services in a safe, coordinated, and environmentally responsible manner. Every effort will be made to maintain the basic character and quality of recreational programs and services despite budget reductions by working more efficiently and by focusing on unit priorities.

Although no programs will be eliminated, facility maintenance and visitor services will be significantly impacted by the targeted General Fund and Water Recreation Account reductions and the absorption of inflationary cost increases by all funds in F.Y. 1994 and F.Y. 1995 budget allocations. Budget reductions detailed in the following pages will require:

Trail Recreation Programs

- Reduced frequency of state trail maintenance and repair.
- Less frequent grooming of Department of Natural Resources' (DNR) unit trails located in state parks and state forests.
- Reduce maintenance of state trail waysides.
- Eliminate some visitor services along state trails including toilet facilities.
- Reduced funding for ski and snowmobile trail grooming and maintenance.
- Reduced expenditures on labor, equipment, supplies and materials, and contracted services.
- Reduced grants for cross-country ski trail development and maintenance.
- Reduce General Fund cross-country ski program by 23% in F.Y. 1994 and 45% in F.Y. 1995.
- Award reduced snowmobile trail grooming contracts.

Water Recreation Programs

- Reduce or eliminate visitor services at some of the 1,360 DNR-administered water access sites.
- Reduce both DNR and contract maintenance of public water access sites.
- Reduce contracted access development projects by 5% in F.Y. 1994 and 10% in F.Y. 1995.
- Reduce disabled-accessible dock construction efforts by 15% in F.Y. 1994 and 30% in F.Y. 1995.
- Reduce contract concrete plank production for launch ramps by 25% in F.Y. 1994 and 50% in F.Y. 1995.
- Reduced small crew access development and rehabilitation projects.

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AGENCY: Natural Resources, Department of
(Continuation)

Deferred facility maintenance and repair will eventually need to be addressed through increased revenues or bonding funds to avoid degradation of facilities. Some user dissatisfaction is likely as a result of reduced services. It is also likely to result in calls from client groups for improved service and greater investment in facility maintenance and operations.

About \$300,000 in new federal funding is expected under the Symms National Recreational Trails Act included in the Intermodal Transportation Efficiency Act of 1991. A National Recreational Trails Trust Fund has been established from revenue from federal taxes on non-highway recreational fuel to fund this program. A State Recreational Trails Advisory Board must be in place in order to be eligible to receive these funds.

LCMR Recommendations:

■ **Lake Minnetonka Water Access Acquisition**

This project provides funds to acquire land for a water access site on Maxwell and Crystal Bays in Lake Minnetonka.

\$944,000 - Minnesota Future Resources Fund

■ **Lake Superior Safe Harbors - Continuation**

This project provides funds to acquire and construct a Lake Superior safe harbor site at Silver Bay in cooperation with the North Shore Management Board.

\$1,000,000 - Minnesota Future Resources Fund

■ **Access to Lakes and Rivers - Continuation**

To accelerate access to lakes and rivers statewide—\$500,000 is for boat access to lakes and rivers and \$500,000 is for shoreline access and fishing piers statewide.

\$1,000,000 - Environment and Natural Resources Trust Fund

■ **St. Louis River Land Acquisition**

This project provides funds to acquire and protect undeveloped lands known for their resource and recreation values located along the St. Louis, Cloquet, and Whiteface Rivers.

\$1,000,000 - Environment and Natural Resources Trust Fund

■ **Initiating Acquisition of the Gateway Segment of the Willard Munger State Trail into Downtown St. Paul**

This project provides for acquisition of the trail right-of-way of the Gateway Segment of the Willard Munger State Trail into downtown St. Paul.

\$200,000 - Environment and Natural Resources Trust Fund

■ **State Trail Development**

This project provides funds to start development of the Paul Bunyan State Trail, the development of an abandoned railroad grade located between Barnum and Carlton, and the acquisition and development of a trail connection from Harmony to the Root River State Trail.

\$2,000,000 - Environment and Natural Resources Trust Fund

■ **Cooperative Trails Grant Program**

Provides funds for a grant program to assist in the acquisition and development of local connections to planned and existing state trails and other public recreation facilities.

\$1,000,000 - Minnesota Future Resources Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

As part of his environmental initiative, the Governor recommends additional funding of \$219,000 for the biennium to prevent General Fund service reductions described in the agency's plan.

Another component of the environmental initiative is an additional \$5.5 million for state trail development and water access programs, financed from the Environmental and Natural Resources Trust Fund, to be spent in accordance with the division's long range acquisition and development plans. This recommendation builds upon the commission's allocations in an area that is an environmental priority for the Governor. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of the commission recommendations with the Governor's proposals.

The final initiative for this program provides \$100,000 from the Game and Fish fund to match federal funds for a survey of the adequacy of state harbor facilities for sewage pump-out.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TRAILS & WATERWAYS MGMT	1,038	1,737	1,410	939	1,265	1,285	939	1,051	1,102
WATER ACCESS & RECREATION	5,492	6,004	6,253	5,803	9,364	7,404	5,805	5,572	5,556
TRAILS RECREATION	4,790	4,617	5,129	5,134	8,592	8,903	5,137	5,395	5,412
TOTAL EXPENDITURES BY ACTIVITY	11,320	12,358	12,792	11,876	19,221	17,592	11,881	12,018	12,070
GOV'S INITIATIVES:			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<4,200>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<2,944>			
(A) RESTORE TRAIL & CROSS CO SKI ACTIVITIES			GEN			91			128
(A) SALARY PLANNING ESTIMATES			GEN			<26>			<26>
(A) SALARY PLANNING ESTIMATES			NRF			<95>			<95>
(A) SALARY PLANNING ESTIMATES			G&F			<5>			<5>
(P) TRAIL DEVELOPMENT & WATER ACCESS INITIATIV			MET			5,500			
(B) WATER ACCESS FEDERAL AID			G&F			50			50
TOTAL GOV'S INITIATIVES						<1,629>			52
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		675	300		4,200	5,500			
GENERAL	1,161	1,185	1,206	1,116	1,060	1,125	1,117	1,061	1,163
MN RESOURCES	398	678	542		2,944				
NATURAL RESOURCES	8,573	8,488	8,928	8,942	8,559	8,464	8,946	8,713	8,618
GAME AND FISH	428	746	767	769	769	814	769	769	814
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	70	78	80	80	80	80	80	80	80
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	166	144	218	218	218	218	218	218	218
FEDERAL	517	343	744	744	1,384	1,384	744	1,170	1,170
GIFTS AND DEPOSITS	7	21	7	7	7	7	7	7	7
TOTAL FINANCING	11,320	12,358	12,792	11,876	19,221	17,592	11,881	12,018	12,070

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
ENVIRONMENT TRUST					2.0	13.5			13.5
GENERAL	17.9	17.9	19.5	19.5	19.3	19.5	19.5	19.0	19.5
MN RESOURCES	2.0	1.0	1.3						
NATURAL RESOURCES	83.0	87.3	92.2	92.2	88.4	92.2	92.2	85.3	92.2
SPECIAL REVENUE	7.6	5.8	1.1	1.1	1.1	1.1	1.1	1.1	1.1
GAME AND FISH	2.9	3.6	3.9	3.9	3.9	4.4	3.9	3.9	4.3
TOTAL POSITIONS	113.4	115.6	118.0	116.7	114.7	130.7	116.7	109.3	130.6

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Trails and Waterways Management
ACTIVITY:

ITEM TITLE: Trail Development and Water Access Initiatives

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Environmental and Natural Resources Trust Fund				
- State Operations	\$4,500	\$-0-	\$-0-	\$-0-
- Grants	\$1,000	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$5.5 million be appropriated for trail development and grants and water access acquisition as part of his environmental initiative. Funds will be allocated according to existing trail and water access development and acquisition plans and department priorities.

The expansion of these recreational facilities benefit the public by providing access to the natural environment, healthy physical exercise, and by promoting local economic development opportunities.

PROGRAM OUTCOMES:

This initiative will enable the Department of Natural Resources to pursue high-priority boat and shoreline access acquisitions and development on high-priority lakes and rivers. Also, it will initiate some high-priority trail acquisitions and development and provide grants to local units of government for trail connections to existing state trails and other public recreation facilities.

LONG-TERM IMPACT:

Access to Minnesota lakes and rivers continues to be in high demand. From the 1988 statewide boating survey conducted by the University of Minnesota, we know that three-fourths of the state's boat owners launch a boat at a free public water access site at least once each year. These sites provide a frequently used "place at the lake or river" for boaters who do not own waterfront property, especially among boat owners residing in northern Minnesota. By providing boat access to the high-priority lakes and rivers, we are targeting the most visible, most desirable boating and fishing waters for the public.

The popularity of trail recreation has gained considerable strength in recent years. This may be due to a more health conscious society, more interest in outdoor recreation, or the recognition of the beneficial economic impact a major recreational trail will have on the area.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Trails and Waterways Management
ACTIVITY: Water Access and Recreation

ITEM TITLE: Water Access Federal Aid

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$50	\$50	\$50	\$50
Revenues: (\$000s)				
Game and Fish Fund	\$37.5	\$37.5	\$37.5	\$37.5

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the Game and Fish Fund of \$50,000 per year for pump-out facilities for boats as required by federal law.

The Federal Clean Vessel Act (H.R. 5717) was enacted in November, 1992. The act provides new federal funds for sewage pump-out stations for boats. States on coastal waters are required to complete a survey of the adequacy of pump-out facilities and develop a plan for the new construction or renovation of these facilities. In Minnesota, the requirement applies to Lake Superior, although inland waters may be included in the survey. All federal funds are at a 75% reimbursement.

PROGRAM OUTCOMES:

This initiative will meet the requirements of the new federal law providing sewage pump-out stations for boats on Lake Superior.

In addition to Lake Superior, the agency will investigate inland waters such as the Mississippi and St. Croix Rivers and others to be determined for the adequacy of pump-outs. This initiative will also provide funds to complete the survey and plan for sewage pump-out facilities and to construct 1 or 2 facilities on Lake Superior and an inland water body as a pilot project.

LONG-TERM IMPACT:

Approximately 10,000 boats in Minnesota are equipped with pump-out type toilet facilities.

By completing the survey and plan for pump-out facilities, the agency will have a better understanding of the immediate needs and long-term demand for such facilities. Adding pump-out facilities where needed should enhance water quality and the recreation experience. On Lake Superior, the Department of Natural Resources has begun implementing a plan for boat access and safe harbors. Pump-out facilities will be a benefit as boating and fishing continue to increase. Other lakes and rivers where there is a significant presence of boats equipped with toilet facilities will also benefit.

1994-95 Biennial Budget

BUDGET ACTIVITY: Trails and Waterways Management
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

This activity exists to provide recreation for state residents and tourists. This activity supports the Department of Natural Resources' (DNR) overall trail program through: 1) trail planning, interpretation, promotion, and marketing; 2) maintenance and operations of all state and unit trails used for bicycling, horseback riding, and hiking; and 3) river cleanup through the Clean Rivers Program.

The Statewide Comprehensive Outdoor Recreation Plan projects a steady increase in demand for bicycling (3.4%), horseback riding (1.6%), and hiking/backpacking (3.5%) by 1995. Bicycling is projected to be one of the most popular family activities in the future. Effective management of these trails is critical for their safe use and enjoyment.

BUDGET ISSUES:

To meet the targeted reduction and absorption of inflation, reduced trail maintenance will result. This reduction will translate into eliminating overtime and a shortened labor season on state trails. This will also require a reduced fleet complement. Some reduction in visitor services will also be required by diminishing the number of sanitary facilities at trail rest areas and shortening the hours of maintenance for those which remain. A reduction in the purchase of materials (rock, asphalt) for state trail repair will be required.

The consequences of these actions will result in inefficiencies and loss of flexibility with resulting deterioration of state and unit trails. The ultimate result is reduced visitor satisfaction and lower use leading to reduced visitor expenditures in local communities. This will also eliminate the ability to service new facilities coming on line through capital and Legislative Commission on Minnesota Resources funding.

EFFICIENCY MEASURES:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
State Trails (miles)					
Bicycle	217	227	232	252	317
Hiking	737	747	752	772	837
Horse	540	540	540	540	540
Unit Trails (miles)					
Bicycle	31	31	31	31	31
Hiking	1,132	1,132	1,132	1,132	1,132
Horse	427	427	427	427	427

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Occasions on State Trails <i>(abandoned railroad grades) *</i>					
Bicycle (in thousands)	196	209	218	242	334
Hiking (in thousands)	104	111	116	128	178
Horse (in thousands)	6	7	7	8	10

(*): Sixteen week summer period. Data from 7 state trails.

REVENUE:

This activity does not generate revenue.

GRANTS:

Legislative Commission on Minnesota Resources - Superior Hiking Trail: This project provided funds for a grant to the Superior Hiking Trail Association for planning, development, and limited use of easement acquisition.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Amount available for grant	\$95	\$45	0	0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS & WATERWAYS MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	728	745	781	771	765	769	771	758	792
EXPENSES/CONTRACTUAL SRVCS	180	153	136	89	86	94	89	89	89
MISC OPERATING EXPENSES	20	43	17	19	19	19	19	19	19
SUPPLIES/MATERIALS/PARTS	65	35	154	33	53	61	33	32	49
CAPITAL EQUIPMENT	17	4	4	4	4	4	4	4	4
OTHER	5	662	262	12	227	227	12	85	85
SUBTOTAL STATE OPERATIONS	1,015	1,642	1,354	928	1,154	1,174	928	987	1,038
LOCAL ASSISTANCE	23	95	56	11	111	111	11	64	64
TOTAL EXPENDITURES	1,038	1,737	1,410	939	1,265	1,285	939	1,051	1,102
GOV'S INITIATIVES:									
			FUND						
(A) RESTORE TRAIL & CROSS CO SKI ACTIVITIES			GEN			44			75
(A) SALARY PLANNING ESTIMATES			GEN			<24>			<24>
TOTAL GOV'S INITIATIVES						20			51
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		675	300						
GENERAL	888	919	1,026	936	922	942	936	922	973
MN RESOURCES	150	139	81						
STATUTORY APPROPRIATIONS:									
FEDERAL					340	340		126	126
GIFTS AND DEPOSITS		4	3	3	3	3	3	3	3
TOTAL FINANCING	1,038	1,737	1,410	939	1,265	1,285	939	1,051	1,102

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS & WATERWAYS MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	16.8	17.0	17.7	17.7	17.5	17.7	17.7	17.2	17.7
MN RESOURCES	2.0	1.0	1.0						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	18.8	18.0	18.7	17.7	17.5	17.7	17.7	17.2	17.7

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1994-95 Biennial Budget

BUDGET ACTIVITY: Water Access and Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION: Water access and recreation encompass a broad range of activities including access to public waters, river recreation, and fishing piers.

Currently, the Department of Natural Resources (DNR) manages and maintains approximately 1,360 water accesses to public waters and continues to acquire and develop access sites on priority lakes and rivers. These sites average 2 acres in size, contain a boat launch ramp, parking lot, entrance road, and visitor services such as toilets and information kiosks. Whenever possible, the DNR cooperates with local units of government in establishing or upgrading water access sites with the DNR providing capital investment and the local community conducting the maintenance and operation of the site. Research has shown that Minnesota residents rely heavily on public access sites to pursue water recreation. For example, according to a 1988 boater survey conducted by the University of Minnesota, three-fourths of the state's boat owners launch a boat at a free water access site at least once each year. In addition, over 80% of Minnesota boat owners use these sites for activities other than boating (i.e., shore fishing, ice fishing, wildlife observation, etc.).

River recreation provides facilities, services, and ensures safe use for canoeists and boaters on 2,865 miles of river recreation routes, including 6 state wild and scenic rivers. Facilities provided and maintained include primitive campsites, rest areas, portage trails, and access sites. New sites are also acquired and developed according to management plans and need. Services provided include river cleanup, snag removal, maps, information guides, water level reports, and signing of hazards.

The DNR manages and maintains 140 public fishing piers and numerous shore access sites in cooperation with local units of government. The DNR installs the piers on priority waters based on the fish resource (with assistance from the Division of Fish and Wildlife), local initiatives, and proximity to population or recreation resource centers.

Implementation of the North Shore Harbors Plan which identified the number, size, and location of Lake Superior harbors began in the 1992-93 biennium. This activity will continue with the highest priority site in Silver Bay. Harbors will provide anglers and boaters an opportunity to use Lake Superior safely and have a quality recreation experience.

The demand for water recreation is increasing as evidenced by the increasing number of boats registered, the popularity of river recreation and the backlog of requests for fishing piers.

BUDGET ISSUES: The main budget issue concerns the reduction of funds allocated to this activity through the Water Recreation Account due to a projected shortfall and allocations for program support this biennium. Account revenues have reached a point where it is not possible to fully fund all Water Recreation Account activities. If there is no watercraft license increase in 1993 or no other revenue to the account there will be a reduction in land acquisition of \$66,000 and a reduction in new development of \$317,000 in F.Y. 1994 and \$167,000 in F.Y. 1995.

A significant portion of the program's budget is derived from its ability to earn money from 2 federal programs. In order to continue to qualify for the federal funds, we are required to match

them with state funds. Reducing the size of our acquisition and development budgets will jeopardize the ability to obtain federal funds.

Another budget issue is the absorption of inflationary cost increases which will negatively impact the activity by 3.5% in F.Y. 1994 and 7% in F.Y. 1995. In F.Y. 1994, this will require a reduction in contract maintenance of public access sites and the maintenance of access sites by DNR crews by shortening the labor season. Crew rehabilitation efforts will also be reduced. Sanitary facilities will be eliminated at some of the access sites and the length of the season reduced at others. There will also be a 15% reduction in the construction of disabled accessible dock construction and a 25% reduction in concrete plank production for launch ramps.

The consequences of these reductions will be diminished visitor satisfaction including disabled accessible dock production, deterioration of sites, and a diminished ability to have access sites ready for fishing opener.

In F.Y. 1995, the program reductions will impact sanitary facilities and maintenance of access sites about twice as much as the F.Y. 1994 reductions. Concrete plank production for launch ramps will be reduced by 50%, and disabled accessible dock construction will be reduced by 30%. Again, the consequences are reduced visitor satisfaction, more significant deterioration of sites, and a diminished ability to have access sites ready for fishing opener.

Even with reduced development, new sites will be constructed each year using Legislative Commission on Minnesota Resources and capital budget dollars; the new sites will increase the total amount of sites the Unit must administer without the benefit of more dollars. With the same level of funding, the ability to maintain these sites will be very limited.

EFFICIENCY MEASURES:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
No. of registered boats * (in thousands)	723	738	752	767	847
Cost of access maintenance per site **	\$600	\$618	\$637	\$656	\$761
No. of access sites	1,360	1,400	1,440	1,480	1,680

(*) 2% increase per year based on 10-year Minnesota average.

(**) 3% annual inflation adjustment.

REVENUE: This activity does not generate revenue.

GRANTS: Legislative Commission on Minnesota Resources - Access to Lakes and Rivers: For boat access to lakes and rivers and shoreline access and fishing piers statewide.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Amount available for grant	\$-0-	\$-0-	\$100	\$-0-

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: WATER ACCESS & RECREATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,999	2,163	2,045	2,053	2,053	2,012	2,053	2,053	2,007
EXPENSES/CONTRACTUAL SRVCS	1,371	1,263	1,050	853	1,275	1,183	855	855	855
MISC OPERATING EXPENSES	94	106	109	109	109	109	109	109	109
SUPPLIES/MATERIALS/PARTS	570	524	1,081	881	1,281	881	881	881	881
CAPITAL EQUIPMENT	140	148	16	16	16	16	16	16	16
OTHER	1,058	1,766	1,952	1,891	4,530	3,203	1,891	1,658	1,688
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	5,232	5,970	6,253	5,803	9,264	7,404	5,805	5,572	5,556
LOCAL ASSISTANCE	260	34			100				
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	5,492	6,004	6,253	5,803	9,364	7,404	5,805	5,572	5,556
GOV'S INITIATIVES:									
			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<2,000>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<1,944>			
(A) SALARY PLANNING ESTIMATES			NRF			<61>			<61>
(A) SALARY PLANNING ESTIMATES			G&F			<5>			<5>
(P) TRAIL DEVELOPMENT & WATER ACCESS INITIATIV			MET			2,000			
(B) WATER ACCESS FEDERAL AID			G&F			50			50
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						<1,960>			<16>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					2,000	2,000			
GENERAL	105	98							
MN RESOURCES	248	539	461		1,944				
NATURAL RESOURCES	4,097	4,171	4,277	4,286	3,903	3,842	4,288	4,055	3,994
GAME AND FISH	428	746	767	769	769	814	769	769	814

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: WATER ACCESS & RECREATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	70	78	80	80	80	80	80	80	80
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	27	12							
FEDERAL	510	343	664	664	664	664	664	664	664
GIFTS AND DEPOSITS	7	17	4	4	4	4	4	4	4
TOTAL FINANCING	5,492	6,004	6,253	5,803	9,364	7,404	5,805	5,572	5,556
POSITIONS BY FUND:									
MN RESOURCES			.3						
NATURAL RESOURCES	51.8	56.1	59.0	59.0	55.2	59.0	59.0	52.1	59.0
SPECIAL REVENUE	5.8	3.7							
GAME AND FISH	2.9	3.6	3.9	3.9	3.9	4.4	3.9	3.9	4.3
TOTAL POSITIONS	60.5	63.4	63.2	62.9	59.1	63.4	62.9	56.0	63.3

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1994-95 Biennial Budget

BUDGET ACTIVITY: Trails Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION: This activity provides a wide range of outdoor recreational trail opportunities throughout the state. Included are operations, maintenance, grants to local units of government, technical assistance, and promotion of cross-country ski, all-terrain vehicle (ATV), and snowmobile trails. The objectives of these activities are to provide citizens of the state and visitors opportunities to use Minnesota's natural and historical amenities in a safe and enjoyable manner, to protect the natural resources involved, and to maximize the tourism growth of the state.

The Statewide Comprehensive Outdoor Recreation Plan projects the following increases in activity by users of this program by 1995: cross-country ski (11.5%) and snowmobile (6.3%). Trail surveys on facilities administered by the Department of Natural Resources (DNR) show continued high use by owners of 270,000 registered snowmobiles; 60,000 cross-country ski-pass users; and over 48,000 registered ATVs. In order to respond to these demands, as well as provide quality maintenance, the DNR has implemented time- and cost-saving measures through cross-utilization of equipment and staff, volunteer services, the Minnesota Conservation Corps, Sentencing-to-Service, and working agreements with local units of government. The private sector has benefited from the economic impact of these opportunities and, with the state's promotion of tourism, it has increased demand for these programs.

BUDGET ISSUES: The major budget issue in this activity is the absorption of inflationary cost increases, plus an additional reduction in the General Fund portion of the Cross-Country Ski Program which will result in activity reductions such as reduced maintenance of state and unit snowmobile trails, and cross-country ski trails resulting in a cutback on labor overtime hours on fall trail repair and preparation in conjunction with shortened labor seasons. Lower expenditures on materials and reduced grooming contracts will also result. Grooming on state trails and unit trails in state parks and forests will be less frequent. Also, ski grants will be reduced to local units of government.

Results of the reductions will be a decline in quantity and quality of experience throughout state parks and state forests, and the state trail system totaling over 2,000 miles of snowmobile trail and 1,700 miles of cross-country ski trail.

EFFICIENCY MEASURES:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
State snowmobile trail miles	846	846	846	846	846
Unit snowmobile trail miles	1,177	1,127	1,027	1,027	1,027
Grants-in-aid (GIA) snowmobile trail miles	12,847	12,847	12,847	12,847	12,847
State cross-country ski trail miles	58	58	58	58	58
Unit cross-country ski trail miles	656	656	590	525	525
GIA cross-country ski trail miles	1,013	1,013	912	810	810

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 2000
Unit ATV trail miles	72	72	92	122	172
GIA ATV trail miles	112	137	162	187	612
Snowmobile occasions by snowmobiles registered in Minnesota (in thousands)	1,548	1,554	1,561	1,568	1,600
Cross-country ski occasions by ski-pass purchasers (in thousands)	168	169	170	172	178

REVENUE: This activity generates non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated - Natural Resources	\$1,917	\$2,695	\$2,570	\$2,570	\$2,545
Non-dedicated - Special	266	256	176	176	176
Total Revenue	\$2,183	\$2,951	\$2,746	\$2,746	\$2,721

GRANTS:

■ **Trails Grants-in-Aid (GIA) Program:** The DNR has been directed the responsibility by the legislature to administer a cost-sharing program for the acquisition, development, and maintenance of public trails. The goal of this program is the creation and maintenance of local facilities at the initiative of clubs or organizations through local units of government. The state offers financial assistance so that locally controlled public facilities can exist where none have before. This GIA program includes grants for snowmobile, all-terrain vehicle, and cross-country ski trails. For administration, acquisition, development, and maintenance, the program pays 65% of these costs and the local sponsor or club provides the remaining 35%. State assistance pays 90% for winter grooming with the remaining 10% being paid from local sources.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Snowmobile Grants (M.S. Chapter 84.83)	\$2,183	\$2,249	\$2,249	\$2,249
Cross-Country Ski Grants (M.S. Chapter 85.44)	\$132	\$151	\$133	\$131
ATV Grants (M.S. Chapter 84.927)	\$78	\$82	\$82	\$82

■ **Legislative Commission on Minnesota Resources - Cooperative Trails Grant Program:** Provides funds for a grant program to assist in the acquisition and development of local connections to planned and existing state trails and other public recreation facilities.

Amount available for grant	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	0	0	\$980	0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS RECREATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,166	1,250	1,324	1,328	1,420	1,567	1,328	1,321	1,296
EXPENSES/CONTRACTUAL SRVCS	479	577	690	691	1,310	1,691	694	685	690
MISC OPERATING EXPENSES	93	72	94	94	106	90	94	90	90
SUPPLIES/MATERIALS/PARTS	371	238	316	316	402	325	316	314	331
CAPITAL EQUIPMENT	234	13	6	6	6	6	6	6	6
OTHER	28	69	217	217	1,604	1,442	217	217	217
SUBTOTAL STATE OPERATIONS	2,371	2,219	2,647	2,652	4,848	5,121	2,655	2,633	2,630
LOCAL ASSISTANCE	2,419	2,398	2,482	2,482	3,744	3,782	2,482	2,762	2,782
TOTAL EXPENDITURES	4,790	4,617	5,129	5,134	8,592	8,903	5,137	5,395	5,412
GOV'S INITIATIVES:									
									FUND
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING							<2,200>		
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING							<1,000>		
(A) RESTORE TRAIL & CROSS CO SKI ACTIVITIES							47		53
(A) SALARY PLANNING ESTIMATES							<2>		<2>
(A) SALARY PLANNING ESTIMATES							<34>		<34>
(P) TRAIL DEVELOPMENT & WATER ACCESS INITIATIV							3,500		
TOTAL GOV'S INITIATIVES							311		17
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					2,200	3,500			
GENERAL	168	168	180	180	138	183	181	139	190
MN RESOURCES					1,000				
NATURAL RESOURCES	4,476	4,317	4,651	4,656	4,656	4,622	4,658	4,658	4,624

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS RECREATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	139	132	218	218	218	218	218	218	218
FEDERAL	7		80	80	380	380	80	380	380
TOTAL FINANCING	4,790	4,617	5,129	5,134	8,592	8,903	5,137	5,395	5,412
POSITIONS BY FUND:									
ENVIRONMENT TRUST					2.0	13.5			13.5
GENERAL	1.1	.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8
NATURAL RESOURCES	31.2	31.2	33.2	33.2	33.2	33.2	33.2	33.2	33.2
SPECIAL REVENUE	1.8	2.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
TOTAL POSITIONS	34.1	34.2	36.1	36.1	38.1	49.6	36.1	36.1	49.6

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1994-95 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The Fish and Wildlife Management Program's purpose is to protect and manage Minnesota's fish, wildlife, native plants, and their communities for their intrinsic values and long-term benefits to people. Stewardship of these resources presents significant challenges to Minnesotans.

The Program is committed to maintaining healthy fish, wildlife, and native plant populations and communities and to providing high-quality recreational opportunities. The Program also is committed to protecting our natural resources, while providing for personal freedom and economic opportunity. Therefore, Program staff meet frequently with constituents, inform the public of management decisions, develop partnerships with local and regional governments, sports clubs, lake associations and informal decision-making bodies, and listen to what the people have to say.

Feedback from Minnesota residents and other resource management professionals indicates that the Program is successful and effective. In 1991, a survey of 4,500 Minnesota residents indicated that 80% of those polled believed that the Division of Fish and Wildlife was doing a good job of managing the fish and wildlife resources of the state. The survey also revealed that the respondents generally thought that the division's performance had improved over the past several years. In a nationwide survey of directors of fish and wildlife management agencies, the Program was rated as one of the most effective in the country. The Program was given particularly high marks in the areas of public support, planning and funding, and conflict resolution.

The Fish and Wildlife Management Program contributes significantly to the following Minnesota Milestone goals:

- Minnesotans will have the opportunity to enjoy the state's natural resources.
- Minnesota's environment will support a rich diversity of plant and animal life.
- We will improve the quality of the air, water, and earth.
- Minnesotans will act to protect and enhance their environment.
- All Minnesotans will have the economic means to maintain a reasonable standard of living.
- Minnesotans will excel in basic academic skills.
- People will participate in government and politics.
- Government in Minnesota will be cost efficient and services will be designed to meet the needs of the people who use them.
- We will welcome, value, and respect people of all cultures, races, and ethnic backgrounds.

PROSPECTS:

As Minnesota's society and economy continue to develop, the state's natural resources are both positively and negatively impacted. Fish, wildlife, and native plant populations fluctuate in response to changes in the land and water environments. These plant and animal populations are part of communities and ecosystems that often are diminished or enriched by social and economic development. Good stewardship of species populations, communities, and functional ecosystems requires short-term restraint coupled with long-term vision.

Trends in Minnesota's development will put some species, natural communities, and ecosystems at greater risk than others. For example, fish, wildlife, and native plant populations that rely on wetlands or native prairies for habitat are at risk because of economic and social pressure to convert wetlands and prairies to other uses.

Other factors are changing the physical and chemical character of habitats required by Minnesota's diverse fish, wildlife, and native plant populations. Some of these factors include acid precipitation, chemical contamination, soil erosion, and improper vegetation management. The forest, brushland, grassland, wetland, farmland, lake, and stream environments must be protected and managed if fish, wildlife, native plants, and their communities are to remain rich and productive for long-lasting public value.

Trends in the recreational use of Minnesota's fish, wildlife, and native plant resources indicate a growing demand by citizens and visitors for fishing, hunting, and nature-viewing opportunities. Unlike many states, Minnesota continues to experience increased demand for fishing and hunting opportunities. Like other states, Minnesota is experiencing increasing demand for nature-viewing opportunities. Current levels of demand reflect Minnesota traditions as well as high-quality recreational experiences. However, as society continues to change, the Program needs to reach out and actively encourage people to participate in these activities and economies in order to maintain support for the protection and management of the resources upon which they depend.

There are over 1.9 million Minnesota residents who are anglers and over 600,000 who are hunters and trappers. Anglers, in total, spend close to 30 million days a year fishing and all hunters over 8 million days a year. Together, these groups spend over \$1 billion to enjoy their sport and outdoor experiences. The 2.8 million Minnesotans that spend the time to just view our natural resources spend over \$250 million in pursuit of their activities.

Many fish, wildlife, and native plant populations and communities are thriving. Others are not. All require good stewardship based on intelligent, proactive management. Monitoring populations and use trends, researching ecological relationships, protecting and enhancing habitats, and promoting sustained use are continuous and critical responsibilities necessary to sustaining the resources we currently value and to enrich the lives of future generations.

OUTCOMES AND OBJECTIVES:

The Fish and Wildlife Management Program is instrumental in delivering many valued outcomes to the people of Minnesota. These outcomes include:

1. **Outdoor Recreation** (including hunting, fishing, trapping, and viewing);
2. **Species Populations, Communities, Habitats, and Natural Areas;**
3. **Environmental Education** (related to fish/wildlife/native plants/communities);
4. **Technical Assistance** (related to fish/wildlife/native plants/habitats/communities/ecosystems);
5. **Citizen Participation** in government (fish, wildlife, native plant management);
6. **Effective and Efficient Program Management** (use of public sector resources).

The Program sets objectives for outcomes through the Program's comprehensive planned management system (strategic, long-range, and operational planning). The Program measures its success in meeting its objectives by delivering outcomes to Minnesotans in a variety of ways. The following "effectiveness indicators" are just a few of the Program's objectives. The list is not exhaustive.

1994-95 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
 (Continuation)

1. Outdoor Recreation

The Program is responsible for providing high-quality recreational experiences for residents and visitors in Minnesota. These high-quality experiences range from active enjoyment, such as bird watching, deer hunting, and fishing, to more passive enjoyment such as scenic touring and armchair appreciation of Minnesota's diversity.

Program objectives for Outdoor Recreation include:

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of people participating in hunting and trapping	500,000	600,000	610,000	620,000	700,000

Wildlife populations and habitats provide for over 8 million days of recreation in Minnesota per year and generate expenditures of over \$250 million per year.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of people participating in wildlife/nature observation	2,000,000	2,800,000	2,900,000	3,000,000	3,500,000

According to the 1990 U. S. Fish and Wildlife Survey, 78% of Minnesotans participate in wildlife/nature observation. Participants, including persons from other states, travel across the state to wildlife management areas and other areas with suitable habitat to view animal species in nature, or purchase feed and attractants to view them in their backyards. This activity supports a multi-million dollar tourism and seed industry.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of people participating in fishing recreation	1,550,200	1,600,000	1,620,000	1,640,000	1,750,000

Minnesota is one of the few states where license sales are keeping up with population growth (as of 1991).

2. Species Populations, Communities, Habitats, and Natural Areas

The Program is responsible for ensuring the well-being of Minnesota's diverse species populations, their communities, the habitats they need, and the natural areas that sustain them. The approach the Program uses to deliver these outcomes is evolving to reflect society's growing concerns for integrated resource management. The Program has expanded its

management concern from being single species-oriented to include communities, habitats, and natural areas.

Program objectives for Species Population, Communities, Habitats, and Natural Areas:

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Acres of habitat actively managed for plants and animals	105,000	167,000	165,000	164,000	166,000

Annually, habitat management activities must be implemented to 1) ensure the survival of certain plant and animal species and plant and animal communities; or 2) produce optimal populations that provide for recreational uses such as angling, wildlife viewing, and hunting. Active management activities include wetland development and water level management, grassland establishment and prescribed burns, and various forest management techniques including prescribed burns, shearing, and timber sales.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of wildlife management areas (WMAs) established	900	1,140	1,160	1,170	1,245

WMAs are acquired and managed to provide wildlife habitat, public hunting, and other compatible outdoor recreation uses.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of scientific and natural areas (SNAs) established	10	93	98	103	120

SNAs protect the rarest of Minnesota's natural resources: undisturbed remnants of the state's original prairies, peatlands, forests, geological features, and rare plants and animal species. Twenty-five percent of these rare resources are protected at least once on an SNA.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of nongame and endangered species research and management projects	42	90	92	94	100

The mission of the Nongame Wildlife Program is to conserve Minnesota's nongame wildlife resources, to prevent species extinction, to enhance citizen awareness and enjoyment of nongame resources, and to foster integrated management of the state's biological diversity. Cooperative research and management projects are an important means of accomplishing this mission.

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PROGRAM: Fish and Wildlife Management
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 (Continuation)

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of lakes and river reaches tested for fish contaminant levels	95	95	90	90	85

In a 1991 survey of 4,500 Minnesotans, 84% felt that environmental contaminants were a threat to the fish, wildlife, and native plant resources of Minnesota. This underscores the need to initiate programs to protect human health. The Program's Fish Contaminant Monitoring Program provides supporting data for the Department of Health's Fish Consumption Advisory.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of streams with biologically based protected flows	0	0	0	10	32

Increased demand for surface water use underscores the importance of protecting our water and stream resources from extreme exploitation. Wise allocation of water must include consideration of impacts to stream biota. The Program's In-stream Flow Program focuses on collecting hydrographic and biological data to establish stream flows that will protect habitats for all fish life stages and other aquatic biota.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Change in diversity of songbirds (+, O, -)		+	+	+	+

Supporting over 150 species, Minnesota's forest region is part of a narrow forest belt that supports a greater diversity of songbirds than anywhere else in North America. Yet, because of problems associated with habitat loss and habitat fragmentation, forest bird populations are declining throughout the United States. The Program's Forest Bird Diversity Initiative is designed to insure that our unique forest bird resource is maintained and enhanced.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of nesting pairs of bald eagles in Minnesota	180	500	525	540	600

The statewide increase in the number of nesting pairs of bald eagles, a threatened species, exemplifies the effectiveness of scientific research, habitat management, legislative protection (banning DDT) and interagency cooperation when combined with increasing public awareness in restoring declining wildlife populations. The bald eagle, as a predator at the top of the

aquatic food chain, may be considered as one indicator of the condition of the state's aquatic and forested ecosystems.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of fisheries research projects conducted	16	30	28	23	25

Fisheries research projects are designed to address resource problems related to fisheries management issues. A major emphasis for research projects is how to increase the effectiveness and efficiency of fisheries management techniques.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of lake fisheries surveys	197	210	200	197	195
No. of lake fisheries assessments	372	431	410	403	400
No. of stream fisheries surveys	74	51	50	49	50
No. of stream fisheries assessments	81	141	138	135	135

The Lake and Stream Survey Program provides information that is the basis for lake and stream management plans. Lakes and streams have been monitored with standardized methods by the Section of Fisheries since the 1950's; the resulting database has helped in tracking trends in fish populations and has provided information on aquatic vegetation, water chemistry, and physical habitat characteristics.

3. Environmental Education

The Program has responded to the desires of Minnesotans to learn about their natural surroundings. The Program reaches out to provide educational experiences for people wanting to learn more about hunting, fishing, and nature-viewing experiences.

Efforts to educate and increase Minnesotans' understanding of important natural resources concepts include 1) coordination of annual events such as Prairie Day; 2) presentations, including conservation organizations, schools, and seminars at universities; 3) leading field trips for the general public and schools; 4) sponsorship of Project Wild/Aquatic Wild environmental education workshops for school teachers; 5) sponsorship of MinnAqua to bring aquatic education and opportunities to learn about sportfishing to Minnesotans; 6) conducting public dedications of newly established wildlife management areas and natural areas; 7) production of articles and other informational material, videos, and TV/radio programs; and 8) use of volunteers to assist in inventory and management.

Program objectives for Environmental Education include:

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PROGRAM: Fish and Wildlife Management
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	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of Project Wild (Aquatic Wild) workshops per year	0	45	50	55	75
No. of adults and youth participating in MinnAqua each year	0	30,000	30,000	40,000	50,000
No. of seminars, workshops, presentations, and field tours dealing with wildlife, habitats, biodiversity, landscape ecology, native vegetation, and rare species protection/management	320	1,000	1,100	1,300	1,500

4. Technical Assistance

The Program provides high-quality technical assistance to Minnesota landowners, lake associations, community groups, and public and private organizations. The Program helps these stakeholders understand how they can enhance fish, wildlife, and native plant resources, as well as to avoid undue damage to our natural world.

Program objectives for Technical Assistance include:

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Acres of farmland wildlife habitat protected or enhanced through easements, acquisitions, enhancements, and technical assistance (in millions)	.5	2.6	2.6	2.7	3.0

Wildlife populations in farmland areas are dependent on the availability and quality of habitat, particularly as influenced by government farm programs. The Farmland Wildlife Program plays a lead role in coordinating with and providing technical assistance to conservation and agricultural agencies and organizations to ensure that conservation provisions are incorporated into farm programs.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Acres of forest wildlife habitat evaluated or enhanced	200,000	400,000	800,000	900,000	1,000,000

The Forest Wildlife Program protects and enhances forest wildlife and native plant habitats and communities on more than 16 million acres of forest lands, including brushlands and old-growth forest. Coordination and integration of wildlife expertise with public and private forest managers, technical assistance to private and public forest landowners, and direct development and enhancement of forest wildlife habitats are commonly used to achieve activity goals. This activity will become increasingly important because timber harvests are expected to increase by about 50% from 1988 to 1995. This will lead to additional pressure on wildlife and native plant resources.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of counties where the Minnesota County Biological Survey is completed	0	20	24	29	53

In Minnesota, the accelerating loss of native forests, wetlands, prairies and their associated species has become a critical issue. The Minnesota County Biological Survey (MCBS) represents the first effort by the state to systematically inventory Minnesota's rare plants, rare animals and rare natural vegetation in order to assess the status of Minnesota's biological diversity. Since 1987, MCBS has inventoried 20 counties and entered over 3,500 new locations of rare features to the Rare Features Database, one of 22 databases containing ecological information comprising the Department of Natural Resources' Natural Heritage Information System. These new locations represent 25% of the statewide records.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Cumulative total of acres of wetlands restored by all resources agencies and organizations	50,000	88,000	94,000	100,000	140,000

The Wetland Wildlife Program protects and enhances wetland habitats and their associated wildlife populations and communities. This is accomplished through coordination with state and federal wetland protection programs, implementation of the North American Waterfowl Management Plan, technical assistance to private and public organizations and individuals, and direct development and enhancement of wetland habitats. Formation of public-private partnerships and joint ventures and development and implementation of interdisciplinary, watershed-based programs are also used.

5. Citizen Participation

The Program is dedicated to involving citizens and other stakeholders in the process of managing fish, wildlife, and native plant resources. The Program reaches out to stakeholders through public meetings, study groups and task forces, special citizen involvement groups (e.g.,

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negotiated rulemaking, Fisheries Round Table), volunteer work opportunities, and special donation opportunities.

Program objectives for Citizen Participation include:

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Value of land and dollars donations to Critical Habitat Match (in millions)	0	\$1.2	\$1.5	\$1.5	\$1.5

State appropriations to the Critical Habitat Match Account total \$9.45 million. The Legislative Commission on Minnesota Resources has recommended an additional \$2.5 million for F.Y. 1994-95. On 11-1-92, completed donations total \$6.7 million and accepted pledges total \$2.3 million. Pledges on hand for F.Y. 1994-95 are \$1.6 million. Anticipated pledges for F.Y. 1994-95 are \$2 million.

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of volunteers participating in inventory and monitoring of rare species populations and native vegetation	10	75	75	80	100
No. of public input/round table meetings on fish and wildlife resource issues	6	10	12	15	20

The Fish and Wildlife Division has actively solicited public input by conducting meetings around the state since 1978. Surveys of Minnesota citizens and of other agencies nationwide give Minnesota high marks for public satisfaction, support and conflict resolution. In recent years, the public involvement process has been expanded to include "round tables" and interdisciplinary task forces to assume that all views are considered and the best possible decisions made.

6. Effective and Efficient Program Management

The Program is dedicated to providing effective and efficient public service. Effectiveness means doing the right things. Efficiency means doing things the right way. The Program's state-of-the-art cost accounting and planning systems help ensure that public money is spent wisely. The Program reaches out and coordinates with other public and private organizations to reduce duplication and increase synergy.

Program objectives for Effective and Efficient Program Management include:

	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
No. of cooperative projects with other DNR programs, county, state and federal agencies, and private conservation programs	10	20	30	50	100

Cooperative projects will be the mainstay of future effective and efficient governing. The division will expand its efforts to reduce duplication and unwarranted expenditures by exploring creative cooperative ventures with the public sector.

PROGRAM PLAN:

The Fish and Wildlife Division has been asked to reduce General Fund expenditures by 5% and absorb inflationary cost increases. The net impact is approximately \$1,386,000 for F.Y. 1994 and \$2,680,000 for F.Y. 1995. (The total for the biennium is \$4,066,000.)

Basic program services will continue to be provided. Lake mapping, environmental review, wetland protection, exotic species management, fish and wildlife pathology and chemistry work, and in-stream flow and biocriteria development will continue. Fisheries habitat improvement, environmental education and individual waters management initiatives will be continued. Wildlife management area development and maintenance, coordination, research, county biological surveys, and protection and development of nongame and rare plant and animal habitats and communities will continue.

Specific steps to reduce expenditures are outlined in the activity level narratives. In summary, the division will:

- reduce fleet management, travel expenses, supply and material purchases, and part-time/temporary staffing across the board;
- leave presently unfilled positions vacant;
- permanently downsize the chemistry laboratory;
- delay management information systems development;
- eliminate the River Survey Program and 2 of its 3 positions;
- reduce some consultant services;
- reduce publication of some educational and public awareness materials;
- redirect its wildlife cooperative cost-sharing venture expenditures to habitat maintenance and development on wildlife management areas.

The short-term impacts of the budget reduction in terms of personnel will be loss of 4 positions and accompanying expertise; services will remain basically the same or slightly less. The long-term impacts will be felt most in the loss of expertise, current data and information available for decision making.

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
 (Continuation)

Legislative Commission on Minnesota Resources Recommendations:

■ **Anadromous Fish Monitoring**

This project provides for biologic monitoring to improve the management of the steelhead population on the north shore of Lake Superior.

\$137,000 - Minnesota Future Resources Fund

■ **Reinvest in Minnesota - Statewide Fisheries Habitat Development**

To accelerate the Reinvest in Minnesota Program through the development of trout, walleye, and smallmouth bass habitat in streams; removal of the Flandrau Dam on the Cottonwood River to allow migration of fish; and the installation of aeration systems on winterkill-prone lakes.

\$687,000 - Environment and Natural Resources Trust Fund

■ **Reinvest in Minnesota - Fisheries Acquisition for Angler Access and Habitat Development**

To accelerate the Reinvest in Minnesota Program. \$50,000 is for trout stream easements, \$50,000 is for warmwater stream easements, and \$200,000 is for aquatic management areas acquisition.

\$300,000 - Environment and Natural Resources Trust Fund

■ **Establishment of Critical Winter Habitat Areas on Intensively Farmed Land**

This project provides for a contract with Pheasants Forever, Inc., to acquire and establish areas of critical winter habitat for wildlife on farmland in Scott County. The appropriation must be matched by \$60,000 nonstate funds.

\$100,000 - Minnesota Future Resources Fund

■ **Niemaackl Watershed Restoration**

This project provides for the restoration of the Niemaackl Watershed by improvement of water quality, flood reduction, fish and wildlife habitat, and recreation through citizen participation with federal, state, and local governments and nongovernment agencies. \$200,000 is available to begin the project and the remaining \$300,000 is contingent on a match of \$300,000 of nonstate funds.

\$500,000 - Minnesota Future Resources Fund

■ **Deer Critical Habitat Survey - Koochiching County**

This project is in cooperation with Koochiching County to conduct an intensive survey of deer winter cover in Koochiching County to identify critical habitat for deer for improved timber management and for deer population management. The appropriation must be matched by \$5,000 of nonstate funds.

\$75,000 - Minnesota Future Resources Fund

■ **Establishing Goose Nesting Sites in Northern Minnesota and Relocation of Giant Canada Goslings**

This project provides for a contract with Geese International, Inc., to manufacture and place 160 permanent goose nesting sites in the Squaw Lake and Baudette areas and to purchase a 4-wheel drive vehicle capable of towing a trailer for 400 goose goslings. The appropriation must be matched by \$31,890 from Geese International, Inc.

\$21,000 - Minnesota Future Resources Fund

■ **Description and Evaluation of Minnesota Old-Growth Forests - Continuation**

To accelerate the evaluation of old-growth candidate stands (\$90,000), develop detailed descriptions of old-growth forest types (\$110,000), and determine habitat relations of forest fungi in old-growth forests (\$50,000) for completion of the implementation of the Department of Natural Resources' old-growth guidelines.

\$250,000 - Minnesota Future Resources Fund

■ **Minnesota County Biological Survey - Continuation**

To continue the Minnesota County Biological Survey of systematic collection (\$630,000) and management of data on the distribution of rare plants (\$150,000), animals, and natural habitats and to provide for distribution and integration of rare features information (\$120,000).

\$900,000 - Environment and Natural Resources Trust Fund

■ **Minnesota's Forest-Bird Diversity Initiative - Continuation**

To monitor forest songbird populations and to utilize geographic information system tools to correlate forest-bird populations with dynamics of the forest landscape.

\$500,000 - Environment and Natural Resources Trust Fund

■ **Reinvest in Minnesota - Critical Habitat Match, Scientific and Natural Areas, Wildlife, and Prairie Acquisition**

To accelerate the Reinvest in Minnesota Program. \$2,600,000 is to protect and improve critical fish, wildlife, and native plant habitat through critical habitat match; \$1,000,000 is to acquire land for scientific and natural areas; \$300,000 is to acquire North American Waterfowl Management Plan projects; and \$100,000 is to acquire prairie bank easements to protect native

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(Continuation)

prairie on private lands.

\$4,000,000 - Environment and Natural Resources Trust Fund

■ **Reinvest in Minnesota - Wildlife Habitat Stewardship and Property Development**

To accelerate the Reinvest in Minnesota Program to develop state land to protect wildlife and native plant populations, restore native plant communities, and enhance wildlife habitat.

\$900,000 - Environment and Natural Resources Trust Fund

■ **Biological Control of Eurasian Watermilfoil and Purple Loosestrife**

To research biological control for purple loosestrife and eurasian watermilfoil. \$100,000 is for the propagation, release and evaluation of insects for purple loosestrife control; \$50,000 is for the development of mycoherbicides to control purple loosestrife; \$200,000 is for evaluation of biocontrol agents for eurasian watermilfoil fungi and insects and is contingent on a match of \$100,000 of nonstate funds; \$50,000 is to research the biology of eurasian watermilfoil and is contingent on a \$100,000 match of nonstate funds.

\$400,000 - Minnesota Future Resources Fund

■ **Replacement of Eurasian Watermilfoil with Native Minnesota Plants**

This project provides for a contract with the White Bear Lake Conservation District to research the replanting of areas treated for eurasian watermilfoil with native aquatic plants.

\$40,000 - Minnesota Future Resources Fund

■ **Stream-Flow Protection**

This project provides funds to collect stream habitat data (width, depth, velocity, substrate, water elevation) in up to 39 watersheds to develop community-based flows that protect stream resources.

\$280,000 - Minnesota Future Resources Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends the following investment initiatives: \$28.6 million for the biennium from the General Fund for the first payment required in the proposed settlement agreement with the Mille Lacs band of Ojibway for the 1837 treaty, \$180,000 for the biennium from the Game and Fish fund for North American Waterfowl Management Plan

expenditures, and \$660,000 for the biennium for Deer Population Management. The Governor is also recommending changes in commercial fish and wildlife license regulations that will raise \$158,000 in revenues for the Game and Fish Fund.

As part of his environmental initiative, the Governor also recommends \$6 million from the Environmental and Natural Resources Trust Fund for the Reinvest in Minnesota (RIM) programs of Critical Habitat Match, Wildlife, and Fisheries habitat acquisition and development and \$500,000 for the Niemacki watershed restoration as part of the Non-point Source Pollution initiative.

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

Program funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1991			FY 1992			FY 1993			FY 1994			FY 1995			
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	
FISH MANAGEMENT	21,357	22,554	23,685	23,236	24,471	31,502	23,242	23,433	22,988	23,242	23,433	22,988	23,242	23,433	22,988	
WILDLIFE MANAGEMENT	16,676	19,250	19,484	17,855	25,238	24,601	17,863	17,874	17,923	17,863	17,874	17,923	17,863	17,874	17,923	
ECOLOGICAL SERVICES	3,193	3,146	3,946	3,483	4,447	3,655	3,490	3,759	3,687	3,490	3,759	3,687	3,490	3,759	3,687	
TOTAL EXPENDITURES BY ACTIVITY	41,226	44,950	47,115	44,574	54,156	59,758	44,595	45,066	44,598	44,595	45,066	44,598	44,595	45,066	44,598	
GOV'S INITIATIVES:	FUND															
(A) MILLE LACS TREATY SETTLEMENT						GEN	8,600									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						MET	<7,287>									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						MNR	<1,803>									
(A) NON-POINT POLLUTION INITIATIVES						MNR	500									
(A) SALARY PLANNING ESTIMATES						GEN	<61>					<61>				
(A) SALARY PLANNING ESTIMATES						NRF	<38>					<38>				
(A) SALARY PLANNING ESTIMATES						G&F	<759>					<759>				
(B) WATERFOHL MANAGEMENT PLAN						G&F	90					90				
(B) DEER POPULATION MANAGEMENT						G&F	360					300				
(B) REINVEST IN MINNESOTA INITIATIVES						MET	6,000									
TOTAL GOV'S INITIATIVES							5,602					<468>				
SOURCES OF FINANCING:	-----															
DIRECT APPROPRIATIONS:	-----															
ENVIRONMENT TRUST				1,045	886	7,287	6,000									
GENERAL	3,127	2,322	2,830	2,582	2,472	2,411	2,586	2,476	2,415							
MN RESOURCES	1,254	1,506	983				500									
NATURAL RESOURCES	1,943	1,536	1,875	1,755	1,755	1,717	1,757	1,757	1,719							
GAME AND FISH	28,167	30,801	31,914	31,735	31,735	31,426	31,750	31,750	31,381							
OPEN APPROPRIATIONS:	-----															
GENERAL	3,984	4,099	4,355	4,355	4,446	13,046	4,355	4,503	4,503							
GAME AND FISH	1,555	1,561	1,638	1,638	1,662	1,662	1,638	1,675	1,675							
STATUTORY APPROPRIATIONS:	-----															
SPECIAL REVENUE	350	603	191	66	66	66	66	66	66							
GAME AND FISH	8	14	17	17	17	17	17	17	17							

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	727	1,324	2,299	2,299	2,786	2,786	2,299	2,695	2,695
GIFTS AND DEPOSITS	111	139	127	127	127	127	127	127	127
TOTAL FINANCING	41,226	44,950	47,115	44,574	54,156	59,758	44,595	45,066	44,598
POSITIONS BY FUND:									
ENVIRONMENT TRUST		9.6	13.3		23.0	17.0			17.0
GENERAL	42.7	39.8	41.2	41.2	40.2	40.2	41.2	40.2	40.2
MN RESOURCES	8.5	3.2	4.0		7.5	1.0			1.0
NATURAL RESOURCES	26.9	26.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8
SPECIAL REVENUE	2.3	.1	.8	.8	.8	.8	.8	.8	.8
GAME AND FISH	515.4	545.1	555.6	555.6	538.9	542.9	555.6	524.4	528.4
FEDERAL	9.0	9.2	9.8	11.8	11.8	11.8	11.8	11.8	11.8
GIFTS AND DEPOSITS			.5	.5	.5	.5	.5	.5	.5
TOTAL POSITIONS	604.8	633.8	655.0	639.7	652.5	644.0	639.7	607.5	629.5

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM: Fish and Wildlife Management
 ACTIVITY: Wildlife Management

ITEM TITLE: Waterfowl Expenditures in Canada

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$90	¹ \$90	² \$90	\$90

Statutory Change? Yes X No _____

If yes, statute affected: M.S. 97A.127

GOVERNOR'S RECOMMENDATION:

The Governor recommends that statutory authority and funding from the Game and Fish Fund be provided to the Department of Natural Resources so that Minnesota hunters can contribute to the implementation of the North American Waterfowl Management Plan (NAWMP) in Canada.

Without significant state contributions to the NAWMP, duck populations will not recover and the benefits of improved wetland habitats and abundant duck populations will be lost. Most of the ducks harvested in Minnesota are raised in Canada, particularly its prairie regions. Long-term habitat degradation, combined with severe drought during the 1980's, has reduced duck populations to 40% below goal levels. To restore waterfowl populations to levels comparable to the mid-1970's when over 150,000 Minnesotans enjoyed good waterfowl hunting, all states, provinces, the federal governments of the United States, Canada, and Mexico, and Ducks Unlimited signed the North American Waterfowl Management Plan Agreement. It pledges participants to jointly fund wetland habitat restoration and protection projects that will ensure sufficient populations of ducks, geese, and other wetland wildlife for current and future generations. Minnesota's contribution is essential to help maintain the current funding commitment from the United States Fish and Wildlife Service, Canadian governments and, in particular, Ducks Unlimited.

PROGRAM OUTCOMES:

Outcomes are increased populations of ducks and geese and other wetland wildlife that can be sustained at levels that will provide quality wildlife viewing and hunting opportunities for Minnesotans. Since 1987, about 80,000-90,000 Minnesotans hunted ducks. With improved populations, waterfowl hunters are expected to increase again to 150,000. Sustaining waterfowl populations will guarantee our children the opportunities enjoyed by our grandfathers and fathers. Measurable outcomes in the 1994-95 biennium in terms of improved duck populations cannot be guaranteed, but maintaining existing levels of waterfowl hunters, hunting opportunity, and viewing is likely.

LONG-TERM IMPACT:

Future contributions will occur annually from the base level appropriations to the Division of Fish and Wildlife. Amounts will vary depending on available funding and in-state priority needs.

¹ Revenue already deposited into the Game and Fish Fund from the sale of previously issued waterfowl stamps (1977-91) to collectors.

² Future contributions will be from the Game and Fish Fund base level appropriations made to the Division of Fish and Wildlife.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM: Fish and Wildlife Management
 ACTIVITY: Wildlife Management

ITEM TITLE: Deer Population and Wildlife/Human Problem Management

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$360	\$300	\$315	\$330

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that deer population and wildlife/human problem management activities and authorities in the Department of Natural Resources be expanded to: 1) provide Minnesotans with cost-effective solutions to human/wildlife conflicts; 2) enable the state's agricultural producers to improve productivity and profits; and 3) protect wildlife values for the benefit of all citizens of the state.

Abundant populations of deer and other wildlife species and increased demand on land resources have increased conflicts with humans and wildlife. An essential part of managing wildlife and maintaining public support for wildlife programs is to effectively resolve conflicts between people and wildlife in a mutually beneficial way.

The department's goal is to provide for long-term abatement of wildlife-human problems by assisting property owners in a timely, consistent, effective, and economical manner that has the least negative environmental impact. The 4 primary strategies to accomplish this are: 1) population management; 2) habitat management; 3) technical assistance; and 4) education and training.

This initiative will enhance each of those strategies by providing additional authorities to improve population and habitat management, increasing the level of technical assistance to individuals and agencies, and providing accurate and up-to-date information on deer populations and wildlife damage abatement techniques.

Establishing this initiative now will avoid the need for greatly increased future expenditures to address these problems (e.g., in the state of Wisconsin, deer populations in some areas are out of control and a \$3 million/year program has been established to address human-wildlife conflicts).

PROGRAM OUTCOMES:

- Deer and other wildlife populations will be maintained at near 1992 levels to satisfy the recreational demand of hunters and viewers, but continued population expansions will be prevented.
- All requests for technical assistance will be addressed promptly and effectively.

LONG-TERM IMPACT:

This initiative will improve the department's ability to manage deer populations and to more effectively address conflicts between people and wildlife to the mutual benefit of both. It will diminish the possibility or need for greatly expanded wildlife damage or compensation programs as has occurred in other states that could cost millions of dollars annually.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Fish and Wildlife Management
ACTIVITY:

ITEM TITLE: Reinvest in Minnesota Program (RIM)

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Environ. & Nat. Res. Trust				
- State Operations	\$6,000	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$6 million be appropriated from the Environment and Natural Resources Trust Fund for the Department of Natural Resources' Reinvest in Minnesota Program to enhance and protect fish, wildlife, and native plant communities as part of his environmental initiative. Two of the purposes of the Governor's initiatives are to protect and preserve natural resources and to enhance recreational opportunities for state citizens. RIM has a proven record of contributing to both of these goals.

This ongoing conservation program needs funds to continue and accelerate protection and enhancement of valuable fish, wildlife, and native plant communities in the state. This funding will encourage \$2.6 million in private donations of cash and land to the state. The North American Waterfowl Management Plan may provide \$300,000 in federal match.

PROGRAM OUTCOMES:

Critical habitat match will leverage equal private donations for critical fish, wildlife, and native plant community projects; North American Waterfowl Management Plan projects will be acquired; scientific and natural areas will be acquired to protect rare and threatened native plants and animals; much needed stewardship will be provided for state wildlife areas; stream and river easements will be acquired for angler access and management; and aquatic management areas will be acquired to protect riparian areas.

LONG-TERM IMPACT:

Protection and stewardship of state natural areas, wildlife lands, streams and lakeshores for future generations to use and enjoy. Tourism and outdoor recreation opportunities will be maintained.

1994-95 Biennial Budget

BUDGET ACTIVITY: Fish Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

The Section of Fisheries manages fish communities and habitat on over 5,400 lakes, totaling approximately 3.8 million acres, and 15,000 miles of streams and rivers. The section's management actions impact many Minnesota residents (including over 1.9 million anglers), sports groups, lake associations, the bait and tackle industry, resorts, the boating industry, licensed commercial fishing operators, private aquaculturists, as well as state, federal, and local units of government. These activities generate over \$845 million in direct expenditures and \$1.3 billion in output annually. Approximately 30,000 jobs have been generated.

The Section of Fisheries' operating budget for F.Y. 1993 is \$23.7 million, including appropriations from the General Fund, Game and Fish Fund (license sales and fisheries surcharge), trout and salmon stamp, Natural Resources Fund, Minnesota Future Resources Fund, and Environment and Natural Resources Trust Fund. Revenue to the Game and Fish Fund also includes federal reimbursement from the Dingell-Johnson/Wallop-Breaux Program. Total revenues to the Game and Fish Fund from fisheries-related activities are projected to be \$25 million annually.

The section's management actions are focused on achieving the division's program outcomes as follows:

- **providing outdoor recreation** by maintaining and enhancing quality fishing opportunities and providing improved fishing access;
- **species populations, communities, habitats, and natural areas** management through survey and assessment, research, improving fish habitat, providing healthy aquatic ecosystems, participation in watershed management and other integrated resource management initiatives, and protecting critical areas;
- **environmental education** through the MinnAqua Aquatic Education Program and providing other informational materials;
- **technical assistance** by providing counseling to private aquaculturists, sports groups, and other units of government;
- **citizen participation** through the Fisheries Round Table, public input meetings, cooperative management projects, and meetings with individuals and groups; and
- **effective and efficient program management** through cooperative efforts, leveraging funding, conducting regular program evaluations and audits, maintaining a highly trained and motivated staff, and use of a planned management system (e.g., strategic, long-range, and operational planning).

The section's management actions include protecting or improving fish habitat; gathering information on fish populations and anglers; using data collected to develop fisheries management plans for individual lakes and streams; restoring balanced fish communities to lakes; establishing long-term goals, objectives, and strategies for fisheries management; culturing certain fish species for stocking

in waters where they will benefit anglers; conducting fisheries research to provide management information and techniques; providing information on fisheries resources to the public; implementing an aquatic education program designed to teach angling recreation as well as the ecology, conservation, and ethics of fishing; establishing fishing regulations on a statewide and individual water basis to maintain and enhance fishing quality; engaging in cooperative fisheries management projects with private citizens and groups, federal, state, and local units of government (including fishing piers, habitat improvement, catch and release, and research projects); and conducting reviews of permit applications and proposed actions impacting fisheries to ensure water quality and habitat protection are considered.

BUDGET ISSUES:

The Fish Management Activity biennial budget reflects targeted reductions and absorbed inflation cost increases resulting in a biennial impact on services estimated at \$1,216,000. Fisheries will prioritize management activities and reduce expenditures in areas which will minimize impacts on primary clientele services. Statewide activity adjustments to manage budget impacts include holding 6.25 FTE (full-time equivalency) positions vacant in F.Y. 1994 and 8.75 FTE in F.Y. 1995 and reducing contractual agreements with outside agencies by approximately 25% in F.Y. 1994 and 50% in F.Y. 1995.

The Fish Management Activity budget process is decentralized. It is initiated by field staff and coordinated at the regional and statewide levels. Each regional fisheries program has had a base level of funding established through operational and long-range planning efforts involving all field staff. The activity will make budgetary adjustments by providing each regional headquarters with a biennial base level budget incorporating reductions and reprogramming management priorities. Field managers will adjust their activities within budgetary constraints to meet local management goals and initiatives.

Managers in charge of field operations indicate budgetary adjustments will include 1) an 8% reduction in fleet management costs in F.Y. 1994 and 16% in F.Y. 1995, 2) reductions in travel expenses, 3) reductions in supply and material purchases, and 4) reduction in part-time/temporary staff by an equivalent of 4.75 FTE in F.Y. 1994 and 9.5 FTE in F.Y. 1995.

The Fish Management Activity will maintain or expand current levels of expenditures in areas identified through the Fisheries Round Table meetings. These areas include 1) habitat protection and improvement, such as maintaining resource integrity through environmental review; protecting and enhancing in-stream and riparian habitat, water quality improvement, and cooperating with other government units in effective watershed management practices and environmental review; 2) environmental education through MinnAqua and other outreach programs; and 3) individual waters management, such as continued development of fisheries management plans for individual lakes and streams and experimenting with unique regulations on individual waters to maintain or enhance fishing quality.

Budgetary reductions and reprogramming are expected to impact the following specific fisheries activities:

- **Large Lake Monitor Program:** The activity will continue to monitor angling on Minnesota's large lakes. Surveys on the 11 largest lakes in Minnesota will be adjusted by reducing the number of staff interviewing anglers, reprogramming full-time staff to conduct interviews, or reducing the frequency of creel surveys. Information will still be of high enough quality to guide sound management decisions, but it will not be as precise. It is estimated that efforts will be reduced by approximately 30% in F.Y. 1994 and 40% in F.Y. 1995.

1994-95 Biennial Budget

BUDGET ACTIVITY: Fish Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
 (Continuation)

- **Lake and Stream Surveys and Assessments:** The Section of Fisheries presently surveys approximately 640 lakes and 190 streams annually to gather information on fish populations, water quality, and habitat. These surveys are conducted on a priority basis determined by the size of water, level of use, species present, and public accessibility. Reductions will be targeted at lower priority lakes and streams, resulting in surveys on these waters at less frequent intervals. It is estimated that lake surveys will be reduced by 30 in F.Y. 1994 and 40 in F.Y. 1995 and stream surveys by 4 in F.Y. 1994 and 8 in F.Y. 1995.
- **Management Information System Development:** The section is presently developing a Fisheries Management Information System for use by field managers, other units of government, and the public. Progress in linking field stations in the database network and the availability of data to others will be delayed by 1 to 2 years.
- **Coordination:** The activity will continue to exchange information, coordinate with stakeholders, and implement individual waters management actions. However, the activity will reduce travel and fleet expenses resulting in reduced opportunities to exchange information, coordinate with internal and external constituents, and, to some degree, limit the speed with which we can implement individual water management on lower priority waters. We are unable to quantify these impacts at this time.
- **Public Information:** The activity will continue to make important fisheries management information available to the public. However, the activity will reduce funds for publications and brochures by 15% in F.Y. 1994 and 25% in F.Y. 1995. Those publications in highest demand will still be provided, with reductions occurring for those of lower priority.

EFFICIENCY MEASURES:

The Section of Fisheries is developing a management information system to make information more readily available to managers and the clientele and make information transfer more efficient. A hatchery consultant's report, substantiated by the Legislative Auditor's Office, reported that state production of fish is efficient and, in most cases, more cost effective than providing fish through other means. Priority systems have been refined for conducting lake and stream surveys and assessments to ensure collection on high-priority waters is accomplished in a cost-effective manner. The section has continued to leverage all federal funds available through Dingell-Johnson/Wallop-Breaux.

Heavy reliance on volunteer assistance from the public has allowed an increasingly efficient outreach of MinnAqua, the section's aquatic education program. Cooperative efforts and project cost sharing is ongoing with the U.S. Forest Service, Voyageurs National Park, and numerous sports groups and associations. Continued public input and support is being solicited through the Fisheries Round Table and meetings with individual groups and agencies. The Section of Fisheries continues to be involved in initiatives directed at management of watersheds, as well as more comprehensive lake management.

REVENUE: This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Game and Fish	\$23,975	\$24,398	\$25,037	\$25,244	\$25,429
Dedicated - Special	52	12	0	0	0
Dedicated - Federal	95	45	65	75	85
Dedicated - Gift	54	28	34	34	34
Total Revenue	\$24,176	\$24,483	\$25,136	\$25,353	\$25,548

GRANTS:

- **Leech Lake Indian Reservation Agreement:** The state has entered into an agreement with the Leech Lake Band to pay to the Band each year 5% of the proceeds from the sale of all hunting and fishing licenses sold. The source of the payments is an open appropriation: 80% General Fund and 20% Game and Fish Fund. These payments are in lieu of a system of special licenses for non-Indian members to hunt and fish within the Leech Lake Reservation. Authorization for the payments is M.S. 97A.165.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Amount available for grant	\$1,736	\$1,773	\$1,813	\$1,802

- **1854 Treaty Area Agreement:** The state has entered into an agreement with the Grand Portage and Bois Forte Bands to pay each band \$1,600,000 annually (no agreement with the Fond du Lac Band has been reached). In addition, each band receives an amount equal to the amount paid to the Leech Lake Band in excess of \$1,500,000 annually. The source of payments is an open appropriation: 80% General Fund and 20% Game and Fish Fund. These payments are made in return for the Indian bands not exercising their hunting and fishing rights granted in the treaty. Authorization for the payments is M.S. 97A.165.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Amount available for grants	\$3,388	\$3,670	\$3,745	\$3,826

- **Legislative Commission on Minnesota Resources - Catch and Release Program:** Funds provided for matching grants to local anglers clubs for promotion of catch and release statewide.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
LCMR	\$33	\$2	0	0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	11,596	12,514	13,576	13,597	13,667	13,152	13,597	13,597	13,152
EXPENSES/CONTRACTUAL SRVCS	1,608	1,812	1,792	1,456	1,978	1,449	1,462	1,455	1,455
MISC OPERATING EXPENSES	2,260	625	568	566	566	566	566	566	566
SUPPLIES/MATERIALS/PARTS	1,375	1,296	1,508	1,379	1,532	1,382	1,379	1,392	1,392
CAPITAL EQUIPMENT	291	353	122	121	196	121	121	121	121
OTHER	841	797	674	674	974	674	674	674	674
SUBTOTAL STATE OPERATIONS	17,971	17,397	18,240	17,793	18,913	17,344	17,799	17,805	17,360
LOCAL ASSISTANCE	3,386	5,157	5,445	5,443	5,558	14,158	5,443	5,628	5,628
TOTAL EXPENDITURES	21,357	22,554	23,685	23,236	24,471	31,502	23,242	23,433	22,988
GOV'S INITIATIVES:									
(A) MILLE LACS TREATY SETTLEMENT						8,600			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<987>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<137>			
(A) SALARY PLANNING ESTIMATES						<7>			<7>
(A) SALARY PLANNING ESTIMATES						<438>			<438>
TOTAL GOV'S INITIATIVES						7,031			<445>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST						987			
GENERAL	346	181	329	280	266	259	280	266	259
MN RESOURCES	278	341	479		137				
NATURAL RESOURCES	69	28	18	18	18	18	18	18	18
GAME AND FISH	14,922	16,215	16,767	16,846	16,846	16,408	16,852	16,852	16,414

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OPEN APPROPRIATIONS:									
GENERAL	3,984	4,099	4,355	4,355	4,446	13,046	4,355	4,503	4,503
GAME AND FISH	1,555	1,561	1,638	1,638	1,662	1,662	1,638	1,675	1,675
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	66								
FEDERAL	95	55	65	65	75	75	65	85	85
GIFTS AND DEPOSITS	42	74	34	34	34	34	34	34	34
TOTAL FINANCING	21,357	22,554	23,685	23,236	24,471	31,502	23,242	23,433	22,988
POSITIONS BY FUND:									
ENVIRONMENT TRUST					1.0				
GENERAL	4.7	4.2	5.5	5.5	5.5	5.5	5.5	5.5	5.5
MN RESOURCES	.9	.7	.5						
GAME AND FISH	310.2	321.8	331.9	331.9	315.2	315.2	331.9	300.7	300.7
FEDERAL		.2							
TOTAL POSITIONS	315.8	326.9	337.9	337.4	321.7	320.7	337.4	306.2	306.2

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	11,596	12,514	13,576	13,597	13,667	13,152	13,597	13,597	13,152
EXPENSES/CONTRACTUAL SRVCS	1,608	1,812	1,792	1,456	1,978	1,449	1,462	1,455	1,455
MISC OPERATING EXPENSES	2,260	625	568	566	566	566	566	566	566
SUPPLIES/MATERIALS/PARTS	1,375	1,296	1,508	1,379	1,532	1,382	1,379	1,392	1,392
CAPITAL EQUIPMENT	291	353	122	121	196	121	121	121	121
OTHER	841	797	674	674	974	674	674	674	674
SUBTOTAL STATE OPERATIONS	17,971	17,397	18,240	17,793	18,913	17,344	17,799	17,805	17,360
LOCAL ASSISTANCE	3,386	5,157	5,445	5,443	5,558	8,558	5,443	5,628	5,628
TOTAL EXPENDITURES	21,357	22,554	23,685	23,236	24,471	25,902	23,242	23,433	22,988
GOV'S INITIATIVES:									
			FUND						
(A) MILLE LACS TREATY SETTLEMENT			GEN			3,000			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MET			<987>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<137>			
(A) SALARY PLANNING ESTIMATES			GEN			<7>			<7>
(A) SALARY PLANNING ESTIMATES			G&F			<438>			<438>
TOTAL GOV'S INITIATIVES						1,431			<445>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					987				
GENERAL	346	181	329	280	266	259	280	266	259
MN RESOURCES	278	341	479		137				
NATURAL RESOURCES	69	28	18	18	18	18	18	18	18
GAME AND FISH	14,922	16,215	16,767	16,846	16,846	16,408	16,852	16,852	16,414

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1994			FY 1995					
	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.		
OPEN APPROPRIATIONS:									
GENERAL	4,355	4,355	4,446	7,446	4,355	4,503	4,503		
GAME AND FISH	1,638	1,638	1,662	1,662	1,638	1,675	1,675		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	66								
FEDERAL	95	65	75	75	65	85	85		
GIFTS AND DEPOSITS	42	34	34	34	34	34	34		
TOTAL FINANCING	21,357	22,554	23,685	23,236	24,471	25,902	23,242	23,433	22,988
POSITIONS BY FUND:									
ENVIRONMENT TRUST				1.0					
GENERAL	4.7	4.2	5.5	5.5	5.5	5.5	5.5	5.5	5.5
MN RESOURCES	.9	.7	.5						
GAME AND FISH	310.2	321.8	331.9	331.9	315.2	315.2	331.9	300.7	300.7
FEDERAL		.2							
TOTAL POSITIONS	315.8	326.9	337.9	337.4	321.7	320.7	337.4	306.2	306.2

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1994-95 Biennial Budget

BUDGET ACTIVITY: Wildlife Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

The Section of Wildlife's activities contribute directly to the economic, social, and environmental health of Minnesota by providing for the sustained recreational and commercial harvest of wildlife and native plant resources to about 600,000 licensed hunters and trappers and 2,800,000 Minnesotans that observe or photograph wildlife or plants. These activities result in the direct expenditure of about \$500 million that help sustain the outdoor recreation and tourism industry.

The Section of Wildlife's operating budget for F.Y. 1993 is \$19.5 million, including appropriations from the General Fund, Game and Fish Fund, Natural Resources Fund, Minnesota Future Resources Fund, and Environment and Natural Resources Trust Fund. About 67%, or \$14 million, of the activity budget is from the Game and Fish Fund. Twenty-five percent of the Game and Fish Fund appropriation is semi-dedicated license receipts, which include deer habitat improvement, pheasant stamp, deer and bear management, waterfowl stamp, and small game license surcharge. Each semi-dedicated account appropriation has statutory restrictions on its uses. Revenue to the Game and Fish Fund also includes federal reimbursement from the Pittman-Robertson Account. Total revenues to the Game and Fish Fund from wildlife-related activities are projected to be \$23 million annually.

The section received about \$1.4 million from the General Fund for the Scientific and Natural Areas, Natural Heritage, County Biological Survey, and Reinvest in Minnesota (RIM) programs in F.Y. 1993.

The Nongame Wildlife Program is self-supporting from voluntary donations to the Nongame Checkoff on individual(s) and corporate income tax forms. Most of the County Biological Survey was supported by Legislative Commission on Minnesota Resources (LCMR) appropriations of \$500,000 in F.Y. 1993. Other projects funded from LCMR appropriations of Environment and Natural Resources Trust and Minnesota Future Resources funds include scientific and natural areas acquisition and development, old-growth forests, forest-bird biodiversity studies, Swan and Heron Lakes areas, and accelerated wild turkey management.

In the last biennium, the section received \$1.4 million in private donations of land and cash that was matched equally with contributions from the RIM Critical Habitat Match Program. In F.Y. 1992 and F.Y. 1993, the Section of Wildlife received \$2 million in federal funding for the North American Waterfowl Management Plan implementation. These federal dollars were partially matched with private sources from Ducks Unlimited, Pheasants Forever, Minnesota Waterfowl Association, and The Nature Conservancy and Section of Wildlife dollars towards the completion of several major watershed/shallow lake improvement projects centered around Swan, Heron, and Thielke Lakes in southwestern Minnesota.

The section's management actions are focused on achieving the division's program outcomes as follows:

- providing outdoor recreation through regulated harvest and maintaining and enhancing quality hunting, viewing, and trapping opportunities;

- species populations, communities, habitats, and natural areas management with animal habitat and plant community protection, endangered species protection and management, acquisition and development, statewide inventory of animal populations and plant communities, and applied research;
- environmental education through the Nongame Program, Project WILD and AquaWILD and distribution of other informational materials;
- technical assistance to other governmental agencies, businesses, and landowners, and the Natural Heritage Information System;
- citizen participation through public input meetings, season-setting meetings, and meetings with private groups, organizations and individuals; and
- effective and efficient program management through cooperative agreements, use of a comprehensive planned management system (e.g., strategic, long-range, and operational planning), development of a Deer Management Information System, and regular improvement of staff capabilities through seminars, conferences, and training opportunities.

BUDGET ISSUES:

The Section of Wildlife will continue to provide primary services to Minnesota citizens with its proposed budget plan that provides a targeted General Fund reduction and absorbs annual inflationary cost increases for General Fund, Nongame, Game and Fish Fund, and other fund-supported subactivities. Several activity-wide actions to reduce expenditures will be undertaken. These include 1) reduce fleet costs by 5% in F.Y. 1994 and 10% in F.Y. 1995 by reducing fleet size and downsizing vehicles to smaller, more fuel-efficient trucks and passenger vehicles; 2) reduce in-state travel costs by 10%; and 3) hold vacant at least 5 professional level positions annually. Additional budget adjustments or reallocations will occur at subactivity levels as follows:

■ Farmland

More staff and funding will be focused to habitat development and maintenance of the Wildlife Management Area (WMA) System (1,140 units, 717,000 acres). This will occur by using \$500,000 of the small game license surcharge account previously spent for WMA acquisition for staff salaries and support costs necessary to plan and implement habitat development projects on WMA's. Combined with this additional staff support, pheasant stamp receipts previously used to improve habitat on private lands will be shifted to similar critical habitat projects on WMA's. With the substantial growth of well-coordinated and integrated private lands cost-share programs offered by many public and private conservation organizations since 1985, ample dollars from other sources will be available to private landowners for cost-sharing wetland, farmland, and forest habitat development practices on private land. A similar reallocation of RIM general dollars from private lands cost sharing to WMA development will occur. This shift in program emphasis will also result in more staff time to address animal damage complaints on private lands and to increase coordination and integration of wildlife resource needs into private lands programs delivered by the Division of Forestry, U.S. Fish and Wildlife Service, U.S. Department of Agriculture, Board of Water and Soil Resources, Ducks Unlimited, North American Wildlife Foundation, and Izaak Walton League.

Weeds will be controlled on wildlife management areas (WMA's), but expenditures will be reduced by about 50% over the biennium by targeting more sensitive or troublesome sites and using pheasant stamp dollars to renovate grassland and former pasture to better native plant cover. Contracting with private vendors for weed control will also continue and will be evaluated for its effectiveness.

1994-95 Biennial Budget

BUDGET ACTIVITY: Wildlife Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
 (Continuation)

WMA farming will continue at about 90% of current levels and will be reduced where fewer food plots or less unit farming will not result in a decrease in wildlife production or an increase of deer, moose, elk or waterfowl damage on adjacent private land.

■ Forest

Deer harvest registration will continue so that essential harvest information is collected, but savings will result by requesting that stations waive the \$.25 per deer registration payment.

Coordination and integration of wildlife expertise into the land-use decisions of public and private forest managers will be continued by allocating about \$90,000 in deer habitat improvement special account money from direct habitat development projects to staff and support costs for coordination and technical assistance.

Essential waterfowl, pheasant, bear, deer, turkey and habitat research projects will continue, but about \$50,000 in savings will result from the completion of 2 research projects that are evaluating new deer harvest strategies.

■ Wetland

To maintain wetland protection efforts, about \$60,000 in waterfowl stamp receipts will be reallocated to salary and support costs related to this activity. This will result in a reduction of state-funded wetland development projects on wildlife management areas but with some funding available from Ducks Unlimited and federal sources, priority projects will still be completed.

■ Scientific and Natural Areas (SNA)/Natural Heritage

Out-of-state travel costs will be lowered by ensuring that only essential conferences are attended.

Reduce clerical support.

Continue to publish only high-priority brochures, maps, and interpretive materials.

Decrease temporary inventory staff positions in the Minnesota County Biological Survey (MCBS) and transfer some Natural Heritage staff into MCBS work so that essential, highly trained staff is retained and made available to conduct critical inventories of rare plant and animal communities and populations.

Some SNA staff costs for development and acquisition will be charged to development funding that is anticipated from the Environment and Natural Resources Trust Fund.

MCBS staff will survey 4 counties, which is one fewer than previously planned. This level of accomplishment is dependent upon anticipated funding from the Environment and Natural Resources Trust Fund, MCBS, and other general funds.

■ Nongame

Protection and development of important nongame habitats will increase by funding qualifying nongame projects through the Reinvest in Minnesota Critical Habitat Matching Account. Donations to the nongame program will be used as the private funds to match the state funds.

Continue to produce priority publicity and promotion items, but eliminate less essential pamphlets and brochures. Revenues from the sale of existing publications will be used to reprint high-priority program materials.

Reduce contracts for specialized research with private vendors.

■ Revenue

The dedicated fund reduction is not expected to affect revenues, although it is possible a reduction might occur in the Nongame Wildlife Account because of less emphasis on publicity and promotional work.

EFFICIENCY MEASURES:

The Section of Wildlife continues to improve its effectiveness of resource management through increased teamwork, technical assistance, partnering, and cooperative arrangements. Volunteer services are also increasingly utilized in survey and inventorying efforts. In addition, expanded database development offers a unique opportunity to increase efficiency in the day-to-day operations such as cost accounting and project tracking and in overall resource management through information sharing.

REVENUE: This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated-Natural Resources	\$ 1,016	\$ 910	\$ 1,013	\$ 1,065	\$ 1,215
Non-dedicated - Game and Fish	20,401	23,167	22,470	23,130	23,390
Dedicated - Special	385	264	203	50	50
Dedicated - Federal	180	1,153	1,690	1,800	1,845
Dedicated - Gift	79	105	80	80	80
Total Revenue	\$22,061	\$25,599	\$25,456	\$26,125	\$26,580

GRANTS:

■ Wildlife Habitat on Private Land

The Section of Wildlife makes grants to individuals under the farmland and forest wildlife programs by cost-sharing habitat development on private lands. Statutory authority is provided by 97A.075 [Use of License Revenues], Subdivision 4, and 97A.125 [Wildlife Habitat on Private Lands]. Cost-sharing activities include establishing food plots, nesting cover, winter cover, roadsites, and improvement of forest and brushland habitats through prescribed burning.

Game and Fish Fund	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$348	\$191	\$191	\$191

1994-95 Biennial Budget

BUDGET ACTIVITY: Wildlife Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
(Continuation)

■ Forest Songbird Match

The Fish and Wildlife Division was required to make a grant of \$200,000 to the National Fish and Wildlife Foundation in order to receive \$250,000 (a \$50,000 gift) in return (Laws of 1991, Chapter 254, Section 14).

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Game and Fish Fund	\$200	0	0	0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: WILDLIFE MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	9,346	10,321	11,017	10,352	11,785	11,347	10,352	10,352	10,196
EXPENSES/CONTRACTUAL SRVCS	2,799	3,362	2,484	1,971	4,202	3,590	1,979	1,998	2,075
MISC OPERATING EXPENSES	1,410	1,412	2,349	2,325	2,333	2,317	2,325	2,310	2,313
SUPPLIES/MATERIALS/PARTS	1,504	1,338	1,672	1,379	1,598	1,567	1,379	1,386	1,406
CAPITAL EQUIPMENT	160	267	93	28	45	150	28	28	43
OTHER	934	2,022	1,678	1,609	5,084	5,349	1,609	1,609	1,609
SUBTOTAL STATE OPERATIONS	16,153	18,722	19,293	17,664	25,047	24,320	17,672	17,683	17,642
AIDS TO INDIVIDUALS	254	328	191	191	191	191	191	191	191
LOCAL ASSISTANCE	269	200				90			90
TOTAL EXPENDITURES	16,676	19,250	19,484	17,855	25,238	24,601	17,863	17,874	17,923
GOV'S INITIATIVES:									
									FUND
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<6,300>			
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<946>			
(A) NON-POINT POLLUTION INITIATIVES						500			
(A) SALARY PLANNING ESTIMATES						<29>			<29>
(A) SALARY PLANNING ESTIMATES						<26>			<26>
(A) SALARY PLANNING ESTIMATES						<286>			<286>
(B) WATERFOWL MANAGEMENT PLAN						90			90
(B) DEER POPULATION MANAGEMENT						360			300
(B) REINVEST IN MINNESOTA INITIATIVES						6,000			
TOTAL GOV'S INITIATIVES						<637>			49
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		1,004	792		6,300	6,000			

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: WILDLIFE MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	1,563	1,171	1,388	1,293	1,229	1,200	1,295	1,231	1,202
MN RESOURCES	879	1,151	358		946	500			
NATURAL RESOURCES	1,499	1,038	971	976	976	950	977	977	951
GAME AND FISH	12,131	13,382	13,882	13,618	13,618	13,782	13,623	13,623	13,727
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	283	564	164	39	39	39	39	39	39
GAME AND FISH	8	14	17	17	17	17	17	17	17
FEDERAL	244	863	1,836	1,836	2,037	2,037	1,836	1,911	1,911
GIFTS AND DEPOSITS	69	63	76	76	76	76	76	76	76
TOTAL FINANCING	16,676	19,250	19,484	17,855	25,238	24,601	17,863	17,874	17,923
POSITIONS BY FUND:									
ENVIRONMENT TRUST		9.0	11.8		22.0	17.0			17.0
GENERAL	23.0	20.3	19.5	19.5	19.5	19.5	19.5	19.5	19.5
MN RESOURCES	7.3	2.5	3.5		3.0	1.0			1.0
NATURAL RESOURCES	22.5	20.9	19.6	19.6	19.6	19.6	19.6	19.6	19.6
SPECIAL REVENUE	2.3	.1	.8	.8	.8	.8	.8	.8	.8
GAME AND FISH	182.7	199.0	200.0	200.0	200.0	204.0	200.0	200.0	204.0
FEDERAL	2.9	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7
GIFTS AND DEPOSITS			.5	.5	.5	.5	.5	.5	.5
TOTAL POSITIONS	240.7	255.4	259.4	244.1	269.1	266.1	244.1	244.1	266.1

1994-95 Biennial Budget

BUDGET ACTIVITY: Ecological Services
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

The Section of Ecological Services develops and implements research, management, and planning tools that actively promote the wise stewardship of Minnesota's natural resources. Primary program emphasis is directed at maintaining and enhancing the health and productivity of fish, wildlife, and native plant populations and their habitats. The section provides 2 major categories of service to accomplish this goal: specialized technical expertise and coordination of comprehensive fish and wildlife initiatives.

Technical services include fish and wildlife disease prevention and containment, water quality assessments, lake mapping, aquatic plant management, aeration inspection and permitting activities, investigation of pollution-caused kills of fish and wildlife, enforcement of aquatic pesticide use, and aquatic resource monitoring and research.

Comprehensive resource initiatives coordinated by section staff include assessment of the impacts of proposed development initiatives, comprehensive fish and wildlife planning, stream-flow protection, wetlands protection and planning, aquatic exotic species management and planning, habitat restoration planning for the Lake Superior basin, and statewide assessment of fish contaminant levels.

The Ecological Services Section's operating budget for F.Y. 1993 is \$3.9 million, including funding from the General Fund, Game and Fish Fund, Minnesota Future Resources Fund, and Environment and Natural Resources Trust Fund. It also receives funding from the Natural Resources Fund for lake improvement and exotic species management activities. Based on the expenditures from these accounts, additional revenue is received to the Game and Fish Fund through federal reimbursement.

The section's management actions are focused on achieving the division's program outcomes as follows:

- **providing outdoor recreation** by insuring the health of stocked fish populations, mapping lake basins, and issuing aquatic nuisance control permits to lakeshore residents;
- **species populations, communities, habitats and natural areas management** by recommending measures to mitigate the impacts of development projects to upland and lowland habitats, recommending protected flows that insure adequate habitat is maintained for stream resources and management of aquatic exotic species infestations;
- **environmental education** by participating in the Mississippi Riverwatch Citizen's Monitoring Program and the Cannon River Watershed Program, providing educational and informational materials on lake resources, management, and exotic species, and conducting workshops and seminars to professional and academic groups;
- **technical assistance** by providing assistance and laboratory services to Department of Natural Resources' (DNR) managers, private developers, private aquaculturists and other units of government, and responding to general public inquiries;
- **citizen participation** by working cooperatively with important stakeholders such as lake associations, commercial plant harvesters, watershed conservation districts, and private hatcheries; and
- **effective and efficient program management** by implementing an effective cost accounting and work planning system, initiating cooperative management and planning initiatives with other units of government, leveraging funding, and promoting employee training opportunities.

The broad spectrum of clientele served by the Section of Ecological Services include professional fish and wildlife managers, hunters, anglers, trappers, nature viewers, the general public, other resource agencies at the federal, state and local levels, municipalities, and water recreationists. Specific and special interest clientele include state and private fish hatchery operators, development proposers, DNR conservation officers, DNR hydrologists, lakeshore residents, and lake associations.

BUDGET ISSUES:

The Section of Ecological Services will continue to provide a leadership role in developing and implementing ecological management tools and will seek additional opportunities to forge partnerships with other agencies and organizations to further expand that responsibility. The section's proposed budget plan was prepared by carefully evaluating existing resource programs, the services they provide, and the clientele they serve. Budget reductions that resulted from this assessment will not impact the majority of primary services that the section provides to Minnesota's citizens. Although some budget reductions were made in program-specific appropriations, the Section of Ecological Services will continue to be regional and national leaders in:

- wetlands protection and planning efforts;
- management of aquatic exotic species;
- stream-flow protection;
- comprehensive fish and wildlife planning initiatives;
- assessment of environmental impacts to fish, wildlife, and native plant populations and their communities and habitats;
- fish and wildlife disease prevention and containment; and
- aquatic resource management, monitoring, and research.

The targeted General Fund reduction to the section and the absorption of salary and inflation increases for activities funded by the General Fund, Game and Fish Fund, and the Natural Resources Fund results in a biennial impact of \$403,500. Specific budget decisions are as follows:

■ Lab Services

One of 3 laboratories maintained in the section, the chemistry laboratory, will be permanently downsized from 5 to 4 full-time staff. The full range of current services will continue to be provided by this metro facility. Administrative functions provided by the eliminated position will be handled in the central office.

1994-95 Biennial Budget

BUDGET ACTIVITY: Ecological Services
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
 (Continuation)

■ Aeration Permits and Safety

The number of hours spent inspecting aeration units throughout the state will be reduced to coincide with the 3.5% inflationary costs that the part-time staff responsible for the program will assume.

■ Aquatic Resource Monitoring and Research

The section's River Survey Program will be eliminated. This program has historically provided biological information for river resources throughout the state. Primary clientele impacted by this decision will be the Minnesota Pollution Control Agency, the Section of Fisheries, and other river managers throughout the state. Two of 3 positions dedicated to river monitoring will be eliminated in the St. Paul office. One position will remain on staff to provide biological river expertise to resource personnel throughout the department and to other resource agencies.

■ Support to Division's Administrative Unit

Financial support provided to the division's administrative unit will be significantly reduced during the biennium. To accommodate this loss, the administrative unit will not fill the vacant federal aid coordinator position in St. Paul and will absorb the position's responsibilities among other administrative personnel.

■ Environmental Assessment and Mitigation

Part-time support of 1 field clerical position will be eliminated.

■ Wetlands Protection and Planning

Travel and support expenses will be reduced for the 1 full-time wetlands position and salary support for wetland conservation activities by area wildlife staff will be eliminated.

■ Exotics Species Management

Support to the section's clerical unit, who handle all exotics species mailings to the public, will be reduced. Inflationary costs will also be absorbed by reducing the acquisition of supplies to support management activities, by reducing consultant services that develop general educational and public awareness materials, and by reducing professional-technical services that assist with the control of exotic species infestations and the development of new control tools for field managers.

■ Fish Contaminant Study

The number of lakes where fish are surveyed for contaminant levels will be reduced.

EFFICIENCY MEASURES:

The Section of Ecological Services is committed to providing effective and efficient services. Examples of such a commitment are illustrated by economizing work planning with the use of cost codes and operational planning, computerizing lake mapping activities and aquatic nuisance control permits, and placing environmental review staff out into the regions for more effective ecological impact assessment. The section will continue to improve its efficiency in delivery of services into the next biennium through computer networking and database sharing.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated- Game and Fish	\$1,654	\$1,838	\$1,865	\$2,238	\$2,253
Dedicated - Special	11	45	27	27	27
Dedicated - Federal	360	483	400	690	715
Dedicated - Gift	<u>0</u>	<u>2</u>	<u>17</u>	<u>17</u>	<u>17</u>
Total Revenue	\$2,025	\$2,368	\$2,309	\$2,972	\$3,012

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: ECOLOGICAL SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,843	2,028	2,370	2,367	2,687	2,379	2,367	2,451	2,379
EXPENSES/CONTRACTUAL SRVCS	714	559	954	633	1,231	777	640	807	807
MISC OPERATING EXPENSES	105	137	158	158	179	161	158	161	161
SUPPLIES/MATERIALS/PARTS	181	180	334	195	220	208	195	210	210
CAPITAL EQUIPMENT	179	68	36	36	36	36	36	36	36
OTHER	141	174	94	94	94	94	94	94	94
SUBTOTAL STATE OPERATIONS	3,163	3,146	3,946	3,483	4,447	3,655	3,490	3,759	3,687
LOCAL ASSISTANCE	30								
TOTAL EXPENDITURES	3,193	3,146	3,946	3,483	4,447	3,655	3,490	3,759	3,687
GOV'S INITIATIVES:									
			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<720>			
(A) SALARY PLANNING ESTIMATES			GEN			<25>			<25>
(A) SALARY PLANNING ESTIMATES			NRF			<12>			<12>
(A) SALARY PLANNING ESTIMATES			G&F			<35>			<35>
TOTAL GOV'S INITIATIVES						<792>			<72>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		41	94						
GENERAL	1,218	970	1,113	1,009	977	952	1,011	979	954
MN RESOURCES	97	14	146		720				
NATURAL RESOURCES	375	470	886	761	761	749	762	762	750
GAME AND FISH	1,114	1,204	1,265	1,271	1,271	1,236	1,275	1,275	1,240
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1	39	27	27	27	27	27	27	27

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: ECOLOGICAL SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	388	406	398	398	674	674	398	699	699
GIFTS AND DEPOSITS		2	17	17	17	17	17	17	17
TOTAL FINANCING	3,193	3,146	3,946	3,483	4,447	3,655	3,490	3,759	3,687
POSITIONS BY FUND:									
ENVIRONMENT TRUST		.6	1.5						
GENERAL	15.0	15.3	16.2	16.2	15.2	15.2	16.2	15.2	15.2
MN RESOURCES	.3				4.5				
NATURAL RESOURCES	4.4	5.9	10.2	10.2	10.2	10.2	10.2	10.2	10.2
GAME AND FISH	22.5	24.3	23.7	23.7	23.7	23.7	23.7	23.7	23.7
FEDERAL	6.1	5.4	6.1	8.1	8.1	8.1	8.1	8.1	8.1
TOTAL POSITIONS	48.3	51.5	57.7	58.2	61.7	57.2	58.2	57.2	57.2

1994-95 Biennial Budget

PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

The Department of Natural Resources' (DNR) Enforcement Division is the primary law enforcement agency within the state of Minnesota responsible for natural resource and recreational law enforcement.

The mission of the division is to ensure the perpetuation of Minnesota's natural resources, to provide equal recreational opportunity, and to ensure public safety through sound educational opportunities and regulatory practices for all citizens and guests.

The division strives to achieve this mission by providing the following services:

1. Enforce regulations pertaining to Minnesota's fish and wildlife resources, including fisheries, small game, big game, migratory waterfowl, and furbearers. Investigations, surveillance and general patrol ensure adequate protection and law compliance to maintain adequate populations for current and future generations to enjoy.

2. Enforce recreational vehicle regulations, including all-terrain vehicles and snowmobiles. Responsibilities include:

- general operating regulations;
- registration requirements; and
- regulations that prohibit driving while intoxicated.

Adequate enforcement assures that public safety, environmental protection, and quality recreational opportunities are provided.

3. Reduce the risk of loss of life or injury associated with outdoor recreational activities by ensuring that public-use rules and regulations are adequately enforced and public safety is maintained.

4. Enforce regulations pertaining to watercraft. Responsibilities include:

- general operating regulations;
- licensing and registration requirements;
- regulations that prohibit boating while intoxicated;
- equipment requirements; and
- providing public education.

Adequate enforcement ensures public safety, assures that revenues supporting watercraft programs are collected, and that quality recreational opportunities are provided.

5. Enforce regulations pertaining to commercial activities. Responsibilities include:

- commercial fishing/aquaculture/minnow harvest;
- game farm/shooting preserve operations;
- fur buyer operations;
- ginseng/wild rice harvest;
- turtle/mussel/crayfish harvest; and
- taxidermy operations.

Adequate enforcement ensures protection and prevents exploitation of desired species. It also guarantees the following:

- Reporting requirements are current and timely.
- Non-commercial species, including threatened and endangered species, are protected.
- Licenses and facilities are inspected.

6. Enforce regulations pertaining to public water resources. Responsibilities include:

- enforce permit requirements, including terms and periods for lake and streambed work;
- aquatic vegetation laws;
- irrigation regulations/appropriation of water;
- alterations of streams and lake beds;
- Water Conservation Act - "No Net Loss of Wetlands"; and
- enforce aeration system regulations.

Adequate enforcement will ensure that necessary permits are obtained and displayed, that adequate water supplies are available for public use, and that the environment is protected.

7. Provide assistance to other agencies and all DNR disciplines by providing:

- natural resource enforcement;
- recreational enforcement; and
- environmental protection.

	1990-91 Biennium			
	Violations		Activity Hours	
	F.Y. 1990	F.Y. 1991	F.Y. 1990	F.Y. 1991
Parks	128	107	3,113	3,235
Forestry	230	222	* 8,936	7,195
Waters	112	105	* 3,827	3,037
Trails	36	92	* 3,465	4,211

* Drought/high fire danger/little snow this time period

Cooperative agreements, technical assistance, and professional leadership provided by the Enforcement Division allow other agencies and DNR disciplines to fulfill their primary objectives and responsibilities.

8. Enforce regulations in state parks and on DNR-managed lands. Responsibilities include regulations pertaining to the general use of:

1994-95 Biennial Budget

PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: Natural Resources, Department of
(Continuation)

- Minnesota state parks and wildlife management areas;
- scientific and natural areas;
- state forest campgrounds/day-use areas;
- state trail system/public water access sites; and
- state game refuges/state forests.

Cooperative working relationships with other department managers ensure that state lands and indigenous wildlife species which inhabit them receive adequate protection. Recreational opportunities for the public are provided consistent with department goals.

9. Administer and coordinate Youth Firearm, All-Terrain Vehicle, and Snowmobile Safety programs. Recruit and train volunteer instructors to teach Minnesota youth between 11 and 17 years of age. Instruction includes the safe handling of firearms and responsible recreational vehicle operation.
10. Administer and coordinate the Advanced Hunter Education Program. The purpose is to teach Minnesota citizens ethical hunting behaviors and specialized skills necessary to be safe, knowledgeable hunters. In 1990-91, the program conducted specialized hunting clinics focusing on the following species:
 - Turkey
 - Bear
 - Deer
 - Waterfowl

A well-informed and educated hunting public leads to ethical practices and sportsmanlike behavior which reduces violations and complaints.

11. Maintain a variety of public and individual relationships with resource and recreational users to ensure that they are familiar with regulatory changes and programs and are able to provide input into decisions.

Minnesota Milestones goals that are addressed by the division's programs and activities include:

- Minnesotans will respect the natural world.
- We will improve the quality of the air, water, and earth.
- Citizens will sustain and enhance the living world.
- We will have opportunities to enjoy our outdoor recreational resources.

The Enforcement Division fulfills both mandatory (Youth Firearm Safety, Snowmobile Safety, and All-Terrain Vehicle) training programs and a voluntary (Advanced Hunter Education) program which provide citizens with information and skills to better enjoy our recreational resources. The division also provides regulatory and law enforcement services relating to game and fish and water resources

that directly impact the protection of these resources. Through education and regulation, the division functions as the primary field contact point for Minnesotans who enjoy the out of doors.

PROSPECTS:

The need to protect Minnesota's small wetlands will become a priority in both the short and long term. The passage of the Water Conservation Act of 1991 ("No Net Loss of Wetlands") creates a priority need to protect small wetland basins from being filled or drained. The primary regulatory responsibility rests with the Enforcement Division.

The need to clean up and restore river systems, such as the Minnesota River, will emerge as a long-term priority in water resource protection. Solid waste disposal and pollution from unlawful dumping will be areas where the Enforcement Division will be called upon to exercise regulatory functions.

An increasing awareness of the need for environmental protection will emerge as a long-term priority in natural resource protection. Programs, such as the pilot civil citation program, will give the Enforcement Division added tools and responsibilities in protecting our environment. Additionally, the possible merger of functions between the Department of Natural Resources and the Minnesota Pollution Control Agency, if implemented, would significantly impact the division. During calendar year 1991, Conservation Officers cited 308 environmental violations, including 127 solid waste/litter violations; 167 air quality/fire violations; 3 pollution violations; and 11 other environmental violations. Conservation Officers assisted the Minnesota Pollution Control Agency in a variety of environmental incidents, including oil spills, toxic releases, water pollution, and air pollution. Additionally, Conservation Officers initiated or participated in several criminal investigations undertaken jointly with the Attorney General's Office.

The public's desire to enjoy more and better recreational opportunities will create a situation, both short and long term, where the division must evaluate and prioritize workloads if both recreational use and resource protection are to be accorded adequate regulatory time. This will necessitate de-emphasizing low-priority tasks and prioritizing resource protection and recreational public safety issues. Some tasks currently being done may be eliminated.

Public scrutiny of consumptive uses of natural resources (trapping and bow hunting) will create a need to better train and educate Minnesota hunters and trappers. The possibility of expanded hunting seasons (2 deer) will create a need to expand the existing Youth Firearm Safety and Advanced Hunter Education programs and may create a need for a separate Bow Hunter Education Program. Expansion of existing programs and creation of a new program would tax the division's ability to provide service.

OUTCOMES AND OBJECTIVES:

■ **Resource Protection**

Protection of Minnesota's game, fish, and plant resources has been a priority since 1887 when the first game wardens were appointed. That priority continues to this day.

The goal of the Enforcement Division is to provide law enforcement and educational services so that native game, fish, and plant species will continue to exist in abundance now and in the future.

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PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: Natural Resources, Department of
 (Continuation)

Minnesota Milestones Goals: Minnesotans will act to protect and enhance their environment. Minnesota's environment will support a rich diversity of plant and animal life.

Enforcement Division Indicator: Game and Fish Licenses - Increased Sales

	<u>F.Y. 1985</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991-93</u>	<u>F.Y. 1994-95</u>
Total game & fish licenses sold	2,134,000	2,298,000	2,356,000	2,392,000
% license sales increase	--	7.7	2.5	1.7
Total game and fish violations	12,573	12,590	12,550	12,550
No. of license violations	2,010	1,713	* 1,738	1,700
No. of over limit violations	283	287	* 360	350
% conviction rate	97	97	97	97
% violation rate	0.58	0.54	0.53	0.52

* Calendar Year 1991

The Enforcement Division functions to implement fish/wildlife management strategies by regulating hunting and fishing. The enforcement of laws and regulations is a primary factor in maintaining game and fish resources at targeted levels.

Sales of game and fish licenses continue to increase along with increased opportunities for hunters and fisherpersons. Additional license sales and expanded hunting/fishing opportunities will increase the workload of the Enforcement Division. Regulatory systems have, of necessity, become more complex to provide expanded opportunities. These factors would normally lead to an increased level of violations.

The actual number of violations detected remains virtually the same from 1985 to 1991 indicating that the deterrent effect of the division's law enforcement activities is having a positive effect on the violation level.

The fact that the violation rate has remained constant at a time when it could be anticipated to increase is the best indicator of the effectiveness of the division's efforts to protect Minnesota's natural resources. The desired outcome of perpetuating Minnesota's native animal and plant species at levels sufficient to provide all recreational, management, and conservation purposes is being realized.

■ **Recreation**

Minnesotans are utilizing the out of doors in ever-increasing numbers. In part, this is due to expanding outdoor opportunities which exist close to large population centers. The Enforcement Division has made enforcement of recreational regulations a priority because of the serious public

safety implications involved in the misuse of recreational vehicles. The use of recreational vehicles (boats, snowmobiles, all-terrain vehicles) is a major source of outdoor recreational activity in Minnesota.

The goal of the division is to provide a safe climate for Minnesotans to enjoy outdoor experiences by providing:

- regulatory services that ensure safe operation of recreational vehicles;
- specialized law enforcement to apprehend recreational vehicle operators that are impaired by alcohol or control substances;
- investigation of accidents to determine causes and/or prevention methods; and
- regulation of state trails and lands under the Department of Natural Resources' control to minimize conflicts between vehicle users and non-motorized pursuits.

Minnesota Milestone Goal: Minnesotans will have the opportunity to enjoy the state's natural resources.

Enforcement Division Indicator: Recreational Vehicles - Increased Registrations

	<u>F.Y. 1985</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991-93</u>	<u>F.Y. 1994-95</u>
Total number of recreational vehicles registered	790,000	938,000	990,000	1,030,000
Average percentage increased registrations per year	--	3.7	5.57	4
Total number of recreational vehicle violations	2,997	4,030	4,581	4,948
Average percentage increased violations per year	--	6.9	13.6	8

Recreational vehicles in Minnesota exist in approximately the following proportions:

- Boats - 75%
- Snowmobiles - 22%
- All-Terrain Vehicles - 3%

The violation rate associated with recreational vehicle use is approximately twice the rate of new registrations. This fact is attributable to recent changes in machine design which allow recreational vehicles to reach much higher speeds and an emphasis by the division on speed and alcohol enforcement.

It is apparent that additional recreational enforcement and education is necessary to reduce the violation rate at least to the level of new registrations or lower. This effort has been ongoing for several years with promising results coming from the application of new techniques, including radar speed detection and sobriety checkpoints for recreational vehicles.

These continued efforts will reduce the violation rate to the level of new registrations.

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PROGRAM: Enforcement of Natural Resource Laws and Rules
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 (Continuation)

■ **Public Education**

The Enforcement Division has conducted a variety of training classes for hunters and recreational vehicle operators for many years. To date, almost a million Minnesotans have participated in one.

	1990-91 Biennium			
	Start Date	Total Students	F.Y. 1990	F.Y. 1991
Firearm Safety Program	1955	696,895	17,610	20,067
Snowmobile Safety Program	1969	223,277	3,721	5,600
Advanced Hunter Education Program	1976	14,269	1,319	1,024
All-Terrain Vehicle Safety Program	1985	2,819	284	314

The goal of the Enforcement Division is to provide training to better prepare Minnesotans to safely participate in outdoor recreational activities regulated by the department.

Minnesota Milestone Goal: Minnesotans will have the opportunity to enjoy the state's natural resources.

Enforcement Division Indicator: Hunting Safety

	F.Y. 1985	F.Y. 1990	F.Y. 1991-93	F.Y. 1994-95
No. of hunting licenses sold	413,000	951,000	962,000	975,000
% accidents/100,000 licenses sold (Minnesota)	.02	.0061	.0049	.0046
% accidents/100,000 licenses sold (nationally)	unknown	.08	unknown	--

Minnesota has consistently been below the national average in numbers of accidents per 100,000 hunting licenses sold. This fact can, in large part, be attributed to the almost 700,000 youth that have been trained in firearm safety since 1955. This program received a national award from the National Rifle Association in 1990 as the most improved program in the United States. The program continues to be updated and improved and has been made mandatory for persons born after 12-31-79 who wish to hunt in Minnesota.

The Advanced Hunter Education Program has made similar strides in reducing hunter/landowner problems and trespass complaints by educating over 14,000 Minnesotans since 1976 in ethical hunting behaviors.

Enforcement Division Indicator: Recreational Vehicle Use (Snowmobiles/All-Terrain Vehicles)

	F.Y. 1985	F.Y. 1990	F.Y. 1991-93	F.Y. 1994-95
No. of machines registered	200,000	223,000	266,500	280,000
No. of accidents	* 128	364	403	445
% accidents/100,000 registered machines	* 0.064	0.16	0.15	0.16

* Does not include all-terrain vehicle data.

The violation rate for all recreational vehicles (all-terrain, snowmobiles, and boats) is increasing approximately twice as fast as new registrations. This reflects the strong enforcement emphasis placed on alcohol and speed violations once these factors were recognized as primary causes of fatalities.

It is apparent that continued training of youthful operators is essential to controlling the level of accidents. New initiatives include industry recognition of the need to communicate the basic safety message to age groups not reached by existing training classes. There is a strong need to continue existing programs and evaluate new methods to reach clientele not served by existing programs.

Training in safety and ethics has been an effective means to reduce hunting accidents. While the same training effects have not been realized with regard to recreational vehicles, continued identification of accident causes and training modifications will lead to decreased numbers of accidents. Overall, the training of hunters and recreational vehicle operators has significantly reduced the incidence of accidents and fatalities in Minnesota.

REVENUE:

This activity generates non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Natural Resources	\$3,322	\$4,013	\$3,438	\$3,746	\$3,952
Non-dedicated - Game and Fish	445	582	497	549	601
Total Revenue	\$3,767	\$4,595	\$3,935	\$4,295	\$4,553

The Program Plan changes should not impact the amount of revenues generated. The Natural Resources Fund revenues are mainly attributable to watercraft license fees. The Game and Fish Fund revenues are mainly license violation fines.

GRANTS:

■ **County Boat and Water Safety Grant Program**

Grants to the counties are made under M.S. 86B.701 and funded from the Water Recreation Account. Presently, the department provides boat and water safety grants to 78 counties to operate a program of boat and water safety law enforcement and education. Activities undertaken

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AGENCY: Natural Resources, Department of
 (Continuation)

through the grant program by county sheriffs include:

- enforcement of boating regulations;
- search and rescue operations;
- rental boat inspections; and
- informational and education programs.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Natural Resource Fund	\$1,114	\$1,122	\$1,082	\$1,082

■ **North Shore Smelt Enforcement Grants**

The department provides funds to St. Louis and Lake counties and local law enforcement agencies to address problems created by the smelt run (Laws of 1991, Chapter 254, Section 5). Activities undertaken through the grant include:

- control of trespass problems; and
- control of traffic along the North Shore.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Natural Resources Fund	\$8	\$14	\$14	\$14

PROGRAM PLAN:

The Enforcement Division will be significantly affected by budget shortfalls in the 1994-95 biennium, including a \$66,000 per year reduction necessary to help balance the Water Recreation Account. Our plan requires both short-term actions and re-evaluation of long-term program goals.

The division will respond to this challenge in a variety of ways, including an examination of workloads, prioritization of enforcement and educational activities, and the de-emphasis or elimination of certain non-essential activities. Priority activities will receive the same or higher levels of service, while low-priority activities will be eliminated or done only as time or circumstances permit.

The priorities for the 1994-95 biennium will be:

- resource protection;
- recreational and resource-related activities that enhance public safety; and
- recreational regulation that provides quality opportunities.

By prioritizing these activities in the short term, public needs will be met within department goals and management schemes. Increasing recreational and hunting/fishing opportunities will tax the division's ability to provide regulatory services to the increasing number of citizens and guests who wish to participate in outdoor activities. By examining and re-prioritizing workloads, the division will redistribute Conservation Officers' time to maximum effect.

Emphasizing certain priority activities will cause other activities to be de-emphasized or discontinued. There will undoubtedly be negative impacts on some citizens and programs as a result of these choices. Activities that will be de-emphasized or eliminated include:

- cross-country ski regulation;
- response to nuisance animal complaints; and
- priority activities during periods of lowest public use.

This strategy will provide the majority of outdoor users with regulatory services at the same or enhanced levels, while eliminating or decreasing non-essential services to a small segment of Minnesotans.

Specific actions to be undertaken during the 1994-95 biennium include:

- Three Conservation Officer positions in F.Y. 1994 and 3 additional in F.Y. 1995 will remain vacant.
- One Conservation Officer pilot position will remain vacant.
- Field operations funding will be cut by 9%.
- Eliminate leasing of snowmobiles for Conservation Officers.
- Decrease central office travel, both in-state and out-of-state.
- Decrease central office printing.
- Decrease Conservation Officer overtime by 46 hours in F.Y. 1994 and 50 hours in F.Y. 1995 per officer.
- Eliminate regional staff in 1 of 6 existing regions and consolidate functions with a neighboring region.

The Conservation Officer pilot position to be held vacant will not effectively decrease the division's flying capabilities. The aircraft will be flown by a qualified Conservation Officer(s) who will have field station responsibilities when not functioning as a pilot.

Maintaining 6 Conservation Officer vacancies in the second year of the biennium will create additional workloads for stations adjoining a vacancy. Decreased overtime hours will exacerbate this situation. These factors will result in decreased patrol and slower response time to reported violations.

The division's consolidation to a 5 region structure will eliminate 3 full-time positions with only a minimal decrease in service to the public. The consolidation will provide service to the public by shifting budgeting and management functions to an adjoining region. Service to the public will be maintained by using existing area level staff as a public contact point.

To the extent possible, the division will participate in any restructuring or realignment of department organization by:

- co-locating offices with other department disciplines;

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PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: Natural Resources, Department of
(Continuation)

- working cooperatively with other disciplines on resource or recreational management projects;
- appropriately staffing regional or sub-regional organizational structure.

The long-range implications of the actions taken during the 1994-95 biennium will be, in general, to downsize the division at both the management and field level. A smaller organization, in the face of expanding recreational opportunities, will mean that lower priority activities will be discontinued in order to adequately staff priority activities. The emergence of the Water Conservation Act as an active priority will further lessen the time available for low-priority activities.

Other factors which will emerge in both the short and long term that will affect division activities include:

- increase in environmental enforcement in response to the public's expectation for environmental protection; and
- expansion of multi-officer stations in population centers to better serve informational and educational needs.

These actions and emerging factors and strategies will result in a smaller but more effective organization capable of handling priority resource and recreational regulation needs for the department.

Legislative Commission on Minnesota Resources Recommendation:

Wild Turkey Hunting Safety/Education: This project provides funds for a contract with the Wild Turkey Federation to develop a program to promote safety in the sport of wild turkey hunting to minimize accidents and improve hunter/landowner relationships.

\$39,000 - Minnesota Future Resources Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends additional funding for investment initiatives including: an increase of \$130,000 from the General Fund for the biennium to support an additional conservation officer to work with the Mille Lacs band on enforcement of the proposed 1837 treaty settlement; \$90,000 from the Game and Fish Fund to pay severance and relocation costs associated with the proposed agency realignment; \$50,000 from the Game and Fish Fund to consolidate arrest ledger records with Financial Management Bureau records; \$29,000 from the Natural Resources Fund and \$159,000 from the Game and Fish Fund to improve public access to conservation officers by equipping them with cellular telephones; and \$36,000 from the Natural Resources Fund and \$215,000 from the Game and Fish Fund to finance the purchase of mobile display terminals in vehicles so that conservation officers may continue to be dispatched to incidents through the State Patrol's dispatch system, which is undergoing conversion to MDTs.

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

Program funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: ENFORCEMENT--NR LAWS&RULES
ACTIVITY: ENFORCEMENT--NR LAWS&RULES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	9,700	10,549	10,913	10,911	11,064	10,817	10,911	11,063	10,733
EXPENSES/CONTRACTUAL SRVCS	1,491	1,800	1,710	1,693	1,722	1,743	1,697	1,687	1,699
MISC OPERATING EXPENSES	366	440	438	438	458	538	438	458	533
SUPPLIES/MATERIALS/PARTS	738	699	715	647	632	639	647	632	633
CAPITAL EQUIPMENT	122	58	5	5	130	291	5	130	270
OTHER	98	99	308	308	308	308	308	308	308
SUBTOTAL STATE OPERATIONS	12,515	13,645	14,089	14,002	14,314	14,336	14,006	14,278	14,176
LOCAL ASSISTANCE	1,129	1,122	1,136	1,136	1,096	1,096	1,136	1,096	1,096
TOTAL EXPENDITURES	13,644	14,767	15,225	15,138	15,410	15,432	15,142	15,374	15,272
GOV'S INITIATIVES:									
			FUND						
(A) REALIGNMENT OF FIELD OFFICES			G&F			90			
(A) MILLE LACS TREATY SETTLEMENT			GEN			80			50
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<39>			
(A) SALARY PLANNING ESTIMATES			GEN			<63>			<63>
(A) SALARY PLANNING ESTIMATES			NRF			<42>			<41>
(A) SALARY PLANNING ESTIMATES			G&F			<268>			<268>
(B) CONSOLIDATE ARREST LEDGERS			G&F			50			
(B) CELLULAR TELEPHONES FOR CONS OFF			NRF			20			9
(B) CELLULAR TELEPHONES FOR CONS OFF			G&F			90			64
(B) MOBILE DISPLAY TERMINALS			NRF			14			22
(B) MOBILE DISPLAY TERMINALS			G&F			90			125
TOTAL GOV'S INITIATIVES						22			<102>

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: ENFORCEMENT--NR LAWS&RULES
ACTIVITY: ENFORCEMENT--NR LAWS&RULES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,192	2,256	2,309	2,278	2,577	2,594	2,278	2,577	2,564
MN RESOURCES					39				
NATURAL RESOURCES	2,517	2,579	2,614	2,620	2,554	2,546	2,620	2,553	2,543
GAME AND FISH	8,711	9,637	10,006	10,044	10,044	10,096	10,048	10,048	9,969
ENVIRONMENTAL		100	100						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	213	186	193	193	193	193	193	193	193
GAME AND FISH		1	1	1	1	1	1	1	1
GIFTS AND DEPOSITS	11	8	2	2	2	2	2	2	2
TOTAL FINANCING	13,644	14,767	15,225	15,138	15,410	15,432	15,142	15,374	15,272
POSITIONS BY FUND:									
GENERAL	30.0	32.7	33.4	38.4	37.4	38.4	38.4	37.4	38.4
NATURAL RESOURCES	24.4	24.4	25.0	25.0	25.0	25.0	25.0	25.0	25.0
GAME AND FISH	141.8	143.4	151.1	151.1	148.1	148.1	151.1	142.1	142.1
ENVIRONMENTAL			.5	.5	.5	.5	.5	.5	.5
TOTAL POSITIONS	196.2	200.5	210.0	215.0	211.0	212.0	215.0	205.0	206.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Enforcement of Natural Resources Laws and Rules
ACTIVITY:

ITEM TITLE: Arrest Ledgers, Consolidate With Enforcement

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$50	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this investment initiative for \$50,000 from the Game and Fish Fund. It will eliminate inefficiencies, duplication of efforts, reduce costs, and facilitate the collection of fine monies.

Fifty percent of the fines for game and fish, snowmobile, and watercraft are remitted by the counties to the Department of Natural Resources. In F.Y. 1992, the amount for fines, forfeits, and restitutions deposited to the Game and Fish Fund was almost \$390,000. Currently, fine monies are deposited by the Financial Management Bureau to the applicable statewide accounting accounts; however, staffing levels do not permit posting of individual violators. Even if this posting was done, the system is outdated and inadequate. It does not have the capability of providing a report of unpaid fines, and it does not allow adjustments to the violator's record or statewide accounting account. The Legislative Auditor can be expected to recommend improvements.

A combined system would permit the Financial Management Bureau to deposit monies to the state treasury and post to correct statewide accounting accounts, while the Enforcement Division would post fines and arrests to individual violator records. This could be done with existing staffing levels.

PROGRAM OUTCOMES:

This initiative would fund development of an automated system that would: 1) preclude duplication of input and systems maintenance costs; 2) provide timely reports on outstanding and unpaid fines, and; 3) address potential Legislative Audit findings.

LONG-TERM IMPACT:

Reduced administrative costs and more timely collection of fine monies.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Enforcement of Natural Resource Laws and Rules
ACTIVITY:

ITEM TITLE: Cellular Telephones - Enforcement

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$90	\$64	\$65	\$68
Natural Resources Fund (WRA)				
- State Operations	\$20	\$9	\$11	\$12

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the purchase and use of cellular telephones by conservation officers to improve communications and provide enhanced service to the public.

The Enforcement Division will downsize by 9 officers as a response to decreased General Fund revenues. This represents approximately a 4.8% reduction in the number of uniformed officers. The division believes that the loss of personnel can be at least partially mitigated by utilizing cellular telephone technology to enhance communication and improve service to the public. The public frequently contacts State Patrol radio dispatchers or sheriff departments to inquire about laws or seasons or to report violations. Cellular telephones will allow officers to obtain information directly from complainants after being contacted by the dispatcher while enroute to reported violations. It will also allow information to be provided to the public during the day rather than several hours later when an officer returns to his/her office. Increased costs will be offset by improved law enforcement and information services. Increased recreational and resource-related opportunities will expand the conservation officer's workload. The application of this technology will allow the division to provide the same level (or even enhanced service) on high-priority activities.

PROGRAM OUTCOMES:

Cellular telephones will enhance enforcement efforts when away from patrol vehicles, such as when in boats enforcing boating or fishing laws. It will improve an officer's ability to identify individuals who are without a wallet or identification papers. Cellular telephones will also improve officer safety by allowing assistance to be summoned in remote locations where hand-held radios cannot reach a dispatch point.

LONG-TERM IMPACT:

The addition of cellular telephones as a strategy to mitigate the loss of conservation officers will provide long-term service improvements to the public in the form of:

- improved response time to reported violations;
- improved service to the public requesting information or explanation about laws or regulations;
- enhanced officer safety, especially when out of range of hand-held radios; and
- improved transfer/retrieval of information in law enforcement situations.

These factors will remain constant throughout the 1996-97 biennium and beyond.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Enforcement of Natural Resources Laws and Rules
ACTIVITY:

ITEM TITLE: Mobile Display Terminals - Enforcement

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$90	\$125	\$305	\$299
Natural Resources Fund (WRA)				
- State Operations	\$14	\$22	\$47	\$46

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Enforcement Division convert to Mobile Display Terminal (MDT) technology in order to remain on the State Patrol communication network.

Conservation officers receive radio dispatch service from the State Patrol radio communications network. This network is undergoing a technological change which will provide State Patrol troopers with a MDT rather than a FM police radio. A MDT allows each officer to access information as though he/she were at a computer terminal. In this system, very little information is relayed to officers verbally by a dispatcher.

As the State Patrol converts dispatch points to this new system, the ability of conservation officers to be serviced under the old system will diminish. It is anticipated that within 5 to 7 years, conservation officers will no longer be able to be dispatched by the State Patrol network unless they are converted to the MDT system. There are no alternative statewide systems available to dispatch conservation officers. Creation of a separate radio system would greatly exceed the cost of upgrading to MDT's and remaining on the State Patrol network.

Currently, the State Patrol has converted to the MDT system in the 7-county Metro area and will convert their Rochester and St. Cloud dispatch points during the 1994-95 biennium.

PROGRAM OUTCOMES:

The use of MDT's will greatly enhance the ability of conservation officers to perform law enforcement activities and provide information to the public. The MDT system will make all information

currently maintained by the Departments of Public Safety and Transportation available to officers in a field setting. Such information as detailed vehicle information, registration information, and drivers license information will assist officers in identifying vehicles and/or people involved in violations. Emergency messages, recent criminal activity (stolen vehicles, robberies, etc.) can be instantly relayed to all officers on the system. A single system for law enforcement officers will allow conservation officers to knowledgeably assist other law enforcement agencies when requested.

The Department of Natural Resources currently maintains an extensive computer data base including recreational vehicle registrations, commercial license information, species lottery information, safety training records (mandatory for certain age groups to hunt or operate recreational vehicles), and violation information. If conservation officers can be updated to the MDT system, this data base will become available to all law enforcement officers. Access to the Department of Natural Resources' data base will greatly improve conservation officers' ability to effectively and efficiently provide law enforcement and informational services.

LONG-TERM IMPACT:

By F.Y. 1995, the current State Patrol MDT network will reach maximum dispatch point capacity. The Governor is recommending another investment initiative to be incorporated in the budget of the Department of Public Safety to finance the expansion of this system statewide. If that initiative is successful, it will be necessary for conservation officers to convert to the MDT system statewide during the 1996-97 biennium. The costs identified for conservation officers under the 1996-97 biennium are based upon the State Patrol receiving funding to expand the system statewide. If the State Patrol is not granted the expansion funding, there would be no costs during the 1996-97 biennium.

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PROGRAM: Operations Support
AGENCY: Natural Resources, Department of

PROGRAM PURPOSE:

Provide professional management and administrative support services to program operations in the central office and regional offices by providing specialized expertise in financial management, human resources management, procurement, facilities management, engineering and surveying, real estate management, information and education, information systems, license services, and planning and policy development.

The program accomplishes this purpose by:

1. Overall management of the Department of Natural Resources (DNR), formulation and establishment of priorities and policies for implementation of natural resource management, and integration of department operations into a cohesive management direction.
2. Providing leadership and direction in developing integrated resource management concepts and plans so that individual discipline efforts support a common goal and integrated decisions are made.
3. Providing liaison services for DNR programs to other governmental units and the agricultural community.
4. Establishment of internal financial management policies and procedures; coordination of the biennial budget, capital budget, and annual spending plan; budget control; revenue and general accounting functions; internal audits and coordination of legislative and federal audits; and provision of financial information.
5. Procurement, distribution, and issuance of fish and wildlife licenses, administration of wildlife hunting lotteries, various recreational vehicle registrations and cross-country ski passes, and watercraft titling.
6. Administration and maintenance of the DNR computer center, data entry services, geographic information system, telecommunications, and library services.
7. Development of DNR's strategic planning process and facilitation of local and regional natural resource planning efforts; conducting management and organizational analysis, including collecting and evaluating customer survey data; and administration of interdisciplinary environmental review and policy development.
8. Communication to the public about natural resources through accessible information services and news, special events, and publications.
9. Human resource management, employee development, labor relations, affirmative action, volunteer recruitment, training, and placement.
10. Coordination of the maintenance, repair, and rehabilitation of DNR buildings; management of the department's procurement warehouse and property management programs; and administration of fleet, safety, and fire emergency support programs. Also, forms and records management, mail services, and office equipment maintenance and supply.

11. Providing professional real estate management services for issuance of land leases, utility licenses, and road and flowage easements; facilitating acquisition of land; selling surplus DNR real estate; reviewing and auditing Permanent School Fund land; and maintaining the DNR land management information system.
12. Providing professional engineering, architecture, land surveying, landscape architecture, and recreational mapping products and services to natural resource managers and the public.

Linkage to DNR Directions 1993 and Minnesota Milestones

The Operations Support Program's purpose is related to the following *DNR Directions 1993* and Minnesota Milestones goals, which are the same goals addressed by the operational divisions:

- Our communities will be safe, friendly, and caring.
- Minnesotans will act to protect and enhance their environment.
- We will improve the quality of the air, water, and earth.
- Minnesota's environment will support diverse plant and animal life.
- Minnesotans will have opportunities to enjoy our state's natural resources.
- Use natural resources to create and share wealth for Minnesota.
- Minnesota citizens will understand environmental issues and make sound environmental decisions.
- People will believe their participation in government is meaningful.
- Minnesota government will be responsive to public information requests.
- We will value all cultures, races, and ethnic backgrounds.
- Government in Minnesota will be cost efficient and services will be designed to meet the needs of people who use them.

PROSPECTS:

Three major themes impact this program's strategies and goals: customer service, management through teamwork, and cost efficiency and effectiveness.

■ **Customer Service**

This program serves both internal and external customers and relates to those customers through service and "control" functions mandated by law, statute, or statewide policies. With the goal of serving better, and with increasingly fewer financial and human resources, many of the units are participating in restructuring and realignment of duties and functions to facilitate better communication, cooperation, and integration of work. In addition, these programs are improving communications by providing customers with clearer descriptions of their own services, improving written policy and procedures for managers and other employees, providing training, and expanding planning and decision-making processes to include stakeholders and other interested parties.

Relations with external customers are being improved by developing and maintaining liaisons with other agencies, expanding accessibility of department information and services and continuing partnerships with stakeholders and other government units to address natural resources issues.

■ **Management Through Teamwork**

Considerable effort has been made to develop and empower teams throughout the department to address natural resource and organizational management issues. Although this extends the amount of time required for decision making, it is expected that the quality and implementation of decisions will be enhanced through broadened input and improved acceptability. Employees

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PROGRAM: Operations Support
AGENCY: Natural Resources, Department of
 (Continuation)

selected for this program are leaders, sponsors, participants, and staff to the following issue teams: Finance, Legislative, Transition, Communications, Human Resource Management, Indian Treaty, Information Management, Integrated Resource Management/Recreation, Organizational Alignment, Plant and Procurement, Partnerships, and the Management Improvement Committee.

■ **Cost Efficiency and Effectiveness**

The continuing reduction of financial resources for support services is straining our ability to maintain the department's infrastructure and service level through more cost effective and efficient means. A major issue for this program is the conflict between need to reduce costs and need to make initial investments in technology for long-term efficiency and effectiveness gains. Examples are computer-aided design stations and automated field stations which improve productivity by increasing the accuracy and timeliness of engineering functions and significantly reduce the person hours needed per project. Automated inventory, record, project management, and billing systems assure that financial, equipment, supplies, and human resources and cost of those resources are allocated or attributed to each Department of Natural Resources (DNR) program. Also, telecommunications technology improves the frequency, quality, and timeliness of departmental communications, so that necessary coordination and input take place for all department decision making and planning. The proposed replacement of current computer equipment in the regional offices with local area networks and implementation of a computer training program aimed at improving information management and sharing would increase staff productivity and work quality. All of these technology improvements require an initial investment that pays back in increased productivity and effectiveness over longer periods of time than that reflected in the biennial budget.

Additional approaches to improving efficiencies and effectiveness have been streamlining processes and consolidating services, reducing duplication of services, and contracting services out. An example is the department's proposed organizational realignment plan that focuses on the program services provided in the central office and regions. The objectives of the plan are to improve DNR management of natural resources, improve customer service, reduce long-term operating expenses, and improve discipline integration and teamwork.

A new approach to funding the support services has been suggested and will be further evaluated. Rather than fund the support bureaus by direct appropriation, the proposed concept transfers funding of the support bureaus back to divisions based on the department indirect cost plan. Bureau budgets would be developed by reviewing services required and approved by the department's Executive Management Team with the finance and senior management team input. Once approved, annual payment would be made to a support services account. This method relates division services received to equitable funding of those services and all funding sources would pay their appropriate share. An added benefit is that the number of appropriation accounts in the department would be reduced.

OUTCOMES AND OBJECTIVES:

■ **Efficiency**

We will not repeat the specific indicator data for the milestones covered by the DNR divisions in other parts of this budget document but will speak to measures of the milestone for which this program will provide departmental leadership. In this time of shrinking financial resources and increased focus on service, efficiency measures for support services must include indicators of improved service as well as reduced cost. Given that this state has one of the lower ratios of public employees to general population, only a modest reduction in the public workforce can be expected before quality of service, and therefore efficiency, would be negatively affected. In addition, DNR, being only 1.1% (F.Y. 1990) of the state's general fund budget, can have only a limited impact on the government debt through cost efficiencies.

Minnesota Milestone: Government in Minnesota will be cost efficient and services will be designed to meet the needs of the people who use them.

<u>Indicator</u>	<u>F.Y. 1980</u>	<u>F.Y. 1990</u>	<u>F.Y. 1994-95</u>	<u>F.Y. 2000</u>
No. of state and local government employees (per 10,000 population)	488	483	480	480

There are other indicators specifically related to DNR units that provide support services for DNR divisions and programs that are better internal measures of changes in efficiency. These indicators indirectly reflect the result of efficiency efforts to consolidate and coordinate services geographically and functionally and improve effectiveness of services.

<u>Other Indicators</u>	<u>F.Y. 1980</u>	<u>F.Y. 1993</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Percent of bills paid within 30 days of receipt	96.1 (1989)	98.4	98.4	98.4
Size of fleet (no. of vehicles)	1,950 (1987)	1,850	1,850	1,800
Revenue generated by land sales (\$000s)	\$448 (1986)	\$1,578	\$1,765	\$1,765
Federal program participation (\$000s)	\$14,724	\$18,408	\$19,210	\$21,000
Total DNR revenue processed (\$000s)	\$43,886	\$108,000	\$103,308	\$105,000
Workers' compensation claims (\$000s)	\$356 (1982)	\$1,200	\$1,441	\$2,450
Unemployment compensation (\$000s)	\$1,366 (1982)	\$1,500	\$1,442	\$1,664
Sentence-to-Service Program (\$000s)	\$135 (1988)	\$462	\$1,890	\$2,412
Volunteer hours (in thousands)	134 (1988)	424	600	800

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■ **Safety**

Minnesota Milestone: Our communities will be safe, friendly, and caring.

<u>Other Indicator</u>	<u>F.Y. 1970</u>	<u>F.Y. 1980</u>	<u>F.Y. 1990</u>	<u>F.Y. 1995</u>	<u>F.Y. 2000</u>
Boating deaths per 100,000 registered boats	16	6	2+	<3	<3
No. of counties in the boat and water safety program	77	77	77	76	76

PROGRAM PLAN:

Full effort has been made in this program to consolidate and streamline services and take advantage of technology to increase efficiency. However, the point is now reached with proposed reductions in funding where the current service level and further efficiencies cannot both be realized and services to both Department of Natural Resources (DNR) units and public customers will have to be curtailed. In addition, the impact of further reductions in funding on repair and maintenance of DNR facilities and property will result in their deterioration. This will displace such costs to the future, possibly causing a higher future cost to the state for replacement and repair. This program's plan is to continue essential services and to discontinue or reduce non-mandatory programs and services.

Legislative Commission on Minnesota Resources Recommendations:

■ **Mississippi Headwaters River Inquiry and Education Project**

This project provides for a contract with the Mississippi Headwaters Board to provide for the investigation of river corridor biology, hydrology, and cultural issues; training of local government officials; and public education on river protection strategies.

\$75,000 - Minnesota Future Resources Fund

■ **Land and Water Conservation Fund Administration**

This project provides funds for administration of the Federal Land and Water Conservation Program and other contract administration activities assigned to the Commissioner of Natural Resources in the Minnesota Resources Section.

\$80,000 - Minnesota Future Resources Fund

■ **Recreational Resource Planning in the Metro Mississippi Corridor**

This project provides for a contract with the University of Minnesota to investigate the potential for enhancing and enriching the recreational opportunities along the Mississippi River in the metropolitan corridors of the Mississippi National River and Recreation Area. This appropriation must be matched by \$25,000 of non-state funds.

\$175,000 - Minnesota Future Resources Fund

■ **Enhanced Recreational Opportunities for Southeast Asian Ethnic Communities**

To provide community education, develop bilingual communication exchanges and cultural and sensitivity training with community members and natural resource professionals.

\$300,000 - Minnesota Future Resources Fund

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan except for an increase above the agency's plan of \$540,000 to pay the severance and relocation costs associated with the proposed agency organizational realignment. Funding has also been reduced due to revised salary planning estimates.

The Governor also recommends several investment initiatives for this program to provide services and support to the operating divisions of the agency:

- The proposed settlement agreement with the Mille Lacs band of Chippewa will require \$492,000 for the biennium from the General Fund for land transfer costs and associated legal expenses.
- Increased costs associated with the license bureau will require an increase of \$96,000 from the Game and Fish Fund and \$129,000 from the Natural Resources Fund for the biennium. The Governor also recommends \$365,000 from the Natural Resources Fund and \$48,000 from the Game and Fish Fund to improve service to DNR customers by making boat, snowmobile, ATV and other licenses available through deputy registrars offices.
- The Governor further recommends the financing of \$410,000 from the General Fund, \$177,000 from the Natural Resources Fund, and \$500,000 from the Game and Fish Fund to replace outdated minicomputer equipment in the regional offices with local area networks. The Information Policy Office has reviewed and supports this project if funding is available consistent with any requirement identified in its analysis.
- Costs associated with the statutory requirement to sell lakeshore lots will require \$116,000 from the Permanent School Fund. Housekeeping legislation for the Bureau of Real Estate Management will generate \$36,000 in additional General Fund costs, which are offset by \$60,000 in non-dedicated revenues.
- This program will receive \$300,000 of the \$848,000 General Fund recommendation for the DNR Workforce 2000 initiative. See the Division of Forestry narrative for the investment initiative detail.
- The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FIELD OPERATIONS SUPPORT	23,005	23,444	23,897	24,139	23,850	23,811	23,785	23,496	23,691
REGIONAL OPERATIONS SUPPORT	5,346	5,765	3,243	3,243	3,100	3,534	3,243	3,085	3,009
SPECIAL SERVICES AND PROGRAMS	5,025	5,438	6,253	5,333	5,770	5,214	5,348	5,155	5,199
ADMINISTRATIVE MANAGEMENT	6,021	7,199	7,299	7,339	7,246	8,291	7,244	7,150	7,542
TOTAL EXPENDITURES BY ACTIVITY	39,397	41,846	40,692	40,054	39,966	40,850	39,620	38,886	39,441
GOV'S INITIATIVES:			FUND						
(A) REALIGNMENT OF FIELD OFFICES			GEN			540			
(A) MILLE LACS TREATY SETTLEMENT			GEN			175			317
(A) DNR WORKFORCE 2000 PROGRAM			GEN			150			150
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<630>			
(A) SALARY PLANNING ESTIMATES			GEN			<359>			<359>
(A) SALARY PLANNING ESTIMATES			NRF			<56>			<56>
(A) SALARY PLANNING ESTIMATES			G&F			<137>			<137>
(B) LICENSE DISTRIBUTION/DEPUTY REGISTRARS			NRF			283			82
(B) LICENSE DISTRIBUTION/DEPUTY REGISTRARS			G&F			24			24
(B) LICENSE FEE COLLECTIONS			NRF			48			48
(B) LICENSE FEE COLLECTIONS			G&F			24			105
(B) INFO SYSTEMS: LANS IN REGIONS			GEN			295			115
(B) INFO SYSTEMS: LANS IN REGIONS			NRF			130			47
(B) INFO SYSTEMS: LANS IN REGIONS			G&F			385			115
(B) LAKESHORE LEASE DEFICIENCY			PS			12			104
TOTAL GOV'S INITIATIVES						884			555
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		515	256						
GENERAL	15,167	14,484	13,263	13,533	12,831	13,632	13,551	12,848	13,071
MN RESOURCES	594	210	715		630				
NATURAL RESOURCES	2,625	3,013	3,046	3,058	3,058	3,463	2,945	2,945	3,066
GAME AND FISH	7,211	7,881	7,664	7,710	7,710	8,006	7,739	7,739	7,846

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
PERMANENT SCHOOL	476	532	374	374	374	386			104
STATUTORY APPROPRIATIONS:									
GENERAL	762	760	637	637	637	637	637	637	637
SPECIAL REVENUE	11,222	12,904	13,394	13,399	13,399	13,399	13,405	13,405	13,405
GAME AND FISH	326	289	263	263	263	263	263	263	263
FEDERAL	730	878	915	915	899	899	915	884	884
GIFTS AND DEPOSITS	284	380	165	165	165	165	165	165	165
TOTAL FINANCING	39,397	41,846	40,692	40,054	39,966	40,850	39,620	38,886	39,441
POSITIONS BY FUND:									
ENVIRONMENT TRUST		2.8	6.9						
GENERAL	291.6	277.5	245.8	245.8	221.5	230.5	245.8	217.8	227.8
MN RESOURCES	7.1	4.2	1.0		6.0				
NATURAL RESOURCES	43.8	49.3	43.4	43.4	43.4	43.4	43.4	41.4	41.4
SPECIAL REVENUE	43.8	35.1	49.2	49.2	49.2	49.2	49.2	49.2	49.2
GAME AND FISH	86.8	111.0	90.1	90.1	83.6	84.6	90.1	79.1	80.1
FEDERAL	5.3	5.6	6.0	6.0	6.0	6.0	6.0	6.0	6.0
GIFTS AND DEPOSITS			.2	.2	.2	.2	.2	.2	.2
PERMANENT SCHOOL		2.1	1.4	1.4	1.4	1.4	1.4	1.4	2.4
TOTAL POSITIONS	478.4	487.6	444.0	436.1	411.3	415.3	436.1	395.1	407.1

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Field Operations Support

ITEM TITLE: Omnibus Real Estate Management Bill - Deleted

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: License Distribution by Deputy Registrars and County Auditors

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Natural Resources Fund (ATV)				
- State Operations	\$91	\$14	\$14	\$14
Natural Resources Fund (Snow)				
- State Operations	\$85	\$38	\$38	\$38
Natural Resources Fund (WRA)				
- State Operations	\$107	\$30	\$30	\$30
Game and Fish Fund				
- State Operations	\$24	\$24	\$24	\$24

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this investment initiative for the amounts requested. This will improve service to persons purchasing boat, all-terrain vehicle, snowmobile, multi-zone buck, and resident and non-resident archery licenses by increasing accessibility and eliminating delays currently associated with the purchase of these licenses.

Delays in the receipt of licenses by purchasers of boat, snowmobile, all-terrain vehicle, multi-zone buck, and resident and non-resident archery licenses have occurred due to inaccessibility of these licenses. This has created conflicts with law enforcement officials, under-harvested deer populations, and an aura of customer non-responsiveness. By selling these licenses directly through deputy registrar and county auditor offices, customers will have convenient and immediate state-wide access to them.

Increased costs will be incurred for printing and distributing supplies, postage, revision of the manual, conducting training sessions with deputy registrars, and revision of several computer programs.

PROGRAM OUTCOMES:

Customers will receive licenses immediately rather than enduring the current 2-8 week turnaround period. This will improve the department's responsiveness to its customers and the law enforcement community and enhance the department's effectiveness in managing the resource.

LONG-TERM IMPACT:

Improved responsiveness to the needs of customers, the law enforcement community, and the resource.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: License Fee Collections

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Natural Resources Fund (Snow)				
- State Operations	\$24	\$24	\$24	\$24
Natural Resources Fund (WRA)				
- State Operations	\$24	\$24	\$24	\$24
Game and Fish Fund				
- State Operations	\$24	\$105	\$105	\$105

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this investment initiative for the amounts required. This will reduce turnaround time for processing applications for hunting lotteries and for senior citizen fishing refunds and will also enable the computerization of all data immediately upon receipt in the Department of Natural Resources (DNR).

Because of increased participation by customers in various DNR recreational activities, data received in the department on registrations, watercraft titles, lotteries, and senior citizen angling license refunds are not processed in a timely manner. This has created delays in customers receiving the necessary materials needed to participate in the various activities.

Increased costs are being incurred for printing and mailing notices, additional data entry, and computer programming work.

PROGRAM OUTCOMES:

Licenses, refunds, and registrations will be received in a timely manner. This will improve the department's relations with its customers and the law enforcement community.

LONG-TERM IMPACT:

Increased responsiveness to customer and law enforcement community needs.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM: Operations Support
 ACTIVITY:

ITEM TITLE: Local Area Networks (LANs) in Regions

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund	\$295	\$115	\$117	\$117
Game and Fish Fund	385	115	117	117
Natural Resources Fund (WRA)	78	27	28	28
Natl Resources Fund (SNOW)	26	10	11	11
Natural Resources Fund (ATV)	<u>26</u>	<u>10</u>	<u>11</u>	<u>11</u>
Total	\$810	\$277	\$284	\$284

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the existing IBM S/36s in Regions 1, 3, 4 and 5, as well as the AS/400 in Region 2, be replaced with Local Area Networks (LANs). The Governor also recommends that the Department of Natural Resources (DNR) further develop a computer literate workforce by implementing a computer training program targeting information management and sharing activities in LAN environments.

As a condition of receiving these funds, the department must satisfy Information Policy Office requirements outlined in their recommendation. These requirements include revised system development plans and completion of the life cycle cost analysis.

The S/36 technology is no longer supported by IBM. Due to the system capacity, additional users are unable to be added at all to access statewide administrative information, nor can users participate in new initiatives (e.g., geographic information system). To replace the S/36s with AS/400s would cost over \$1.5 million without providing the greater growth potential, required services, and functionality that LANs provide.

Further supporting the above statements, DNR has made substantial, long-term investments in microcomputers and information management technology. Since the complexity and latent power of these tools have exceeded previous DNR education efforts, DNR's natural resource managers now need to become more computer literate to realize both the full benefits of these investments and to capitalize on long-desired information initiatives (e.g., integrated resource management,

geographic information system, etc.). Unfortunately, no vendor program exists to train employees in the current and emerging uses of these systems.

PROGRAM OUTCOMES:

This is the least expensive alternative. DNR has proven this technology meets user needs (i.e., Trails and Waterways' implementation in central office), and it also meets proven regional and sub-regional system and information-sharing needs (i.e., Brainerd regional headquarters pilot).

To increase staff productivity and work quality requires an integrated, comprehensive computer training program. This is the most cost-effective method of training employees to take full advantage of ever-changing computer and information management technologies, as determined by a detailed cost benefit analysis conducted by the Information Systems Training and Education Committee.

LONG-TERM IMPACT:

The flexible technology of LANs allow them to grow with the DNR's information and technology needs at a fraction of the cost of comparable AS/400s. This approach allows the agency to "right size" its systems to efficiently suit statewide information needs and requirements.

DNR's future of efficient and accessible information systems supporting its natural resource management activities requires the transition from S/36s to LANs with a focused and proactive training program. The future rests on the ability to bring together information technologies and resource managers at the most appropriate levels. The citizens of Minnesota look to the DNR to provide accurate information on the quality of their public lands and natural resources.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Field Operations Support

ITEM TITLE: Lakeshore Sale and Lease Program

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Permanent School Fund				
- State Operations	\$12	\$104	\$104	\$104
Revenues: (\$000s)				
Permanent School Fund	\$1,951	\$473	\$460	\$448
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statute affected: M.S. 92.67				

GOVERNOR'S RECOMMENDATION:

The Governor recommends that revenue generated from the Permanent School Fund lakeshore leases and sale closings payments be used to fund mandated lakeshore sale and lease rule costs.

Currently, available funds for legislated lakeshore sales and lease rules are not sufficient to complete sales, administer existing sale contracts, and implement new lease rules with increased fee revenues. Funding shortfall is due to the following: high-value properties were sold first, reducing lease receipts faster than expected; lease rules were delayed due to sales, resulting in delay of projected fee increases; and lessees were allowed by statute to withdraw lots from sale without repaying appraisal costs already incurred by the Department of Natural Resources. The Permanent School Fund should continue to pay costs for administration of mandated sale and lease renewal for Permanent School Fund properties.

PROGRAM OUTCOMES:

Permit completion of lakeshore sales in F.Y. 1994, as required by law, permit implementation of new lakeshore lease rules in F.Y. 1994, allow continued service to lease and sale clients, and facilitate Permanent School Fund revenue generation providing self-sustaining program funding without General Fund assistance. The Permanent School Fund revenues from leasing and sales will be increased by \$2.4 million in the F.Y. 1994-95 biennium and by \$0.9 million in the following biennium (see revenues in above table).

LONG-TERM IMPACT:

Provides continued revenue generation for the Permanent School Fund from leases and land sale contracts, with total projected billings of approximately \$1.5 million annually after F.Y. 1994. Provides support services as required on 20-year sale contracts and lakeshore leases (including accounts receivable, contract assignments, deed issuance, recording, and related problem resolution).

1994-95 Biennial Budget

BUDGET ACTIVITY: Field Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

This budget activity includes the Field Services, Real Estate Management, and Engineering bureaus. Professional management and administrative support services provided by these bureaus include:

■ **Real Estate Management**

Supports the department's resource management objectives by providing responsive, efficient professional real estate services relating to land acquisition, sales, leasing, and exchanges with other landowners. The bureau also manages land records for 8.1 million acres of Department of Natural Resources (DNR) and county-administered land through the land information inquiry system; accounting for real estate revenues of over \$3 million per year; and certification of payments to local government totaling over \$6.5 million per year. Clients include private individuals and businesses, DNR division and field personnel, other state agencies, the Permanent School Fund (school trust land), the legislature and legislative staff, the University of Minnesota, local units of government, and the federal government.

■ **Engineering**

With a staff of professional architects, engineers, land surveyors, landscape architects, technicians, and cartographers, conducts land and topographical surveys to establish ownership boundaries, to allow for legal posting of natural resource management units, and for the design and construction management of DNR-operated facilities such as roads, water accesses, recreation buildings, campgrounds, trails, fish barriers, and forest nursery facilities; and produces DNR recreational user and wildlife management maps and informational signs.

■ **Field Services**

Administers the maintenance, repair, and rehabilitation of over 2,000 DNR buildings; develops, implements, and administers the department's safety program; manages the department's 24,500 fixed assets, including inventory and disposal of surplus property; handles mail service and office equipment maintenance and supply; coordinates and administers the department's fleet management program; administers the department's procurement program, including warehouse operation and uniform contract management; and coordinates other support activities, including fire cache, recycling, wood routed sign construction, radio, and other non-fleet equipment management, policy development, and training.

BUDGET ISSUES:

Real estate services would be continued but at a reduced level and with extended project completion dates. If land sales cease, except for those directed by legislation, it would result in loss of income to the Land Acquisition Account and the Permanent School Fund. Also, payments to counties for ditch assessments would be reduced thereby causing delayed payments and strained relations with local units of government.

Budget reductions would require the elimination of in-house electrical engineering and reduction of other engineering services. This means that more projects would have to be completed by consultants or resource managers would have to spend more time addressing engineering-related issues and engineering work. Also, some public information maps would no longer be produced.

Most of the services provided by the Field Services Bureau are essential for program operations; therefore, significant reductions in staff or activities would result in a transfer of duties and costs to resource staff. Discontinuing the uniform requirement for 600 DNR staff would reduce the budget by \$100,000. The wood routed sign shop would begin operating as a self-sufficient entity by July, 1994, as would the warehouse by July, 1996, providing savings of \$196,000. Six positions would continue to be held vacant in this unit.

EFFICIENCY MEASURES:

■ Real Estate Management	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	
Land Acquisitions:					
Properties acquired	263	260	200	200	
Acres acquired	18,978	18,000	13,800	13,800	
Cost per acquisition	\$4,102	\$4,492	\$4,933	\$5,230	
Land Sales:					
Properties sold	173	240	325	25	
Acres sold	1,210	1,300	1,500	1,200	
Cost per property sold	\$4,191	\$3,588	\$1,440	\$8,960	
Revenue (\$000s)	\$1,578	\$1,659	\$1,765	\$1,195	
Leases:					
Leases issued/renewed	1,564	1,550	1,260	660	
Revenue (\$000s)	\$1,188	\$1,011	\$831	\$816	
Licenses and Easements:					
Contracts active	4,117	4,377	4,636	4,930	
Revenue (\$000s)	\$171	\$176	\$181	\$211	
Land Exchanges:					
Acres exchanged	12,100	10,677	14,236	14,236	
Cost per land exchange	\$14,793	\$14,626	\$12,100	\$11,850	
Field Services Support	F.Y. 1989	F.Y. 1991	F.Y. 1992	F.Y. 1994	F.Y. 1995
Fleet Management Program:					
# vehicles meeting/exceeding replacement standards	825	600	400	275	250
# vehicles replaced since program inception	265	200	205	200	200
Procurement Program:					
\$ in warehouse sales (\$000s)	\$386	\$480	\$547	\$566	\$575
Tons of paper recycled	N/A	34	57	60	63
Radio Management Program:					
Maintenance/repair expenditures (\$000s)	\$270	\$383	\$411	\$400	\$350
Replacement expenditures (\$000s)	\$415	\$302	\$337	\$335	\$335

1994-95 Biennial Budget

BUDGET ACTIVITY: Field Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of
 (Continuation)

■ **Field Services Support** F.Y. 1989 F.Y. 1991 F.Y. 1992 F.Y. 1994 F.Y. 1995
 (contd.)

Property Management Program:

No. of assets	22,253	23,500	24,500	25,000	26,000
Original acquisition value of assets (\$000s)	\$46,748	\$54,000	\$62,222	\$70,000	\$78,000
No. annual auctions administered or participated in	5	7	10	8	8

■ **Engineering** F.Y. 1992 F.Y. 1993 F.Y. 1994 F.Y. 1995

Total no. of projects worked on	518	550	600	600
New projects requisitioned	246	250	300	300
Value of construction bids (in millions)	\$5.9	\$6.0	\$7.0	\$7.0
No. of construction projects bid	88	100	100	100
Total surveys completed	104	100	100	100
No. of land management surveys worked on	90	110	120	120
PRIM maps produced (cumulative totals)	38	41	44	44

REVENUE:

This activity generates dedicated and non-dedicated revenue. Note: Special Revenue Fund figures exclude revolving accounts and the Fleet Management Loan Account.

Dollars in Thousands

Type of Revenue:	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Non-dedicated - General	\$ 167	\$ 222	\$ 274	\$ 284	\$ 289
Non-dedicated - Special	338	373	147	144	142
Non-dedicated - Natural Resources	210	210	306	258	205
Non-dedicated - Game and Fish	441	317	259	259	259
Non-dedicated - Agency	153	104	79	66	59
Non-dedicated - Permanent School	3,200	2,721	2,466	3,136	1,792
Dedicated - Special	8	35	66	70	70
Dedicated - Federal	<u>70</u>	<u>73</u>	<u>72</u>	<u>72</u>	<u>72</u>
Total Revenue	\$4,587	\$4,055	\$3,669	\$4,289	\$2,888

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: FIELD OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	6,853	7,113	8,374	8,409	8,308	8,242	8,341	8,240	8,289
EXPENSES/CONTRACTUAL SRVCS	3,300	3,536	3,184	3,351	3,351	3,363	3,194	3,194	3,228
MISC OPERATING EXPENSES	1,001	983	982	982	961	961	961	940	940
SUPPLIES/MATERIALS/PARTS	1,995	1,945	1,880	1,920	1,785	1,785	1,917	1,782	1,782
CAPITAL EQUIPMENT	5,586	4,817	4,013	4,013	4,013	4,028	4,013	4,013	4,095
OTHER	4,270	5,050	5,464	5,464	5,432	5,432	5,359	5,327	5,357
SUBTOTAL STATE OPERATIONS	23,005	23,444	23,897	24,139	23,850	23,811	23,785	23,496	23,691
TOTAL EXPENDITURES	23,005	23,444	23,897	24,139	23,850	23,811	23,785	23,496	23,691
GOV'S INITIATIVES:									
			FUND						
(A) MILLE LACS TREATY SETTLEMENT			GEN			175			317
(A) SALARY PLANNING ESTIMATES			GEN			<123>			<123>
(A) SALARY PLANNING ESTIMATES			NRF			<10>			<10>
(A) SALARY PLANNING ESTIMATES			G&F			<93>			<93>
(B) LAKESHORE LEASE DEFICIENCY			PS			12			104
TOTAL GOV'S INITIATIVES						<39>			195
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,605	4,702	4,859	5,070	4,781	4,833	5,072	4,783	4,977
MN RESOURCES	407	146							
NATURAL RESOURCES	398	415	423	424	424	414	424	424	414
GAME AND FISH	4,295	4,320	4,747	4,772	4,772	4,679	4,784	4,784	4,691
PERMANENT SCHOOL	476	532	374	374	374	386			104
STATUTORY APPROPRIATIONS:									
GENERAL	762	760	637	637	637	637	637	637	637

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: FIELD OPERATIONS SUPPORT

ACTIVITY SUMMARY				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SPECIAL REVENUE	10,696	12,238	12,555	12,560	12,560	12,560	12,566	12,566	12,566
GAME AND FISH	296	258	230	230	230	230	230	230	230
FEDERAL	70	73	72	72	72	72	72	72	72
TOTAL FINANCING	23,005	23,444	23,897	24,139	23,850	23,811	23,785	23,496	23,691
POSITIONS BY FUND:									
GENERAL	77.6	75.3	80.7	80.7	75.7	78.7	80.7	77.7	81.7
MN RESOURCES	4.4	3.2							
NATURAL RESOURCES	5.4	15.7	5.8	5.8	5.8	5.8	5.8	5.8	5.8
SPECIAL REVENUE	30.6	20.1	33.5	33.5	33.5	33.5	33.5	33.5	33.5
GAME AND FISH	48.9	50.4	56.6	56.6	52.6	52.6	56.6	49.6	49.6
FEDERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
PERMANENT SCHOOL		2.1	1.4	1.4	1.4	1.4	1.4	1.4	2.4
TOTAL POSITIONS	167.9	167.8	179.0	179.0	170.0	173.0	179.0	169.0	174.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Regional Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

The Regional Operations Support Activity is one of the cornerstones for department field operations providing department-wide perspective and facilitating effective interaction between the central office and regional operations. The regional operations support staff—composed of a regional administrator, staff specialists for business management, information and education, office services, management information systems, and regional planning—is part of the Department of Natural Resources' (DNR) support team in each of the 6 DNR regions. Equipment, services, and support—as well as some direct field actions such as Sentencing-to-Service projects, natural disaster, and national emergency response—are managed, coordinated or supported through regional offices.

Also, this activity provides leadership and direction for multi-disciplinary and integrated resource management programs in the region. It coordinates external relations with the public and other government units to increase awareness and understanding of the Department of Natural Resources' programs and positions on issues. The regional business offices provide customer services both internally and externally in the areas of accounting, budget management, contracting for services, purchasing, labor relations, personnel, payroll, and employee performance.

BUDGET ISSUES:

In order to better serve customers and provide for the efficient protection of the state's natural resources, the department proposes to realign operations.

Regional operations would be restructured to provide 4 "full service" and 2 "customer service" regional offices and between 40-50 workstations strategically located near the natural resource to be managed. The full service offices would contain a regional administrator with support staff and a business office. The customer service centers would include a regional administrator and support staff would be located around the state.

Benefits of implementing this initiative include:

- a clearer delineation of services by location, thus improving customer service;
- addressing customer service needs in second-tier cities;
- adoption of similar boundaries for various natural resource and environmental purposes; and
- reduction of costs related to eliminating some services that would be provided in 4 regions rather than 6.

EFFICIENCY MEASURES:

During the last 2 bienniums, the department has adopted a strategic direction which would be met by the proposed realignment initiative. This direction includes a focus on integrating natural resource management, improving customer service and external relations, and fostering management excellence.

Integrating natural resource management requires not only that the department better allocate and utilize its human and financial resources, but that employees work through others (federal and local units of government, private citizens, and other organizations) to adopt and execute natural resource management goals for the state. Improving customer service means locating certain products and services nearer to population centers where the products and services can be more easily accessed. And fostering management excellence, in this case, means locating workstations in such a way that products and services can be effectively and efficiently delivered.

REVENUE:

This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dedicated - Special	\$369	\$441	\$462	\$462	\$462
Dedicated - Game and Fish	30	31	33	33	33
Dedicated - Federal	0	41	52	36	21
Total Revenue	\$399	\$513	\$547	\$531	\$516

GRANTS:

Legislative Commission on Minnesota Resources - Land and Water Resource Management, Lower St. Croix Riverway: This project provided funds for a grant to the Minnesota-Wisconsin Boundary Area Commission to develop a management strategy, improved technical capability, and sustained local government and landowner stewardship on the jointly managed Lower St. Croix.

LCMR	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
	\$360	0	0	0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: REGIONAL OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,806	4,965	2,969	2,989	2,840	3,249	2,989	2,825	2,749
EXPENSES/CONTRACTUAL SRVCS	305	299	294	276	276	276	276	276	276
MISC OPERATING EXPENSES	472	483	442	440	440	465	440	440	440
SUPPLIES/MATERIALS/PARTS	230	248	166	166	172	172	166	172	172
CAPITAL EQUIPMENT	146	42							
OTHER	<613>	<635>	<628>	<628>	<628>	<628>	<628>	<628>	<628>
SUBTOTAL STATE OPERATIONS	5,346	5,402	3,243	3,243	3,100	3,534	3,243	3,085	3,009
LOCAL ASSISTANCE		363							
TOTAL EXPENDITURES	5,346	5,765	3,243	3,243	3,100	3,534	3,243	3,085	3,009
GOV'S INITIATIVES:									
			FUND						
(A) REALIGNMENT OF FIELD OFFICES			GEN			510			
(A) SALARY PLANNING ESTIMATES			GEN			<76>			<76>
TOTAL GOV'S INITIATIVES						434			<76>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		383							
GENERAL	3,945	3,810	2,526	2,546	2,419	2,853	2,546	2,419	2,343
MN RESOURCES			20						
NATURAL RESOURCES	235	192	114	114	114	114	114	114	114
GAME AND FISH	767	867	36	36	36	36	36	36	36
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	369	441	462	462	462	462	462	462	462
GAME AND FISH	30	31	33	33	33	33	33	33	33
FEDERAL		41	52	52	36	36	52	21	21

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: REGIONAL OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	5,346	5,765	3,243	3,243	3,100	3,534	3,243	3,085	3,009
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									
=====									
ENVIRONMENT TRUST		.5							
GENERAL	106.0	93.7	59.1	59.1	52.1	52.1	59.1	49.1	49.1
NATURAL RESOURCES	4.1	1.7	.5	.5	.5	.5	.5	.5	.5
SPECIAL REVENUE	11.9	12.7	13.4	13.4	13.4	13.4	13.4	13.4	13.4
GAME AND FISH	14.7	27.2							
FEDERAL			1.0	1.0	1.0	1.0	1.0	1.0	1.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	136.7	135.8	74.0	74.0	67.0	67.0	74.0	64.0	64.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Special Services and Programs
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

This activity is responsible for communications to the public through information services and news, publications, and special events. It is also responsible for developing the Department of Natural Resources' (DNR) strategic planning process and facilitating local and regional natural resource planning efforts; conducting management and organizational analysis, including customer surveys; and administering environmental review and policy development. Principal clients include DNR units, other units of government, and the Legislative Commission on Minnesota Resources. Support is also provided to develop policies and plans for personnel management; employee development; affirmative action needs; labor relations issues; and assistance for employee recruitment, classification, performance appraisal, and payroll/transaction processing.

BUDGET ISSUES:

Many of the services provided by the Human Resources Bureau are critical to the on-going operations of all units in the department. Significant reductions in staff or activities would reduce the ability to provide timely and responsive services because of mandatory functions such as payroll and transaction processing. In order to meet the required F.Y. 1994 reduction, an employee development specialist position and a support position would be laid off in F.Y. 1994, with additional reductions in supplies and expense and elimination of legislative format contracts. In F.Y. 1995, further reductions would necessitate layoff of a personnel technician, a manager/supervisor, and a receptionist position, as well as further supplies and expense reductions.

A reduction in budgetary support for the Planning Bureau, with resultant loss of 3 experienced persons, would impact DNR in reduced efforts in environmental planning, public participation, and conflict negotiation; lessening of environmental protection capability in addressing the Environmental Quality Board and project review activities; termination of the Mississippi River Team research activity; and elimination of the alternative dispute resolution facilitator. In addition, professional staff would assume increased responsibility for clerical functions. This would happen at the same time there is an increasing demand for skilled planners to address organizational restructuring and realignment/issues.

To meet the budget reductions in the Bureau of Information and Education, the film library would be eliminated, the special events coordinator would be reduced and eventually eliminated, the graphics staff reduced, and the information center would lose a position. Added to this is a reduction in the boat and water safety printing budget, with the total impact being diminished communications with constituents about public safety messages for safe outdoor activity, awareness of environmental needs, and how citizens impact and contribute to the environment.

<u>EFFICIENCY MEASURES:</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>
Information Center mailings per 5 employees	453,000	515,000	435,000	435,000	435,000
Participation hours - employee development	186	2,976	16,587	8,000	8,000
No. of delegated exams	37	27	36	36	38
Classifications delegated for audit purposes	17	40	56	56	84
No. of phone inquiries (000's)	180	175	170	175	175
No. of walk-in customers at Information Center	20,624	26,739	27,000	30,000	30,000
% subscribers that are contributors to <i>Volunteer</i>	28	41	23	24	25

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Non-dedicated - Federal	\$ 111	\$ 49	\$ 190	\$ 206	\$ 175
Dedicated - Federal	1,624	743	1,527	1,527	1,527
Dedicated - Gift	<u>471</u>	<u>359</u>	<u>386</u>	<u>410</u>	<u>434</u>
Total Revenue	\$2,206	\$1,151	\$2,103	\$2,143	\$2,136

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: SPECIAL SERVICES AND PROGRAMS

ACTIVITY SUMMARY	FY 1991			FY 1992			Est. FY 1993			FY 1994			FY 1995		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	3,115	3,382	3,617	3,452	3,635	3,296	3,452	3,302	3,251						
EXPENSES/CONTRACTUAL SRVCS	1,073	1,019	1,675	983	1,017	1,010	998	998	1,035						
MISC OPERATING EXPENSES	357	378	487	470	450	455	470	440	453						
SUPPLIES/MATERIALS/PARTS	137	152	117	116	116	106	116	113	113						
CAPITAL EQUIPMENT	70	162	79	79	75	75	79	75	75						
OTHER	50	51	46	46	46	46	46	46	46						
SUBTOTAL STATE OPERATIONS	4,802	5,144	6,021	5,146	5,339	4,988	5,161	4,974	4,973						
AIDS TO INDIVIDUALS		39	187	187	75	120	187	75	120						
LOCAL ASSISTANCE	223	255	45		356	106		106	106						
TOTAL EXPENDITURES	5,025	5,438	6,253	5,333	5,770	5,214	5,348	5,155	5,199						
GOV'S INITIATIVES:															
(A) REALIGNMENT OF FIELD OFFICES			GEN			30									
(A) DNR WORKFORCE 2000 PROGRAM			GEN			150			150						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<630>									
(A) SALARY PLANNING ESTIMATES			GEN			<88>			<88>						
(A) SALARY PLANNING ESTIMATES			NRF			<15>			<15>						
(A) SALARY PLANNING ESTIMATES			G&F			<3>			<3>						
TOTAL GOV'S INITIATIVES						<556>			44						
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
ENVIRONMENT TRUST		132	256												
GENERAL	3,287	3,480	3,429	3,451	3,258	3,350	3,461	3,268	3,330						
MN RESOURCES	187	64	695		630										
NATURAL RESOURCES	480	547	650	657	657	642	659	659	644						

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: SPECIAL SERVICES AND PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GAME AND FISH	91	125	173	175	175	172	178	178	175
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	83	74	217	217	217	217	217	217	217
FEDERAL	613	636	668	668	668	668	668	668	668
GIFTS AND DEPOSITS	284	380	165	165	165	165	165	165	165
TOTAL FINANCING	5,025	5,438	6,253	5,333	5,770	5,214	5,348	5,155	5,199
POSITIONS BY FUND:									
ENVIRONMENT TRUST		2.3	6.9						
GENERAL	66.9	66.3	67.0	67.0	58.7	63.7	67.0	56.0	61.0
MN RESOURCES	2.7	1.0	1.0		6.0				
NATURAL RESOURCES	8.3	9.3	12.4	12.4	12.4	12.4	12.4	12.4	12.4
GAME AND FISH	1.0	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5
FEDERAL	3.3	3.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0
GIFTS AND DEPOSITS			.2	.2	.2	.2	.2	.2	.2
TOTAL POSITIONS	82.2	84.3	92.0	84.1	81.8	80.8	84.1	73.1	78.1

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1994-95 Biennial Budget

BUDGET ACTIVITY: Administrative Management
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of

ACTIVITY DESCRIPTION:

This activity provides for the overall department management, formulation, and establishment of policies and priorities for implementation of natural resource management and integration of the operations of the department into a cohesive management direction.

It coordinates the procurement, distribution, and issuance of the Department of Natural Resources' (DNR) game and fish and cross-country ski licenses, snowmobile, and all-terrain vehicle registrations, and watercraft registration and titling; maintains accountability for these programs; and administers antlerless deer, turkey, and moose hunting lotteries. Clients include the public, county auditors, deputy registrars, private agents, and internal units through income and data generation. It also directs internal support services such as financial management operations including budgeting, accounting, internal audits, and financial reporting; develops and maintains information systems, services and telecommunications infrastructure; and manages volunteer support services.

BUDGET ISSUES:

Because of the tremendously large revenue generated-to-expenditure ratio of the License Bureau's programs, significant staff or activity reductions would require a transfer of duties to other units to avoid serious loss of revenue for the department. Present budget policy used to determine the funding mix for the License Bureau budget allocates the actual costs of production and distribution of the various licenses and registrations to the appropriate funding source; i.e., General Fund, Game and Fish Fund, Water Recreation, Snowmobile, and All-Terrain Vehicle Accounts, etc. The proposed General Fund reduction would change the proportional share for dedicated funding sources.

With the layoff of an operations and a systems analyst position in F.Y. 1994 and an additional data entry position in F.Y. 1995 in the Management Information Systems Bureau, printing of documents such as titles, permits, and registrations would be delayed. In addition, performance tuning of the AS/400 configuration and related tasks would also be delayed. Efforts to establish system development and maintenance standards and the department-wide database would be hindered. Additional temporary help would have to be hired for data entry for peak periods, such as the doe lottery. Outsourcing data entry as a means to reducing costs is currently being investigated.

As Volunteer Services reduces costs, recognition items and reimbursement costs for volunteers would be charged back to DNR units.

Staff reductions in the Financial Management Bureau would include the layoff of a full-time Federal Aid Coordinator, a half-time Senior Account Clerk, and the elimination of an Accounting Technician position. These reductions would result in the need to reassign the coordination function for the Federal Long-Term Resource Monitoring Project to one of the other units involved; delays in the annual and biennial budget process; less review and quality would be affected in budget processes, federal grants, and Legislative Advisory Commission requests; and some of the Sentence-to-Service coordination (fiscal) would be reduced. Also, a degradation of quality of input and delay in

payments to vendors would occur, along with problems in revenue processing, reconciliation, and management reporting.

Continued vacancies in the community liaison and local government liaison positions of the Commissioner's Office would result in less coordination with other government agencies and DNR stakeholders.

EFFICIENCY MEASURES:

Currently, the department is pursuing a proposal for organizational realignment that would result in a maximum of 3 organizational levels for its operating divisions. This would result in maximum efficiency of management and costs. The central office in St. Paul would represent the first level of the organization. Level 2 would be what are now known as regions and level 3 would be area, district, station, or park, depending on the discipline.

Tentatively, level 2 would be restructured to provide 4 "full service" and 2 "customer service" regional offices, level 3 would be restructured to include 40-50 areas/workstations strategically located near the natural resource to be managed. The actual number of areas/workstations would be determined as work proceeds over the next biennium. Realignment work would be accomplished by the regional work teams under the leadership of the Regional Administrator.

The benefits of the proposed organizational realignment would improve the DNR management of natural resources, customer service, discipline integration and team work, and reduce long-term operating expenses.

REVENUE:

This activity does not generate revenue.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: ADMINISTRATIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,536	4,066	4,552	4,572	4,515	4,471	4,572	4,514	4,470
EXPENSES/CONTRACTUAL SRVCS	1,297	1,676	1,683	1,703	1,685	2,268	1,638	1,620	1,847
MISC OPERATING EXPENSES	416	618	614	614	606	737	584	576	658
SUPPLIES/MATERIALS/PARTS	381	414	157	157	147	279	157	147	167
CAPITAL EQUIPMENT	157	147	61	61	61	304	61	61	168
OTHER	234	278	232	232	232	232	232	232	232
SUBTOTAL STATE OPERATIONS	6,021	7,199	7,299	7,339	7,246	8,291	7,244	7,150	7,542
TOTAL EXPENDITURES	6,021	7,199	7,299	7,339	7,246	8,291	7,244	7,150	7,542
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<72>			<72>
(A) SALARY PLANNING ESTIMATES			NRF			<31>			<31>
(A) SALARY PLANNING ESTIMATES			G&F			<41>			<41>
(B) LICENSE DISTRIBUTION/DEPUTY REGISTRARS			NRF			283			82
(B) LICENSE DISTRIBUTION/DEPUTY REGISTRARS			G&F			24			24
(B) LICENSE FEE COLLECTIONS			NRF			48			48
(B) LICENSE FEE COLLECTIONS			G&F			24			105
(B) INFO SYSTEMS: LANS IN REGIONS			GEN			295			115
(B) INFO SYSTEMS: LANS IN REGIONS			NRF			130			47
(B) INFO SYSTEMS: LANS IN REGIONS			G&F			385			115
TOTAL GOV'S INITIATIVES						1,045			392
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,330	2,492	2,449	2,466	2,373	2,596	2,472	2,378	2,421
NATURAL RESOURCES	1,512	1,859	1,859	1,863	1,863	2,293	1,748	1,748	1,894

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: ADMINISTRATIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GAME AND FISH	2,058	2,569	2,708	2,727	2,727	3,119	2,741	2,741	2,944
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	74	151	160	160	160	160	160	160	160
FEDERAL	47	128	123	123	123	123	123	123	123
TOTAL FINANCING	6,021	7,199	7,299	7,339	7,246	8,291	7,244	7,150	7,542
POSITIONS BY FUND:									
GENERAL	41.1	42.2	39.0	39.0	35.0	36.0	39.0	35.0	36.0
NATURAL RESOURCES	26.0	22.6	24.7	24.7	24.7	24.7	24.7	22.7	22.7
SPECIAL REVENUE	1.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
GAME AND FISH	22.2	31.6	32.0	32.0	29.5	30.5	32.0	28.0	29.0
FEDERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	91.6	99.7	99.0	99.0	92.5	94.5	99.0	89.0	91.0

1994-95 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)

MISSION:

The mission of the Legislative Commission on Minnesota Resources (LCMR) is to recommend to the Legislature allocations of 3 dedicated funding sources for 2-year projects that will preserve, protect, develop and maintain the state's natural resources; and to provide oversight of funded projects and other resource management appropriations. The 3 funding sources are: the Minnesota Future Resources Fund, the Minnesota Environment and Natural Resources Trust Fund, and Oil Overcharge money.

To achieve this mission, the LCMR assesses the status of the state's natural resources, establishes priorities through an overall Strategic Plan for making allocations, and solicits and reviews proposals for projects that address those priorities. The Commission holds interim hearings for ongoing review of current projects.

All projects are routed through, and thereby partially administered through, an appropriate state agency.

MINNESOTA MILESTONES:

The recommended projects for the 1993-1995 biennium create at least 96 separate outcomes. Many of these are in concert with Minnesota Milestones statements. The projects are consistent with the LCMR Strategic Plan.

CLIMATE:

Factors that drive the Commission's decisions take the form of a set of priority strategies. In order to define the priority strategies, the Commission uses a number of approaches to assess the status of the state's natural resources and identify important issues and needs. These approaches include: site visits to public and private sector natural resource projects; regional forums at which citizens advise Commission members of their concerns regarding natural resources; a biennial Natural Resource Congress which includes guest speakers with expertise in various natural resource areas and at which citizens and state agency personnel who attend are invited to comment on proposed strategies; and solicitation of abstracts from citizens which summarize the kinds of natural resource projects citizens would like to see funded. In addition to these activities, the Commission is advised by a Citizens Advisory Committee regarding priority strategies for the Environment and Natural Resources Trust Fund.

Once proposals are received, the Commission evaluates them based on the criteria and priority strategies set forth in a strategic plan (updated biennially) and in the request for proposals. In evaluating proposals, the Commission sometimes utilizes coordinating committees, comprised of experts in the appropriate issue areas. All proposed research projects undergo a scientific peer review. Currently, the Citizens Advisory Committee advises the Commission regarding allocations from the Environment and Natural Resource Trust Fund. After the Commission makes an initial selection from among all proposals, project managers for those proposals still under consideration are invited to state their cases before Commission members at a set of hearings.

OBJECTIVES:

The LCMR identified 53 priority strategies and recommended projects that address 32 of them. Priority strategies are categorized into 11 issue areas. Issue areas are listed below with a greatly condensed summary of the priority strategies that fall under each. The full text of the priority strategies is provided in the LCMR Strategic Plan.

1. **General.** Create benchmarks for key natural resources; use biological indicators for diagnosis of environmental conditions; and implement a generalist approach to resource management.
2. **Agriculture.** Encourage integrated pest management, biological control, and low-input/sustainable agriculture. Implement practices which address agricultural point source and non-point source water pollution.
3. **Energy.** Reduce emissions and increase efficiency through use of alternative fuels, innovative transportation programs, research and technology transfer.
4. **Forestry.** Increase tree planting. Broaden and increase the understanding of managing forest ecosystems.
5. **Information and Education.** Study the consequences of and alternatives to urban-suburban use of fertilizers and pesticides.

Integrate environmental topics into curricula for K-12 and post-secondary. Encourage science and math education. In addition, the LCMR recommended projects to provide environmental education through Environmental Learning Centers and other means outside the K-12 and post-secondary system.

6. **Land.** Improve inventory activities on a bioregional or watershed basis incorporating ground and surface water; provide mapping layers. Plan for environmentally sensitive development.
7. **Minerals.** Determine mineral resource technology potential.
8. **Recreation.** Develop, improve, and rehabilitate state and regional parks; acquire lake and river easements and public access. Acquire and/or develop a network of recreational and commuter bicycle trails. Enhance recreational resources, including those in urban areas to meet needs of seniors, ethnic communities and people with disabilities. Provide natural and historic resource preservation and interpretation.
9. **Waste.** Stimulate markets for recyclables.
10. **Water.** Prevent non-point source pollution on a watershed basis for improved water quality. Protect, monitor and improve lake and river quality, including activities through citizen and local government partners. Research the hydrologic interaction of surface and groundwater; continue county geologic atlas and groundwater sensitivity mapping.
11. **Wildlife, Fisheries and Plants.** Acquire, protect or restore critical habitat, native prairies, unique and/or sensitive areas. Increase the planting of native species on public and private land.

Research ecologically sound methods to control or eradicate exotic species; research the impacts of releases of genetically engineered organisms.

In addition, the LCMR recommended a project to provide turkey hunting safety education.

1994-95 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

AGENCY BUDGET PLAN:

The Commission's budget plan does not have direct long-range financial implications in that a new set of recommendations for allocations is made each biennium. However, some projects may be recommended for additional allocations in future biennia. Also, some may be recommended for inclusion in the regular budget as required in M.S. 116P.09, Subd. 7(4).

Estimated Funding Available, F.Y. 1994-95

Minnesota Future Resources Fund	\$14,228,000
Environment and Natural Resources Trust Fund	\$24,600,000*
Oil Overcharge Money	\$2,050,000
Total	\$40,878,000

* of this amount, \$10,298,000 is reserved for parks and trails projects.

GOVERNOR'S RECOMMENDATION:

In July, 1992, the LCMR allocated over \$41 million, resulting in nearly 100 separate project recommendations. The Governor has studied these recommendations carefully. He has reviewed them in the framework of his 1994-95 biennial budget priorities, and in the context of agency budget plans and investment initiatives. The result of this process is a series of alternative Governor's recommendations for a portion of the 3 dedicated funds allocated by the LCMR.

The Table below compares the Governor's alternative recommendations with those of the LCMR in 3 key areas that are priority initiatives in the Governor's 1994-95 Biennial Budget.

<u>Agency</u>	<u>Fund</u>	<u>Project</u>	<u>LCMR</u>	<u>Governor</u>
AG	13	Fed Cost-Share for Feedlots	480	0
AG	17	Nitrogen Management using BMP	294	0
AG	13	North Central Minn Sandy Soils Mgmt	480	0
AG	13	Nutrients from Land Application Manure	280	0
AG	13	Nutrient Recycling	260	0
AG	13	Manure Management in Karst Areas	500	0
AG	13	Non Point Source Pollution	0	2,294
PCA	13	Runoff from Golfcourses	49	0
PCA	3	Minnesota River Implementation	1,100	0
PCA	13	Non-Point Source Pollution	0	1,149
DNR	13	Local River Planning	480	0
DNR	13	Niemaackl Watershed Restoration	500	0
DNR	3	County Geological Atlases	425	0
DNR	13	Non-Point Source Pollution	0	1,405

<u>Agency</u>	<u>Fund</u>	<u>Project</u>	<u>LCMR</u>	<u>Governor</u>
DTED	13	Septic Tanks for Tourist Businesses	500	0
DTED	13	Non-Point Source Pollution	0	500
UM	3	County Geological Atlases	425	0
UM	13	Non-Point Source Pollution	0	425
		Subtotal - Non-Point Source Pollution	5,773	5,773
DNR	3	RIM: Critical Habitat et al	4,000	0
DNR	3	RIM: Wildlife Habitat	900	0
DNR	3	RIM: Fisheries Habitat	687	0
DNR	3	RIM: Fisheries Acquisition	300	0
DNR	3	Reinvest in Minnesota	0	6,000
BWSR	3	RIM Conservation Reserve Easements	500	5,000
		Subtotal - Reinvest in Minnesota	6,387	11,000
DNR	3	State Park Betterment	3,000	0
DNR	3	Acquisition to Munger Trail	200	0
DNR	3	Access to Lakes and Rivers	1,000	0
DNR	13	Lake Minnetonka Access	944	0
DNR	3	Cooperative Trail Grants	1,000	0
DNR	3	State Trail Development	2,000	0
DNR	3	State Park System	0	4,500
DNR	3	State Trail System	0	5,500
		Subtotal - State Parks and Trails	8,144	10,000
DTED	3	Disabilities Act (Met Council)	220	0
DTED	3	Regional Trail Linkage (Met Council)	2,000	0
DTED	3	Birch Lake Bikeway (White Bear Lake)	450	0
DTED	3	Cedar Lake Trail Dev (Mpls Parks)	610	0
DTED	3	Shingle Creek Trail (Mpls Parks)	130	0
DTED	3	Lilydale/Harriet Trail (St Paul)	246	0
DTED	3	Como Park (St Paul)	163	0
DTED	3	Grain Belt Miss River Dev (MCDA)	300	0
DTED	13	Peninsula Point Park (Anoka)	435	0
DTED	13	Prairie Ecosystem (Mpls Parks)	60	0
DTED	13	Theodore Wirth Park Bog Restoration	40	0
DTED	3	Palace Site Acquisition (Mpls Parks)	325	0
DNR	13	Metro Regional Parks (Met Council)	0	5,000
		Subtotal - Regional Park System	4,979	5,000
		Total - Governor's Priority Areas	25,283	31,773
LCMR	3	LCMR Administration	470	0
LCMR	13	LCMR Administration	310	0
DOA	3	Base Maps for 1990s	710	0
DOA	13	Rural County Use of NAPP Flight (Houston Cty)	90	0
DOA	17	Bio Control of Plant & Animal Pests (Ag)	880	0
DOA	17	Reducing Energy and CO2 (CEUE)	230	0

1994-95 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

Agency	Fund	Project	LCMR	Governor
DOA	17	Ops Implications of Alt Bus Fuels (MTC)	78	0
DOA	17	Bus, Bike, Carpool Challenge (CEUE)	150	0
DOA	17	Tree and Grass Production for Ethanol (AUR)	380	0
AG	13	Crops in a Corn & Soybean Rotation (UM)	150	0
AG	13	Alternative Aquaculture Methods	230	0
AG	13	Minn Aquaculture Dev Program	230	0
AG	13	Women in Ag, et al (UM)	92	0
AG	13	Mgmt of Purple Loosestrife	180	0
AG	13	Eco Impacts of Gen Engineered Fish (UM)	175	0
MDE	3	The On-Line Museum (SMM)	260	0
MDE	3	Green Street: Urban Awareness (SMM)	550	0
MDE	13	Prairie Wetland Field Study (Heron Lake)	270	0
MDE	13	Envir Educ Outreach Program	215	0
MDE	13	Project City Camp (Pillsbury Neigh Ser, Inc)	130	0
MDE	13	Crosby Farm Park Nature Program (St Paul)	91	0
MDE	13	Forest Mgmt Learning Kit (Deep Portage)	15	0
MDE	13	Outdoor Classroom (Faribault Cty ELC)	60	0
MDE	13	Rec Prog for Persons w/Disabilities (Vinland Ctr)	160	0
MHS	13	Summer Youth History Program	100	0
MHS	13	Nat'l Register Grants Program	165	0
MHS	13	Traverse Des Sioux Research	68	0
DNR	13	Tree Seed Orchard Complex	80	0
DNR	13	Reforestation in Ramsey County (Ramsey Cty)	50	0
DNR	13	Developing Hardwood Forests (UM)	210	0
DNR	13	Evaluation of Old Growth Forests	250	0
DNR	13	Miss Headwaters River Project (Miss Hdwts Bd)	75	0
DNR	13	Anadromous Fish Monitoring Project	137	0
DNR	13	L & WCF Admin	80	0
DNR	13	Rec Resource Planning (UM)	175	0
DNR	13	Mitigating Concrete Aggregate Problems (UM)	179	0
DNR	13	Lake Superior Safe Harbors	1,000	0
DNR	13	Rec Oppor for SE Asian Minorities	300	0
DNR	13	Stream Flow Protection	280	0
DNR	13	So Cen Minn Groundwater Project	290	0
DNR	13	White Bear Feasibility Study	228	0
DNR	13	Winter Habitat (Pheasants Forever, Inc.)	100	0
DNR	13	Wild Turkey Hunting (Wild Turkey Fed)	39	0
DNR	13	Deer Critical Hab Survey (Kooch Cty)	75	0
DNR	13	Goose Nesting Sites (Geese Int'l Inc.)	21	0
DNR	13	Bio Control of Watermilfoil & PL	400	0
DNR	13	Replace EWtrMilfoil w/MN Plan (WBL CD)	40	0
DNR	3	Minn County Biological Survey	900	0
DNR	3	Minn Forest Bird Diversity	500	0
DNR	3	St Louis River Land Acquisition	1,000	0
PCA	3	Mercury Reduction in Fish (UM)	200	0
PCA	13	Demo of Waste Collection in Aquaculture (MN Aq)	100	0

Agency	Fund	Project	LCMR	Governor
PCA	13	Optical Brighteners (Dakota County)	157	0
DTED	13	Como Park Replanting Prog (St Paul)	93	0
DTED	13	Agassiz Rec Trail (ART Planning Comm)	650	0
DTED	13	Mesabi Trail (St Louis/Lake County)	700	0
DTED	13	Dev Multi-Use Urban Green Space (Mpls Parks)	220	0
DTED	13	Minnehaha Park EIC (Mpls Parks)	337	0
DTED	13	Nicollet Cons Club Inter Room (NicConsClub)	68	0
DTED	13	Granite Quarry Park (Stearns Cty)	50	0
DTED	13	Compost and Wood Util Prog (St Paul)	270	0
UM	13	Ecology of Minnesota Book	51	0
UM	13	Urban Community Gardening Prog (Self-Rel Cen)	110	0
Subtotal - Projects Without Gov's Alternative Rec			15,854	0
GRAND TOTAL - PROJECTS			41,137	31,773
Minnesota Future Resources Fund (13) Environmental and Natural Resources Trust Fund (03)			15,554	10,773
Oil Overcharge Money (17)			23,571	21,000
			2,012	0
GRAND TOTAL - LCMR FUNDING SOURCES			41,137	31,773

In making these recommendations the Governor adhered to the following principles:

1. Recommendations must be consistent with the criteria and priority strategies of the LCMR;
2. Recommendations must be of a project nature and not supplant any of the receiving agencies base funding; and
3. Recommendations must give the receiving agencies the maximum flexibility in order to achieve program objectives as efficiently as possible.

These alternative recommendations provide partial funding for a major Governor's environmental initiative. A brief description of the Governor's 3 environmental priority areas follows.

Environmental Clean Up. The Governor recommends \$58.7 million in additional funds for environmental clean up. His budget continues funding for ongoing efforts to clean up point source pollution, with \$20.4 million in bonding for the Combined Sewer Overflow and Wastewater Treatment Programs. It includes \$2.6 million for the ramp up in conjunction with the Clean Air Act, and proposes \$25 million from the Environmental Fund for the Superfund Program. An important part of this initiative is in the area of non-point source pollution. The Governor concurs with the allocations made by the LCMR in this area. The only difference area is that the Governor concentrates his recommendations in a fewer number within the same funding level. In addition, the Governor recommends \$5 million in new general fund appropriations to accelerate non-point source clean up efforts, especially in the Minnesota River Basin.

Preservation of Natural Resources. The Governor recommends \$20.8 million for this component of his environmental initiative, \$11 million from the Environmental Trust Fund, \$8.9 million from the General Fund and \$842,000 from the Highway Users Tax Distribution Fund. The Governor is

1994-95 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

recommending significantly more funding for the Reinvest in Minnesota Program than the LCMR. The main difference is for the RIM Conservation Reserve Easements administered by the Board of Soil and Water Resources. The agency submitted an investment initiative for this program in order to take advantage of the public interest in signing up for the program. Since funding from the General Fund was not possible, the Governor believes that it must receive priority attention from the dedicated funds, especially because of its important contribution in the non-point source pollution effort. In addition to RIM, the Governor is recommending nearly \$5 million to promote sustainable forest development and another \$4 million to finance implementation of the 1991 Wetlands Act.

Recreational Opportunities. The Governor's recreational component of his environmental initiative totals \$35.7 million from all fund sources. Of this total \$15 million is from the LCMR dedicated funds for state and metropolitan parks and trails, approximately \$2 million more than the amount recommended by the LCMR. The biggest difference is that the Governor recommends the funds be concentrated in only 3 appropriations, 1 for state parks, 1 for state trails, and 1 for regional parks and trails. This compares with 17 separate appropriation recommendations by the LCMR. The Governor believes that the Department of Natural Resources and the Metropolitan Council should be given flexibility to allocate the LCMR funds according to their own legislatively mandated planning processes and agency priorities.

In keeping with his environmental initiative, the Governor recommends adding back nearly \$2 million to DNR's general fund base budget for Parks and Trails that the agency had proposed as part of its budget plan to address the targeted reductions. In addition to his recommendations for parks and trails, the Governor recommends bonding authority be granted for the construction of a Marine Conservation Center at the Minnesota Zoological Garden. The centerpiece of this facility will be a new dolphinarium which will provide an outstanding recreational opportunity for Minnesotans while contributing financial resources so that the Zoo can continue its evolution towards enterprise funding of its operations.

The Governor's alternative LCMR recommendations come to a total of just under \$32 million, approximately \$6.5 million more than the LCMR recommendations in these 3 priority areas. They are made as part of an environmental initiative that includes \$15.8 million in additional funding from the General Fund, \$27.6 million from the Environmental Fund, \$842,000 from the Highway User Tax Distribution Fund, and \$40.3 million from the Bond Proceeds Fund, for a total package of over \$116 million dollars.

The area of convergence between the Governor and LCMR is much larger than the area of difference. The Governor makes no recommendation for the appropriation of the remaining dedicated LCMR funds, approximately \$9 million. The Governor respects the careful work done by the LCMR in making its funding recommendations. Unfortunately these recommendations are completed before revenues available from other sources are known and before state agencies prepare their budget requests for the biennium. The LCMR dedicated funds are too important to the achievement of environmental goals to be considered in isolation. The Governor believes that LCMR funding recommendations should be viewed as advisory input for both the Governor and Legislature as they prepare the state's unified biennial budget.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: LEG COMM-MN RESOURCES
PROGRAM: LEGIS MN RESOURCES COMM
ACTIVITY: LEGIS MN RESOURCES COMM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	254	261	280		563				
EXPENSES/CONTRACTUAL SRVCS	16	13	31		65				
MISC OPERATING EXPENSES	41	54	74		136				
SUPPLIES/MATERIALS/PARTS	4	2	3		12				
CAPITAL EQUIPMENT	5	5	2		4				
SUBTOTAL STATE OPERATIONS	320	335	390		780				
TOTAL EXPENDITURES	320	335	390		780				
GOV'S INITIATIVES:									
									FUND
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING									MNR
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING									MET
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					470				
MN RESOURCES	320	335	390		310				
TOTAL FINANCING	320	335	390		780				
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: LEG COMM-MN RESOURCES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	390	390			390	390		
TECHNICAL ADJUSTMENTS								
LCMR-FUNDED PROJECTS	<390>	<390>			<390>	<390>		
SUBTOTAL TECH. ADJ.	<390>	<390>			<390>	<390>		
CURRENT SPENDING								
AGENCY BASE								

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**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Minnesota-Wisconsin Boundary Area Commission

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$127	\$127	\$127
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$127	\$127	\$254
Inflation Cost Increases	5	7	12
Agency Management Decisions			
Management and Administrative Services:			
Reduce Part-time Position	\$(1)	\$(1)	\$(2)
Consolidate Meetings & Travel	(1)	(1)	(2)
Wisconsin Grant Increase	(3)	(7)	(10)
Initiate In-Kind Service Fees	<u>(6)</u>	<u>(4)</u>	<u>(10)</u>
Subtotal	<u>\$(11)</u>	<u>\$(13)</u>	<u>\$(24)</u>
TOTAL AGENCY PLAN	\$121	\$121	\$242
GOVERNOR'S RECOMMENDATION	<u>\$121</u>	<u>\$121</u>	<u>\$242</u>

Brief Explanation of Agency's Overall Actions:

The agency receives a grant for operations from the state of Minnesota General Fund, requiring a reduction of \$6,000 from the \$127,000 base year amount. This is partially offset by a requested increase of \$3,200 from the state of Wisconsin for F.Y. 1994, and fully offset by a request of \$6,500 in F.Y. 1995, subject to Wisconsin legislative approval. The work schedule of 1 current interim part-time clerical assistant would be reduced by 33% (.2 FTE) for a \$1,200 annual saving. Consolidation of commission and committee meetings and travel could save another \$2,200 for the biennium. The balance would be made up through assessment of state and federal agencies for a portion of the work that has been in-kind services of the commission in cooperative, interagency projects. This would especially apply to the extensive data-gathering, interpretation and report development in the biennial recreational boating studies on nearly 300 miles of the St. Croix and Mississippi Rivers. An estimated reimbursement of \$6,000 in F.Y. 1994 and \$4,000 in F.Y. 1995 will be used to offset cost increases and budget reductions.

Although the agency receives funding as a grant, the brief displays the actions required by the commission to deal with inflationary increases and budget short-falls.

2. Impact on Staffing	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
Positions left Vacant or Eliminated	.2	.2	
3. Impact on Revenue Generation:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-
5. Governor's Recommendation:			

The Governor concurs with the agency's plan.

1994-95 Biennial Budget

AGENCY: Minnesota-Wisconsin Boundary Area Commission

MISSION STATEMENT:

The mission of the Minnesota-Wisconsin Boundary Area Commission is to promote the wise use, development and protection in the public interest of the nationally-significant St. Croix and Mississippi Rivers on the 226-mile-long interstate river border.

To achieve this end, the commission works as an independent interstate agency conducting studies, making recommendations and assisting the states of Minnesota and Wisconsin and their political subdivisions in coordinating conservation efforts and their participation in federal programs affecting the river valleys.

The commission is comprised of 10 citizen members, 5 from each state, who are appointed by their respective governor. It is organized into 2 functional standing committees, one for each river, for purposes of program formulation, issue evaluation and implementation of work plan priorities. Assisting the commission are Legislative Advisory Committees from each state, with the Minnesota committee comprised of 5 Senators and 5 Representatives, appointed by their respective bodies. Staff services for the commission core activities and work plan are currently met through employment of 4 permanent full-time personnel.

The umbrella program of the commission serves as a catalyst for intergovernmental cooperation in the politically complex interstate border region where the federal government is also a major river manager for several purposes. Functionally, the commission provides a mechanism to achieve the following objectives:

- to provide independent analysis of complex intergovernmental resource management issues and programs;
- to reduce duplication and inefficiencies in multi-jurisdictional governmental activities;
- to facilitate cooperative, coordinated joint efforts of public authorities at all levels, including uniform laws and regulations;
- to provide convenient access by the public to major river issues and programs affecting scores of counties and communities in 2 states;
- to promote the best interests of both states in federal funding and management in the St. Croix and Mississippi River corridors;
- to assure wise stewardship of the exceptional river resources of the boundary area by the concerted efforts of governmental authorities and a well-informed citizenry; and
- to advise state and local government officials on matters of regional and national scope that affect their jurisdictions.

MINNESOTA MILESTONES:

The commission supports the Minnesota Milestones goals of: Minnesotans will have the opportunity to enjoy the state's natural resources; and Minnesotans will act to protect and enhance their environment.

CLIMATE:

The following factors are shaping the development of policies and programs involving the Minnesota-Wisconsin Boundary Area Commission:

- *Increasing development and use pressure in river corridors.* The continuing expansion of the Twin Cities metropolitan area toward the St. Croix River, managed under state and federal laws as a segment of the National Wild and Scenic Rivers System, and plans for construction of additional highway bridges across the river create policy and management conflicts. Growing interest in residential and commercial development in the scenic blufflands in the interstate Mississippi River valley has prompted much public debate and calls for prudent guidelines that protect both the integrity of the natural landscape and landowner interests. Recreational boating activity has grown steadily on the St. Croix River and is increasing dramatically on the Mississippi River. The commission needs to respond to these challenges with increased leadership in interagency recreational use planning, scheduled to begin in F.Y. 1994; extensive outreach to Lower St. Croix River communities, residents and visitors as a follow-up to the current LCMR-funded St. Croix Stewardship Program, to be completed by the commission in June of 1993; assistance in resolving St. Croix bridge crossing conflicts; and facilitation of a coordinated blufflands management program, including innovative voluntary options, in the Mississippi River valley in concert with state and local authorities and private interests.
- *Restructuring to meet management coordination and stewardship needs on Lower St. Croix National Scenic River.* October 25, 1992, marks the 20th anniversary of the federal act designating the lower 52 miles of the St. Croix River as a segment of the national Wild and Scenic Rivers System. As the program to protect the scenic and recreational attributes of the valley under coordinated federal-state management has matured, the commission has seen the need for increased state agency staffing and services in the Riverway, and the need to revise and expand its own St. Croix management assistance role. This expanded role is to provide independent evaluation, beginning with the current LCMR-funded study, and to serve the unmet needs of local governmental officials, residents and users for information and involvement as Riverway stakeholders and stewards. This objective must be balanced against a commitment the commission has reaffirmed this year to assist in coordinating the cooperative Riverway management activities of the Minnesota and Wisconsin Departments of Natural Resources and the National Park Service. The outcome of the LCMR-funded Lower St. Croix Stewardship Project, other program priorities and availability of operating funds will dictate how the commission meets these major responsibilities in the next 2 years and beyond.
- *Fulfillment of federal commitments to the rivers.* Established management programs for both the St. Croix and Mississippi Rivers lack adequate funds to meet all objectives. Using its established position with federal decision-makers, the commission needs to increase its advocacy efforts for fully-funded programs.
- *Uniform and coordinated interstate plans and policies.* Inherent disparities and conflicts in laws and regulations are a constant challenge on the interstate border. With well over 1 million visitors a year using the river valley resources, uniform policies are highly desirable. The commission seeks to engage in a more active program to resolve such problems. In addition, the 2 states and the National Park Service are entering into a cooperative agreement for joint planning for water quality management in the St. Croix River basin, to be facilitated by the

1994-95 Biennial Budget

AGENCY: Minnesota-Wisconsin Boundary Area Commission
(Continuation)

commission beginning in F.Y. 1993 for completion in F.Y. 1995. The commission also needs to continue to assist the states in their ongoing cooperative efforts on Mississippi River water quality issues, including combined sewer overflow control and Twin Cities metropolitan treatment plan operations.

- *Citizen awareness and initiatives.* In order to keep the citizens of the boundary area well-informed on the complex intergovernmental policies and programs affecting their lives, their communities and their natural resources, the commission is preparing to increase its outreach through an areawide public information and environmental education program. A positive outcome of this effort will be more active participation of citizens in their own governance and stewardship of the river corridors, and helping to hold down bureaucratic expense through volunteerism and self-regulation.

AGENCY BUDGET PLAN:

The Minnesota-Wisconsin Boundary Area Commission is an independent, interstate agency under Interstate Compact, adopted by the states of Minnesota and Wisconsin in 1965. It operates through grants appropriated by the 2 sponsoring states, but is authorized to receive funds from other sources. While it makes every effort to develop and promote equitable funding by each supporting state, it must abide by the rules governing each state's budget process.

Given the fiscal constraints facing both states in planning for the F.Y. 1994-95 biennium, and after joint consultation with appointed legislative advisors from both states, the commission has determined that the goals and needs of its public service program warrant divergent budget proposals for the coming biennium.

In compliance with the state of Minnesota budget instructions, the commission is recommending appropriations at the 95% of base year level, or \$121,000 for each year of the biennium. Under the guidelines of the state of Wisconsin, increased appropriations to \$130,200 for F.Y. 1994 and \$133,500 for F.Y. 1995 will be recommended.

If the 2 states each provide the funds at the levels allowed in the guidelines, as requested by the commission, the effect on commission expenditures, operations, programs and services will be as follows (note that all figures represent Minnesota's 50% share of state grants for operations):

- continue employment of 4 full-time staff personnel in F.Y. 1994; reduce personnel budget for F.Y. 1995 by .5 FTE (-\$12,500) to allow for program initiatives relating to service area outreach on both rivers (see below);
- allow for 2% annual COLA (F.Y. 1994 +\$1,500; F.Y. 1995 +\$2,500);
- reduce 1 current interim part-time clerical position 33% (-\$1,200 each year);

- allow for increase in health insurance premium expense for enrollment of 1 additional current employee (F.Y. 1994 +\$3,300; F.Y. 1995 +\$3,500);
- consolidate meetings and travel requirements (F.Y. 1994 -\$1,000; F.Y. 1995 -\$1,200);
- retain added office space to support expanded Lower St. Croix management coordination and stewardship programs after LCMR St. Croix Project ends (+\$3,800 each year);
- begin charging for partial reimbursement of in-kind services in some programs, especially for extensive data-gathering, interpretation and report preparation in the biennial interagency recreational boating studies on nearly 300 miles of the St. Croix and Mississippi Rivers (F.Y. 1994 \$9,800; F.Y. 1995 \$7,800);
- initiate major information and stewardship outreach programs on both rivers in F.Y. 1995 as follow-up to Minnesota LCMR-funded St. Croix Stewardship Project and in concert with Mississippi River Recreation Management Planning and Blufflands Stewardship Programs involving other agencies (+\$12,500); and
- seek grants from other sources to recover diverted personnel funds in F.Y. 1995 (\$12,500).

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MN/WIS BNDRY AREA COM
PROGRAM: MN/WISC BOUND AREA CO
ACTIVITY: MN/WISC BOUND AREA CO

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomn.	Current Spending	Agency Plan	Governor Recomn.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			1	1	1	1	1	1	1
MISC OPERATING EXPENSES	2	1	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	2	1	4	4	4	4	4	4	4
LOCAL ASSISTANCE	113	125	123	123	117	117	123	117	117
TOTAL EXPENDITURES	115	126	127	127	121	121	127	121	121
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	115	126	127	127	121	121	127	121	121
TOTAL FINANCING	115	126	127	127	121	121	127	121	121
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Citizens' Council on Voyageurs National Park

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$72	\$72	\$144
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$72	\$72	\$144
Inflation Cost Increases	1	1	2
Agency Management Decisions			
Management and Administrative Services:			
Per Diem Expenses	\$(3)	\$(3)	\$(6)
In-State Travel	<u>(2)</u>	<u>(2)</u>	<u>(4)</u>
Subtotal	<u>\$(5)</u>	<u>\$(5)</u>	<u>\$(10)</u>
TOTAL AGENCY PLAN	\$68	\$68	\$136
Governor's Initiatives			
Salary Planning Estimates	<u>\$(1)</u>	<u>\$(1)</u>	<u>\$(2)</u>
GOVERNOR'S RECOMMENDATION	<u>\$67</u>	<u>\$67</u>	<u>\$134</u>

2. Impact on Staffing:

<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
0.0	0.0

3. Impact on Revenue Generation:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Brief Explanation of Agency's Overall Actions:

The agency will hold fewer special meetings of the Advisory Council. Although at a more limited level, the council will continue to monitor issue affecting the Voyageurs National Park.

AGENCY: Citizens' Council on Voyageurs National Park

MISSION:

The Citizens' Council on Voyageurs National Park's purpose is to study issues, conduct meetings, and make recommendations to the National Park Service, U.S. Department of Interior, and to other federal and state agencies on all matters related to the establishment and operation of Minnesota's only national park and to communicate these recommendations to all appropriate groups and citizens.

Full council meetings are held quarterly and subcommittee meetings are held as necessary. An office is maintained in International Falls and serves as an information gathering and communications function and as a coordinating element among agencies involved in the planning and development of Voyageurs National Park.

The Council works directly with the National Park Service and approximately 20 other agencies on a wide variety of issues regarding Voyageurs National Park. The Council also works with federal, state, and local legislators, as well as with interested and/or affected organizations and citizens.

MINNESOTA MILESTONES:

The council supports the Minnesota Milestones goals of: Minnesotans will have the opportunity to enjoy the state's natural resources; and Minnesotans will act to protect and enhance their environment.

CLIMATE:

The Council purpose is to fulfill the following objectives:

1. To monitor federal rules, regulations, policies, plans and legislative initiatives and their implementation, governing the use of Voyageurs National Park, and to ensure they give proper consideration to the best interest of the citizens of Minnesota and of the nation as a whole.
2. To seek appropriate and timely federal funding for the planning and construction of new park facilities, the improvement and maintenance of existing facilities and park access roads, and for the acquisition of lands necessary for development and for landowners who wish to sell their land to the National Park Service.
3. To assure that all development and usage of the Park is environmentally sound.
4. To promote appropriate economic development initiatives for the Voyageurs region, consistent with the traditional character of the area.
5. To promote cooperation and coordination between and among the National Park Service and other governmental and private entities to advance the interests of the Voyageurs National Park and adjacent areas.

OBJECTIVES:

The Council has targeted the following list of activities as a basis for funding needs:

1. Aggressive marketing and promotion is needed to:

- Assist in economic growth and diversification of Northern Minnesota.
 - Offset recent trends of no growth in visitation to national park areas in rural America.
 - Inform the public of the broad range of services, facilities, and recreational experiences available in the Voyageurs National Park area.
 - Fulfill the expectations of the Minnesota Legislature as stated in Chapter 84B that Voyageurs National Park will be of "benefit to the citizens of the state, due to its accessibility to them, and to the effect it may reasonably be expected to have on the development of tourism and related economic activities."
 - To assure usage and development is environmentally sound.
2. The Council will need to address new and additional federal regulations on trail systems, wilderness designation and a visitor use and facilities plan.
 3. Monitor and encourage private organizations to accommodate one another's views to the benefit of the park and users.
 4. Increase in travel due to increased federal activities and research necessary in other parks across the country.
 5. Selected research on all of the above.
 6. Funding demand for increased per diem with no increase in base level funding to cover this increase.
 7. Funding demand for increase in employee's salary with no increase in base level funding to cover this increase.
 8. Strong communications network to keep citizens, groups, congressional delegations and state legislators informed on activities in and around the park.

EFFECTIVENESS MEASURES:

1. Number of Council recommendations and the degree to which they are adopted by the National Park Service or the Congress of the United States.
2. Level of federal funding received for Voyageurs National Park and the comparison of that level with the other 75 developing units of the National Park system.
3. Number of Council initiatives and the degree to which those initiatives are implemented by the appropriate governmental and/or private entities.
4. Number of Council recommendations that deal with more than 1 government agency and/or private entity and the degree to which those recommendations are implemented.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VOYAGEURS NAT PK ADV
PROGRAM: VOYAGEURS NATL PK COMM
ACTIVITY: VOYAGEURS NATL PK COMM

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	26	32	36	36	34	33	36	34	33
EXPENSES/CONTRACTUAL SRVCS	25	7	16	5	5	5	5	5	5
MISC OPERATING EXPENSES	13	19	29	29	27	27	29	27	27
SUPPLIES/MATERIALS/PARTS	5	1	2	2	2	2	2	2	2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	69	59	83	72	68	67	72	68	67
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	69	59	83	72	68	67	72	68	67
GOV'S INITIATIVES:									
===== FUND									
(A) SALARY PLANNING ESTIMATES						<1>			<1>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						<1>			<1>
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	69	59	83	72	68	67	72	68	67
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	69	59	83	72	68	67	72	68	67
POSITIONS BY FUND:									
=====									
GENERAL	.6	.7	.7	.7	.7	.7	.7	.7	.7
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	.6	.7	.7	.7	.7	.7	.7	.7	.7

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: VOYAGEURS NAT PK ADV

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95
F.Y. 93 FUNDING LEVEL	83	83	83	83				
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<11>	<11>	<11>	<11>				
SUBTOTAL TECH. ADJ.	<11>	<11>	<11>	<11>				
CURRENT SPENDING	72	72	72	72				
AGENCY BASE	72	72	72	72				

1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA ZOOLOGICAL GARDEN

PROGRAM

PAGE

BIOLOGICAL PROGRAMS

C-307

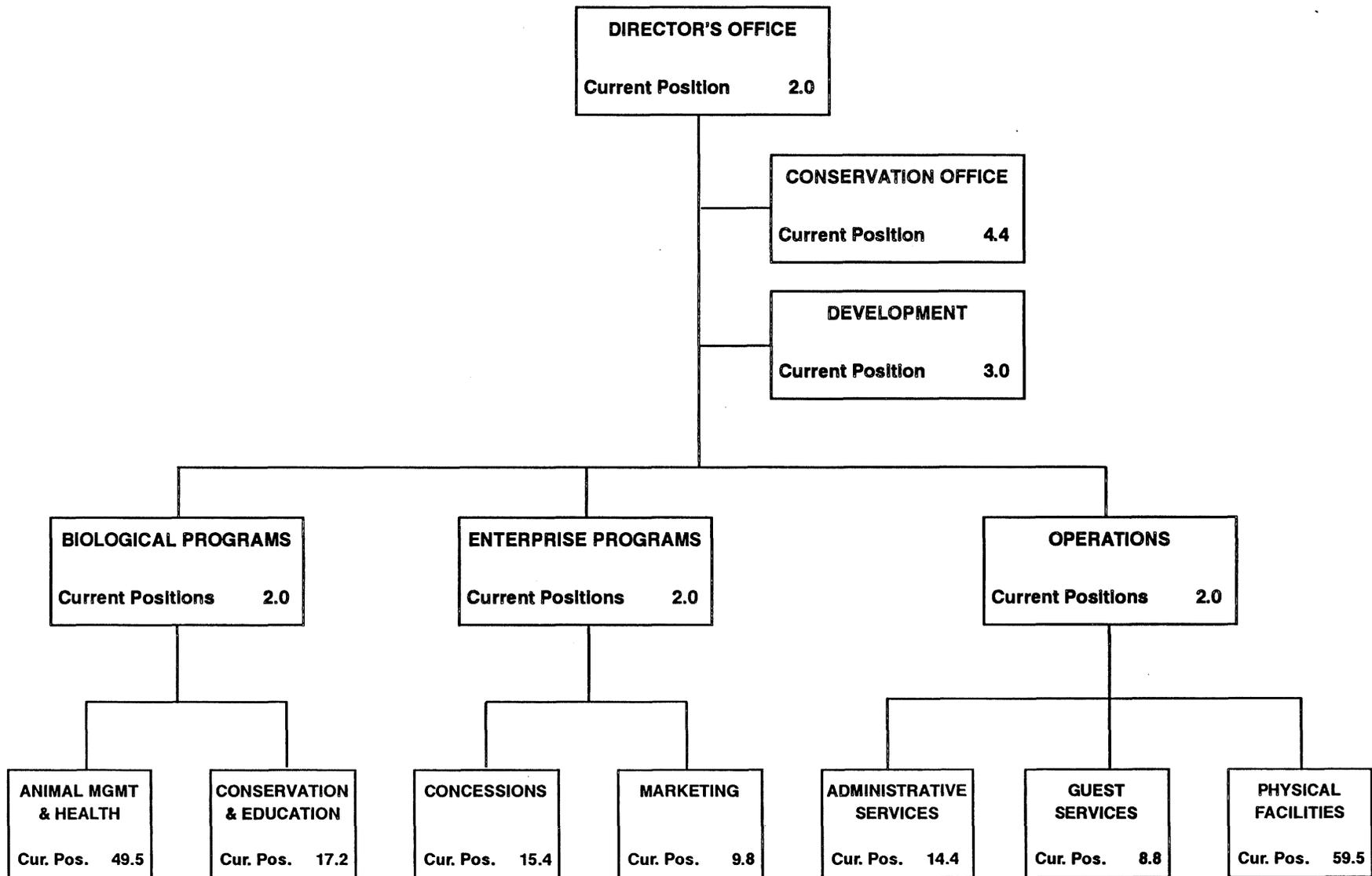
ENTERPRISE PROGRAMS

C-312

OPERATIONS PROGRAMS

C-315

Minnesota Zoological Garden Organization Chart 7/1/92



Minnesota Zoological Garden

Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	92.0	80.9
Special Revenue	95.0	134.1
Gift	<u>3.0</u>	<u>3.0</u>
Total Permanent Positions	<u>190.0</u>	<u>218.0</u>
Other Complement (FTE)	32.0	32.0
TOTAL Positions	<u>222.0</u>	<u>250.0</u>
Employees on 6/30/92	264.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	133.0
Full-Time Temporary	15.0
Full-Time Emergency	1.0
Full-Time Seasonal	8.0
Part-Time Unlimited	35.0
Part-Time Temporary	36.0
Part-Time Seasonal	<u>36.0</u>
TOTAL	<u>264.0</u>

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Minnesota Zoological Garden

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$5,425	\$5,425	\$10,850
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$5,425	\$5,425	\$10,850
Inflation Cost Increase	191	388	579
Agency Management Decisions			
Absorb Inflation Across the Board	\$(71)	\$(144)	\$(215)
Shift Funding for Projected Comp Costs	(120)	(244)	(364)
Shift Funding for Base Reduction	<u>(271)</u>	<u>(271)</u>	<u>(542)</u>
Subtotal	<u>\$(462)</u>	<u>\$(659)</u>	<u>\$(1,121)</u>
TOTAL AGENCY PLAN	\$5,154	\$5,154	\$10,308
Governor's Initiatives			
Salary Planning Estimates	<u>\$(106)</u>	<u>\$(103)</u>	<u>\$(209)</u>
GOVERNOR'S RECOMMENDATION	<u>\$5,048</u>	<u>\$5,051</u>	<u>\$10,099</u>

Brief Explanation of Agency's Overall Actions:

Whereas the Minnesota Zoo has attempted over the past few years to adopt an entrepreneurial spirit and reduce its reliance on the General Fund, we propose the following budget:

Operations support functions and biological program functions will be reduced in the General Fund. As one of the leading conservation, education and recreation facilities in the state, the Zoo is favorably positioned to continue to deliver a high quality conservation education experience to our more than 1 million annual visitors by shifting Zoo services to the enterprise portion of the Zoo's operating structure as opposed to reducing expenditures and providing the visitors with a reduced Zoo experience.

The Zoo anticipates a 20% increase in revenues in the after hours program, memberships and group sales; a 15% increase in revenues in special events and a substantive increase in food service revenues resulting from a new contract to be negotiated in the spring of 1993. Gate receipts are expected to increase approximately \$120,000 in F.Y.1994 with no increase in price of general admission.

2. Impact on Staffing:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
Transferring positions to the Special Revenue Fund	8.0	11.1	
3. Impact on Revenue Generation:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1994-95</u>
<u>Agency Plan</u>	\$-0-	\$-0-	\$-0-
<u>Governor's Initiatives</u>	\$-0-	\$-0-	\$-0-
4. Affected Statutes:			
None.			
5. Governor's Recommendation:			

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Consistent with review of special revenue and fee supported activities, the Governor recommends that expenditures and positions be transferred from the General Fund to the Special Revenue Fund in the amounts indicated, net of revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
 INVESTMENT INITIATIVES
 (DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) MARINE CONSERVATION CENTER	G&D	144	589	733	144	589	733
(A) SALARY PLANNING ESTIMATES	GEN	<106>	<103>	<209>			
TOTAL BY FUND	GEN	<106>	<103>	<209>			
	G&D	144	589	733	144	589	733
TOTAL INVESTMENT INITIATIVES		38	486	524	144	589	733

1994-95 Biennial Budget

AGENCY: Minnesota Zoological Garden

MISSION STATEMENT: The Minnesota Zoological Garden (MZG) exists to strengthen the bond between people and the living earth. The MZG strives to accomplish its mission by:

1. providing an exciting, affordable family experience that unobtrusively brings visitors to a heightened awareness of and appreciation for wildlife;
2. operating a high quality recreational and educational facility that serves the people of Minnesota and out-of-state tourists;
3. serving as a statewide environmental and educational resource that provides a significant addition to the quality of life in Minnesota;
4. providing a multi-disciplinary education and research environment to promote a better understanding of MZG's endangered and exotic animal collection.

The Zoo operates in 3 major programmatic areas: the Biological Programs, Enterprise Programs and Operations in order to achieve the following mission-related objectives:

- to maintain the animal husbandry, animal health, animal records and research necessary for a healthy animal collection.
- to provide people of all ages with a variety of Zoo learning adventures which help foster an understanding and appreciation of wildlife and the environment.
- to acknowledge a responsibility to provide leadership in conserving the biological diversity of our planet and in protecting the wild species living under our stewardship.
- to maintain the exhibits and grounds to assure the visitors an interesting and pleasant recreational experience.
- to assure the quality of the visitor experience.

MINNESOTA MILESTONES: The mission of the Minnesota Zoological Garden supports 3 of the major milestone themes: **Our Surroundings, Learning and We The People.** The Zoo contributes to these themes by:

- enhancing the living world;
- providing opportunities to enjoy the outdoor recreation resources;
- promoting and providing environmental educational opportunities; and
- providing high quality customer service to all visitors.

CLIMATE: The following factors are shaping the development of policies and programs at the Minnesota Zoo:

- **Demand for Services.** As the attendance figures demonstrate, there is an increasing demand for services at the Minnesota Zoo. More and more citizens of the State want to experience the offerings we have available. There is an ever increasing awareness of conservation today and we offer an experience in a very naturalistic setting.

- **Cost Benefits.** There is an increased need to review the costs associated with each current and proposed new program at the Zoo and weigh that against the benefits to our visitors. We need to capitalize on opportunities to develop maximum revenue to support the Zoo's education, conservation and recreation objectives.
- **Visitor Priorities.** The Minnesota Zoo exists to meet the needs of its citizens in the areas of conservation, education and recreation. We routinely solicit input from our visitors as to what they want to achieve in their experience here. Based on visitor input, educational programs are designed, special events offered, specific interpretive programs featured and new exhibits are designed.

AGENCY BUDGET PLAN: The Minnesota Zoo has experienced steady growth since 1988 in both attendance and special revenues. With increased opportunities for the public to experience conservation, education and recreational activities, we believe this trend will continue. We are not proposing to alter or redefine our strategies but rather expand to meet our customer's needs. We believe the increased revenues generated will support expenditures to accommodate growing visitor numbers as well as fund operations functions currently funded through the General Fund.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency's plan, however the proposed funding has been reduced due to revised salary planning estimates.

In addition, the Governor recommends development of a Marine Conservation Center at the Minnesota Zoo. This initiative is recommended to enhance visitor attractions at the Zoo and improve program management and enterprise activities.

Construction of the Marine Conservation Center will cost \$19.9 million. The Governor recommends that state general obligation bonds be issued for this amount with the following debt service provisions:

- During construction, all interest on the bonds will be paid by the Zoo through a private capital campaign.
- Upon project completion, the Zoo will pay 100% principal and interest costs through increased attendance revenues and enterprise activities.

The impact on programs resulting from the Marine Conservation Center will be seen in the F.Y. 1996-97 biennium. It is anticipated that the facility could open as early as May 1996. At that time, the Zoo anticipates a 40% increase in attendance, as well as in enterprise activities. A significant growth in educational programming, enterprise services and inter-active programming will also be realized.

The construction of the Marine Conservation Center will be a major step in meeting the Zoo's customers' needs. The Dolphin Show is the number one attraction at the Minnesota Zoo. With the current facility, only 150 visitors, 4 times a day have the opportunity to view the Dolphin Show. The new facility will allow 2,000 visitors to view each show. With the additional classrooms, it is anticipated that educational programming can be tripled. This will be a multi-use facility which will allow the Zoo to maximize opportunities in all areas of its mission: conservation, education and recreation.

Expenditures and revenues associated with this investment initiative are presented in the Gifts and Deposits Fund in the following agency and biological program fiscal pages.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
BIOLOGICAL PROGRAMS	4,833	5,787	3,995	3,961	4,047	4,176	3,961	4,162	4,740
OPERATIONS	4,895	5,185	7,356	5,631	5,729	5,639	5,631	5,847	5,756
ENTERPRISE PROGRAMS	2,954	3,030	3,343	3,165	3,178	3,177	3,165	3,191	3,190
TOTAL EXPENDITURES BY PROGRAM	12,682	14,002	14,694	12,757	12,954	12,992	12,757	13,200	13,686
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	8,869	8,764	5,772	5,425	5,154	5,048	5,425	5,154	5,051
OPEN APPROPRIATIONS:									
AGENCY			562						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,034	2,931	7,387	6,901	7,369	7,369	6,901	7,615	7,615
FEDERAL	30	38	38	38	38	38	38	38	38
AGENCY		25	542						
GIFTS AND DEPOSITS	749	2,244	393	393	393	537	393	393	982
TOTAL FINANCING	12,682	14,002	14,694	12,757	12,954	12,992	12,757	13,200	13,686
POSITIONS BY FUND:									
GENERAL	141.7	141.2	92.0	92.0	84.0	84.0	92.0	80.9	80.9
SPECIAL REVENUE	14.5	15.0	95.0	95.0	131.0	131.0	95.0	134.1	134.1
GIFTS AND DEPOSITS	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	159.2	159.2	190.0	190.0	218.0	218.0	190.0	218.0	218.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: ZOOLOGICAL GARDEN

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	14,694	14,694	5,772	5,772	8,884	8,884	38	38
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<360>	<360>	<360>	<360>				
NON-RECURRING EXPENDITURES	<1,590>	<1,590>			<1,590>	<1,590>		
INSURANCE PREMIUM HOLIDAY	13	13	13	13				
SUBTOTAL TECH. ADJ.	<1,937>	<1,937>	<347>	<347>	<1,590>	<1,590>		
CURRENT SPENDING	12,757	12,757	5,425	5,425	7,294	7,294	38	38
AGENCY BASE	12,757	12,757	5,425	5,425	7,294	7,294	38	38

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1994-95 Biennial Budget

PROGRAM: Biological Programs
AGENCY: Minnesota Zoological Garden

PROGRAM PURPOSE:

The Minnesota Zoo provides the only place in Minnesota where visitors can experience a naturalistic recreation of a tropical, tundra or ocean environment. Within the Zoo, the Biological Programs Division provides a diverse collection of non-domestic animals in social groupings living in naturalistic exhibits. Quality environmental education and interactive programs are provided by this Division for Minnesota Zoo visitors, including school groups from throughout the state, adults and families. Biological Programs also supports and operates animal research and conservation projects for endangered and threatened species. The Zoo can be referred to as a "living classroom" with the Mission of, "Strengthening the bond between people and the Living Earth." This Mission increases in significance with each passing year as we continue to overutilize the Earth's resources.

This program contributes to 3 Minnesota Milestone themes: **Our Surroundings, Learning and We the People.**

One indicator within **Our Surroundings** is that Minnesota's environment will support a rich diversity of plant and animal life, through the maintenance of plants and animals that are threatened, endangered or extinct in their natural environment both within the Zoo boundaries, throughout the state of Minnesota and throughout the world. Our goal is to continue to participate in world wide animal and plant conservation programs. A second indicator is that Minnesotans will have opportunities to enjoy the State's natural resources through year-round interpretation of nature in our exhibit areas, undeveloped woodlands and wetlands, including overnight camping to allow greater utilization of our unique facility.

We will contribute to **Learning** through our ongoing conversion of the existing, traditional Zoo into a progressive Environmental Learning Center unlike anything in existence today which will include our Zoo, a school in conjunction with District 196, a residential center which will house students from all over the state and from throughout the world and a nature interpretive center to assist in interpretation of native woodland, wetlands and agriculture. Other indicators of our contribution to **Learning** are our educational programming, including guided and self-guided tours for students, wildlife and conservation classes for students of all ages and our Zoomobile outreach program.

We will promote **We the People** through better serving the public providing high quality family recreational and educational experiences while simultaneously concentrating on provision of high quality customer service.

PROSPECTS:

1. Inspiring Positive Attitudes Toward the Environment and the Sciences

The diversity of animal life in Minnesota and the rest of the world will continue to decline making the Zoo's role as an Environmental Learning Center increasingly important.

Because of a lack of well defined environmental educational programs, especially in inner city

environments, the necessity exists for new kinds of informal, creative programming that can inspire students to action. Outreach programs, such as the Zoomobile can carry environmental education to diverse audiences.

On-site educational programming, using the Zoo as a "living classroom" can inspire students of all ages to care about the environment to an extent that far surpasses any two dimensional medium.

2. Promoting Positive Family Experiences

Surveys indicate that 80% of our visitors come to the zoo for a "good family experience."

The Zoo creates the spark for positive family experience through construction of new exhibits and year round utilization of our beautiful and spacious site.

OUTCOMES:

The Zoo has collected data on the following measures to demonstrate outcomes, which are the historic measures of the zoo's performance toward its goals.

1. Inspiring Positive Attitudes Toward the Environment and the Sciences (in Thousands)

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Residents of Minnesota reached by Zoomobile	45	47.8	48.4	53.1	65
K-12 students in on-site environmental educational programs	83.4	85.8	107	113	118
K-6 students in Zoo Summer Camp	N/A	.8	.9	1.1	1.2

2. Promoting Positive Family Experiences (in Thousands)

Zoo Attendance	941	1,023	1,163	1,166	1,200
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Programs promoting positive family experience such as **Dolphins: Dusk to Dawn**, an overnight program, and a **Family Discovery** series of Saturday classes have began during fiscal 1993. Similar programs will be one of our major areas of emphasis as we pursue this goal.

1994-95 Biennial Budget

PROGRAM: Biological Programs
AGENCY: Minnesota Zoological Garden
 (Continuation)

OBJECTIVES:

1. Inspiring Positive Attitudes Toward the Environment and the Sciences (in Thousands)

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Residents of Minnesota reached	65	75	90
K-12 students in on-site environmental educational programs	118	123	125
K-6 students in Zoo Summer Camp	1.2	1.4	1.5

2. Promoting Positive Experiences

Zoo Attendance	1,200	1,250	1,300
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PROGRAM PLAN:

The Minnesota Zoo has experienced steady growth since 1988 in both attendance and special revenues. With increased opportunities for the public to experience conservation, education and recreational activities, we believe this trend will continue. We are not proposing to alter or redefine our strategies but rather expand to meet our customer's needs. We believe the increased revenues generated will support expenditures to accommodate growing visitor numbers as well as fund operations functions currently funded through the General Fund.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan for funding of the Biological Programs; however, the proposed funding has been reduced due to revised salary planning estimates.

In addition, the Governor recommends the development of a Marine Conservation Center at the Minnesota Zoo. This initiative is recommended to enhance visitor attractions at the Zoo and improve program management and enterprise activities.

Construction of the Marine Conservation Center will cost \$19.9 million. The Governor recommends that state general obligation bonds be issued for this amount with the following debt service provisions:

- During construction, all interest on the bonds will be paid by the Zoo through a private capital campaign.
- Upon project completion, the Zoo will pay 100% principal and interest costs through increased

attendance revenues and enterprise activities.

The impact on programs resulting from the Marine Conservation Center will be seen in the F.Y. 1996-97 biennium. It is anticipated that the facility could open as early as May 1996. At that time, the Zoo anticipates a 40% increase in attendance, as well as in enterprise activities. A significant growth in educational programming, enterprise services and inter-active programming will also be realized.

The construction of the Marine Conservation Center will be a major step in meeting the Zoo's customers' needs. The Dolphin Show is the number one attraction at the Minnesota Zoo. With the current facility, only 150 visitors, 4 times a day have the opportunity to view the Dolphin Show. The new facility will allow 2,000 visitors to view each show. With the additional classrooms, it is anticipated that educational programming can be tripled. This will be a multi-use facility which will allow the Zoo to maximize opportunities in all areas of its mission: conservation, education and recreation.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Minnesota Zoological Garden
PROGRAM: Biological Programs
ITEM TITLE: Marine Conservation Center

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
Gifts and Deposits Fund				
- Debt Service	\$144	\$589	\$1,887	\$2,167
- Operations	\$-0-	\$-0-	\$200	\$800
Revenues: (\$000s)				
Gifts and Deposits Fund	\$144	\$589	\$2,087	\$2,967

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this initiative to improve visitor attractions at the Zoo and to improve program management and enterprise activities.

Construction of the Marine Conservation Center will cost \$19.9 million. The Zoo requests that state general obligation bonds be issued for this amount with the following debt service provisions:

- During construction, interest on the bonds will be paid through a private capital campaign.
- Upon completion, the Zoo will pay 100% principal and interest costs through increased attendance revenues and enterprise activities.

The investment in the Marine Conservation Center will significantly improve the delivery of programs and productivity at the Minnesota Zoo. It will also provide additional means to maximize revenues to the Zoo through increased gate receipts, after hours events and concessions.

PROGRAM OUTCOMES:

The impact on programs resulting from the Marine Conservation Center will be seen in the F.Y. 1996-97 biennium. It is anticipated that the facility could open as early as May 1996. At that time, the Zoo anticipates a 40% increase in attendance, as well as in enterprise activities. A significant growth in educational programming, enterprise services and inter-active programming will also be realized.

LONG-TERM IMPACT:

The construction of the Marine Conservation Center will be a major step in meeting the Zoo's customers' needs. The Dolphin Show is the number one attraction at the Minnesota Zoo. With the current facility, only 150 visitors, 4 times a day have the opportunity to view the Dolphin Show. The new facility will allow 2,000 visitors to view each show. With the additional classrooms, it is anticipated educational programming will be tripled. This will be a multi-use facility which will allow the Zoo to maximize opportunities in all areas of its mission: conservation, education and recreation. Overall attendance at the Zoo is expected to increase 40% with the addition of the Marine Conservation Center.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: BIOLOGICAL PROGRAMS
ACTIVITY: BIOLOGICAL PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,465	2,650	2,852	2,855	2,941	2,926	2,855	3,056	3,045
EXPENSES/CONTRACTUAL SRVCS	813	480	341	304	304	304	304	304	304
MISC OPERATING EXPENSES	152	133	164	164	164	164	164	164	164
SUPPLIES/MATERIALS/PARTS	592	576	578	578	578	578	578	578	578
CAPITAL EQUIPMENT	23	21	13	13	13	13	13	13	13
OTHER	788	1,927	47	47	47	191	47	47	636
SUBTOTAL STATE OPERATIONS	4,833	5,787	3,995	3,961	4,047	4,176	3,961	4,162	4,740
TOTAL EXPENDITURES	4,833	5,787	3,995	3,961	4,047	4,176	3,961	4,162	4,740
GOV'S INITIATIVES:									
			FUND						
(A) MARINE CONSERVATION CENTER			G&D			144			589
(A) SALARY PLANNING ESTIMATES			GEN			<15>			<11>
TOTAL GOV'S INITIATIVES						129			578
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,447	3,049	856	859	770	755	859	662	651
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	761	667	3,031	2,994	3,169	3,169	2,994	3,392	3,392
FEDERAL	30	38	38	38	38	38	38	38	38
GIFTS AND DEPOSITS	595	2,033	70	70	70	214	70	70	659
TOTAL FINANCING	4,833	5,787	3,995	3,961	4,047	4,176	3,961	4,162	4,740

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: BIOLOGICAL PROGRAMS
ACTIVITY: BIOLOGICAL PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
POSITIONS BY FUND:									

GENERAL	64.3	64.3	12.4	12.4	10.4	10.4	12.4	7.3	7.3
SPECIAL REVENUE	.0	.0	60.8	60.8	62.8	62.8	60.8	65.9	65.9
=====									
TOTAL POSITIONS	64.3	64.3	73.2	73.2	73.2	73.2	73.2	73.2	73.2

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1994-95 Biennial Budget

PROGRAM: Enterprise Programs
AGENCY: Minnesota Zoological Garden

PROGRAM PURPOSE:

The Enterprise Program exists to generate funding for the Zoo from other than state sources such as gate receipts, after hours events and sales concessions. Enterprise Programs capitalize on opportunities to develop maximum revenue to support the Zoo's education, conservation and recreation objectives.

Enterprise Programs contribute directly to 1 milestone goal, **Our Surroundings**. The Zoo provides visitors with the opportunity to observe an "environment which will support a rich diversity of plant and animal life". Our Zoo is world renowned for its education and conservation programs as well as its efforts to protect and propagate threatened or endangered animal and plant species. Furthermore, the Zoo provides opportunities to enjoy our outdoor recreation resources through its trails, nature observation, cross country skiing and outdoor concert programs.

To measure program success the Zoo relies on participant, revenue and profit data for enterprise activities.

The Minnesota Zoo uses other indicators to measure progress which are not part of Minnesota milestones. These are described under outcomes and objectives.

PROSPECTS:

1. Attendance

- Since 1988 attendance at the Minnesota Zoo has grown by 42%. In the year ending 6-30-92 a record number of people visited the Zoo. With aggressive marketing, interesting and enterprising exhibits and increased emphasis on education and conservation programs, this trend will continue.
- Participation in special event and after hours activities has increased. Considerable corporate and public interest exists to grow these programs to unprecedented levels. The Zoo is becoming known as a place where one can have a pleasurable experience while learning about our planet and its living things.

2. Sales

- Fiscal year 1992 ended with record sales of approximately \$1.27 million in the Zoo Gift Shop. With the advent of multiple retail opportunities both on and off site, prospects for substantial and sustained growth in gift shop programs are excellent.
- Membership sales represent a significant growth opportunity for the Zoo. Zoo members provide a customer base from which to expand in many different directions. Members represent a core level of support for the Zoo and its programs. Aggressive promotion of membership opportunities developed with sound program offerings should show a substantial increase here in 1992 membership sales were \$395,300.

- Food service represents another area of substantive growth for the Minnesota Zoo. The expiration of a long term contract in the spring of 1993 will provide the institution with the opportunity to deliver food service in more innovative and financially rewarding ways.

OUTCOMES:

	(in Thousands)			
	F.Y. 1988	F.Y. 1991	F.Y. 1992	F.Y. 1993
1. Attendance	822	1,164	1,166	1,200
2. Attendance Revenues	\$ 1,885	\$ 2,457.1	\$ 2,939.8	\$ 3,252
3. Special Events	N/A	N/A	N/A	90
4. After Hours	N/A	N/A	N/A	40
5. Picnics	N/A	N/A	N/A	7
6. Gift Store (per cap)	\$1.01	\$1.09	\$1.09	\$1.17
7. Membership	\$318.6	\$379.4	\$395.3	\$423
8. Food Service	\$33.6	\$131.5	\$146.8	\$151
9. Monorail	\$365.3	\$503.6	\$509.3	\$541
10. Group Sales	N/A	N/A	N/A	\$62

OBJECTIVES:

	(in Thousands)		
	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Attendance	1,200	1,250	1,300
2. Admission Revenues	\$ 3,252	\$ 3,377	\$ 3,501
3. Special Events	\$90	\$103.5	\$119
4. After Hours	\$40	\$48	\$57.6
5. Picnics	\$7	\$7.4	\$8.1
6. Gift Store(per cap)	\$1.17	\$1.20	\$1.25
7. Membership	\$423	\$458	\$476
8. Food Service	\$151	\$323	\$341
9. Monorail	\$541	\$586	\$609
10. Group Sales	\$62	\$74.4	\$89.3

PROGRAM PLAN:

The Minnesota Zoo has experienced steady growth since 1988 in both attendance and special revenues. With increased opportunities for the public to experience conservation, education and recreational activities, we believe this trend will continue. We are not proposing to alter or redefine our strategies but rather expand to meet our customer's needs. We believe the increased revenues generated will support expenditures to accommodate growing visitor numbers as well as fund operations functions currently funded through the General Fund.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan for funding of the Enterprise Programs; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: ENTERPRISE PROGRAMS
ACTIVITY: ENTERPRISE PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,294	1,215	1,459	1,459	1,472	1,471	1,459	1,485	1,484
EXPENSES/CONTRACTUAL SRVCS	598	613	646	646	646	646	646	646	646
MISC OPERATING EXPENSES	150	142	186	186	186	186	186	186	186
SUPPLIES/MATERIALS/PARTS	832	1,001	743	743	743	743	743	743	743
CAPITAL EQUIPMENT	30	13	14	14	14	14	14	14	14
OTHER	50	46	295	117	117	117	117	117	117
SUBTOTAL STATE OPERATIONS	2,954	3,030	3,343	3,165	3,178	3,177	3,165	3,191	3,190
TOTAL EXPENDITURES	2,954	3,030	3,343	3,165	3,178	3,177	3,165	3,191	3,190
GOV'S INITIATIVES: FUND									
(A) SALARY PLANNING ESTIMATES			GEN			<1>			<1>
TOTAL GOV'S INITIATIVES						<1>			<1>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	756	770	91	91	93	92	91	95	94
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,044	2,049	2,929	2,751	2,762	2,762	2,751	2,773	2,773
GIFTS AND DEPOSITS	154	211	323	323	323	323	323	323	323
TOTAL FINANCING	2,954	3,030	3,343	3,165	3,178	3,177	3,165	3,191	3,190
POSITIONS BY FUND:									
GENERAL	11.6	11.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL REVENUE	14.5	15.0	26.2	26.2	26.2	26.2	26.2	26.2	26.2

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: ENTERPRISE PROGRAMS
ACTIVITY: ENTERPRISE PROGRAMS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GIFTS AND DEPOSITS	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	29.1	29.6	30.2	30.2	30.2	30.2	30.2	30.2	30.2

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1994-95 Biennial Budget

PROGRAM: Operations Programs
AGENCY: Minnesota Zoological Garden

PROGRAM PURPOSE:

The Operations Program exists to provide a friendly, safe, attractive and well-maintained visitor environment; protect and maintain the State's investment in the Minnesota Zoological Garden physical facilities; manage the design and construction of all new exhibits and capital projects; and provide staff and program support services to the entire zoo.

Operations contributes directly to the milestone goal "Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them".

We promote this goal by continually providing high quality customer service to our visitors so they can optimize the conservation, education and recreational experience at the Minnesota Zoo.

PROSPECTS:

1. Attendance

- Since 1988 attendance at the Minnesota Zoo has grown by 42%. In the year ending 6-30-92 a record number of people visited the zoo. We believe this trend will continue.
- Participation in special events and after hours activities has increased. As the zoo's reputation spreads, the level of activity in these areas should continue to grow.

2. Promoting Positive Family Experience

- Three major exhibits - Our Backyard, Sun Bear and Takin were opened in the 1992-1993 biennium. The Weesner Family Amphitheater opened in F.Y. 1992 and Zoofari Park opened in F.Y. 1993. As funds become available, new exhibits will be designed and constructed. A long-range exhibit plan will be completed in F.Y. 1993.
- Implementation of the Master Landscape Plan will continue to be a priority. Parts of the plan have been implemented with the opening of Zoofari Park and the Takin Exhibit. While making the zoo site beautiful, we will continue to teach our visitors the conservation message through the maintenance of our plants.

OUTCOMES:

The Minnesota Zoological Garden successfully completed the construction of three exhibits during the F.Y. 1992-93 biennium. Our Backyard, an exhibit demonstrating landscaping for wildlife, opened in June 1992. The Sun Bear exhibit in our Tropics building opened Mothers Day 1992. Both of these exhibits were designed and constructed for the most part by Minnesota Zoo staff and

funded primarily through private donations. In June 1992, The Weesner Family Amphitheater was opened. This is a \$2.5 million dollar capital project, funded primarily by private donations, with the exception of \$350,000 in state dollars. This facility is on our Northern Trail overlooking Main Lake and the home to our World of Birds Show as well as our Sunday concert series and national concert series. In October 1992, the Takin exhibit opened on the Northern Trail, funded in part by private contributions.

Zoofari Park opened in August 1992 funded primarily through the generosity of Minnesota Zoo Volunteers. This was an opportunity to implement recommendations in the Master Landscape Plan as well as provide much needed rest area for our visitors.

For the first time in the history of the Zoo, a major equipment purchase of \$587,000 was made in the summer of 1992 to replace the 15-25 year old vehicles and maintenance equipment. Just as the facility is aging by 15 years, so is the equipment. The purchase will increase overall efficiency of staff, reduce overtime and give staff the tools they need to do their jobs.

OBJECTIVES:

The primary objectives of the Operations Program is to support both the Enterprise and Biological Programs and all visitors to the Minnesota Zoo.

A major initiative for the next biennium is the proposed construction of the Marine Conservation Center. The objective of the Operations Program will be to manage this capital project and bring it in on time and within budget while meeting our customer's needs.

PROGRAM PLAN:

The Minnesota Zoo has experienced steady growth since 1988 in both attendance and special revenues. With increased opportunities for the public to experience conservation, education and recreational activities, we believe this trend will continue. We are not proposing to alter or redefine our strategies but rather expand to meet our customer's needs. We believe the increased revenues generated will support expenditures to accommodate growing visitor numbers as well as fund operations functions currently funded through the General Fund.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan for funding of the Operations Programs; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: OPERATIONS
ACTIVITY: OPERATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,878	3,076	3,527	3,365	3,463	3,373	3,365	3,581	3,490
EXPENSES/CONTRACTUAL SRVCS	435	566	267	267	267	267	267	267	267
MISC OPERATING EXPENSES	847	766	693	644	644	644	644	644	644
SUPPLIES/MATERIALS/PARTS	503	716	1,018	1,018	1,018	1,018	1,018	1,018	1,018
CAPITAL EQUIPMENT	71	60	712	139	139	139	139	139	139
OTHER	161	1	1,139	198	198	198	198	198	198
SUBTOTAL STATE OPERATIONS	4,895	5,185	7,356	5,631	5,729	5,639	5,631	5,847	5,756
TOTAL EXPENDITURES	4,895	5,185	7,356	5,631	5,729	5,639	5,631	5,847	5,756
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
GEN									
						<90>			
TOTAL GOV'S INITIATIVES						<90>	<91>		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,666	4,945	4,825	4,475	4,291	4,201	4,475	4,397	4,306
OPEN APPROPRIATIONS:									
AGENCY			562						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	229	215	1,427	1,156	1,438	1,438	1,156	1,450	1,450
AGENCY			542						
TOTAL FINANCING	4,895	5,185	7,356	5,631	5,729	5,639	5,631	5,847	5,756

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: OPERATIONS
ACTIVITY: OPERATIONS

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	65.8	65.3	78.6	78.6	72.6	72.6	78.6	72.6	72.6
SPECIAL REVENUE	.0	.0	8.0	8.0	42.0	42.0	8.0	42.0	42.0
TOTAL POSITIONS	65.8	65.3	86.6	86.6	114.6	114.6	86.6	114.6	114.6

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1994-95 Biennial Budget

AGENCY: Science Museum of Minnesota

MISSION:

The Science Museum of Minnesota (SMM) is a unique statewide educational resource whose mission is to interpret the objects, discoveries and insights of science for the general public through the preservation and study of collections and the development of exhibits, Omnifilms and educational programs.

SMM is an interdisciplinary museum, combining the traditional object-centered approaches and scientific collections of a natural history and anthropology museum with the innovative activity-centered approaches of a science and technology center.

As a unique, regional educational resource, SMM is responsible for stimulating and sustaining interest in science, and for making accessible science issues and educational programs for young people and adults.

Using the objects, insights and tools of science, the Science Museum provokes and enables people to explore, understand and, ultimately, to better manage their world. Stimulating curiosity, inspiring imagination and engaging interest in lifelong learning is the difference SMM makes in people's lives.

The Science Museum is organized into 3 programmatic areas: Education; Research and Collections; and Production and Distribution. These operating groups provide exhibits, Omnifilms, programs and other products for the museum proper, known as the Visitor Place. Together, these operating groups work to achieve the following objectives:

- to provide school and community-based education programs that engage the curiosity of young people and their families throughout Minnesota and the world;
- to ignite an interest in science and science careers;
- to build an informed, environmentally conscious and scientifically literate public;
- to make science accessible by integrating research and collections throughout the Visitor Place and beyond;
- to produce and distribute worldwide exhibits, Omnifilms, merchandise and other products that maximize financial return and strengthen SMM's leadership role in generating experiential science education products; and
- to deliver a science education experience to an audience of more than 8 million worldwide annually, which is grounded on principles of sound science and quality education, and which meets SMM's financial and program objectives.

Serving almost a million visitors annually, the Science Museum is the largest indoor cultural attraction in the state. In F.Y. 1992, 758,454 adults, students, children, and organized groups of all ages visited the museum proper. In addition, the museum served 145,569 students and teachers in their own schools throughout the state; 39,826 participants of all ages in continuing education and nature center programs; 2,855 educators attending enrichment seminars; 1,505 students enrolled in museum-related classes; and the rest through special events.

MINNESOTA MILESTONES:

The exhibits, Omnifilms, research, collections and education programs of the Science Museum support 2 of the major Minnesota Milestones goals:

"Minnesotans will act to protect and enhance their environment." In F.Y. 1990 the Minnesota Center for Survey Research asked Minnesotans what organizations they considered to be major sources of information on environmental problems and issues. The Science Museum was ranked first after state and federal sources, all news media, and environmental groups, as a major source of environmental information.

SMM conducts environmental education programs and research in 5 main areas: 1) Exhibits such as *Wolves and Bears*; Omnifilms such as *Tropical Rainforest*; 2) *Our Minnesota*, a permanent SMM exhibit hall focusing on the "Changing Landscapes" of our state; 3) *Greenstreet*, a metropolitan environmental learning center (recommended by the Legislative Commission on Minnesota Resources, funded by Northern States Power and the Department of Energy) that will provide a million adults annually with special learning opportunities that will encourage them to grapple with environmental issues such as energy use and conservation; alternative energy sources; water use and conservation; waste reduction; recycling, etc.; 4) Warner Nature Center, providing environmental programs for 15,000 children in school groups annually; and 5) the St. Croix Watershed Research Station, which conducts and coordinates research in this important waterway.

"Minnesotans will excel in basic academic skills." The primary mission of the Science Museum of Minnesota is education. As a unique, informal science learning center, the Science Museum is uniquely equipped to address the national crisis in the quality and quantity of science education. SMM has developed a wide array of science education programs for students, teachers and the general public throughout the state. The number of school-age children will increase during the next decade, further straining school science programs and resources.

Serving virtually every county in Minnesota with on-site classes and field trips, SMM provides an essential complement to science curricula statewide. For example, in F.Y. 1992 2,855 educators participated in 15 science enrichment programs and reached, through their classrooms, an estimated 352,686 students in kindergarten through 12th grade.

A Prosperous People: In a state where major industries—agriculture, biomedicine, the computer industry, and other high-tech manufacturing—depend on scientific research and state-of-the-art technology, science literacy is very important. The museum's educational mission is predicated on the belief that many of our young visitors will grow up to become the inspired teachers, researchers and skilled technicians that will lead Minnesota companies into the 21st century.

CLIMATE:

SMM's ability to carry out its statewide mission is affected by the following factors:

Science Literacy: There is a national crisis in science education. Fewer students are choosing science careers; there is a critical shortage of science teachers; and adults are becoming increasingly less knowledgeable about the facts and issues of modern science that have such an important impact on their daily lives. As a complement to formal science education curricula, SMM creates a hands-on learning environment in which students, their teachers and their families can be exposed to science, and thus be receptive to more formal science learning opportunities. The national science literacy crisis has spawned several federal programs at National Science Foundation (NSF), Department of Energy (DOE) and National Endowment for Humanities (NEH) that are currently supporting major SMM projects with national and international impact (e.g., NSF funding of the Omnifilm *Tropical Rainforest*; Department of Energy funding of *Greenstreet*, a metropolitan environmental learning center).

Environmental Education: The successful stewardship of Minnesota's resources depends on an

1994-95 Biennial Budget

AGENCY: Science Museum of Minnesota
(Continuation)

educated citizenry and enlightened leadership. Towards that end, SMM has developed an extensive network of education programs, exhibits, Omnifilms and research activities on environmental issues, in cooperation with a variety of private organizations and state agencies. All indications are that public interest in and need for environmental information is growing. SMM is uniquely positioned to develop and deliver such programs to a large and growing audience statewide.

Accessibility: SMM's commitment to accessibility is based on the belief that solutions to global problems will be based on society's knowledge and understanding of increasingly complex issues of science and technology. Such knowledge must be made available to all. Nationwide, minorities, women and the handicapped will make up 80% of the new work force by the year 2000. SMM provides the hands-on experiences in science as well as the specialized facilities and social support that have proven effective in motivating these hard-to-reach groups to pursue science learning. Example: **Lab Partners:** This innovative program employs 8th grade youth (75% of whom are minorities) as paid demonstrators and assistants to work in the Experiment Gallery exhibit hall explaining the interactive exhibits to visitors and helping them conduct experiments. All Lab Partners are recruited from the lowest-achieving schools in St. Paul. Accessibility programs such as these, which are targeted at small, difficult-to-reach audiences, are very expensive to deliver.

Collections: The 1.5 million objects in the museum's collections are a statewide patrimony, placed in trust for current and future generations. The collections and the research associated with them are central to the museum's mission. The collections represent a continuing source of new knowledge of our cultural and natural history. They are the vehicle for graduate and undergraduate training, and as an educational tool for school groups and the general public, they are the foundation of the museum's exhibition program. No public funds are used to acquire new objects for the collection, but public funds are essential if the museum is to continue its statewide mission of care and preservation of these priceless objects.

Funding: The Science Museum has always maintained a diverse and stable funding base: typically, 65% from earned revenue, 17% from the private sector and 18% from public sources. Beginning in F.Y. 1992, Ramsey County support for SMM was reduced by 64%, from \$1.3 million annually to \$500,000 annually. Despite a significant increase in state support to help offset this cutback, as well as SMM price increases (admissions, classes, membership); aggressive fund raising from private sources; and economies (staff cutbacks, program reductions), the museum has not fully replaced these lost funds. This funding shortfall, combined with additional state cutbacks, will have a severe impact on the quality and accessibility of SMM statewide education programs in the next biennium.

OUTCOMES:

Attendance: Serving almost a million visitors (this compares with 713,402 at the History Center and 1.1 million at the Zoo) annually, the Science Museum is Minnesota's most popular indoor cultural attraction. But the impact of Science Museum programs, exhibits and Omnifilms reaches far beyond state lines to the region, the nation and the world. In F.Y. 1992, a total of 3.4 million people:

- learned from SMM internationally-leased Omnifilms such as *Tropical Rainforest*;

- viewed nationally-travelling exhibits such as *Bears: Imagination and Reality*;
- participated in field trips (every county in the state sent at least 1 school group to SMM--154,408 students, teachers and chaperons);
- learned about science through workshops, materials (almost 1/2 a million students and teachers throughout the state);
- viewed science assemblies, rented a Museum Trunk or participated in Science-by-Mail (130,000); and
- traveled to an SMM off-site facility such as Warner Nature Center; the St. Croix Watershed Research Station; or the Museum Magnet School for classes or to conduct research.

Tourism: SMM is one of the top tourist destinations in the state. It contributes more than \$40 million annually to the state economy through direct, indirect and visitor spending.

Membership: With 26,654 memberships representing more than 100,000 individuals, the Science Museum has one of the largest membership bases of any science center in the country. This compares with 7,451 members at the History Center and 16,074 members at the Minnesota Zoo.

Private Unrestricted Support: In F.Y. 1992 SMM received 19% of its operating budget support from more than 28,000 individuals, corporations and foundations. (This compares to 379 donors at the History Center and 1,011 donors at the Zoo.) In response to decreasing public support, annual fund contributions have grown by 50% over the last 4 years.

Outreach Programs: Demand for SMM teacher training and student outreach programs continues to be very strong. Participation has increased from 26,618 in F.Y. 1989 to 155,000 in F.Y. 1992--an increase of 580% in just 4 years.

Earned Income: SMM typically receives about 65% of its operating income from earned revenue (admissions, memberships, store sales, class fees, etc.). This is 50% higher than the average U.S. science center, and more than any other major cultural organization in the state.

Exhibit Production: After the Smithsonian, SMM is the nation's leading producer of major travelling science exhibits. Exhibits such as *Wolves and Humans*; *Bionics and Transplants: The World of Replacement Medicine* and *Antarctica and the Global Future* have attracted over 4 million visitors throughout North America. Future exhibits such as *Raptors* will reach another 6 million visitors over the next several years. Each of these exhibits received major financial support from the National Science Foundation or the National Endowment for the Humanities. Federal support for SMM projects approached \$1 million in F.Y. 1992. This is one of the highest levels of federal support received by any science center in the U.S. In recognition of its leadership role amongst science centers nationwide, SMM has been designated as a "mentor museum" by the National Science Foundation.

Omnifilm Production: Not only is SMM effectively reaching local, regional and national audiences, it is also reaching millions of people annually around the world through the production of Omnifilms. SMM is the largest producer of museum-quality Omnifilms in the U.S. Past films include: *Genesis*; *The Great Barrier Reef*; *Darwin on the Galapagos*; *The Magic Egg*; *Seasons*; *Ring of Fire*; and *Tropical Rainforest*. Coming in F.Y. 1993 is *Search for the Great Sharks*.

International Trade: Close to 25 million people worldwide have seen SMM-produced Omnifilms in the past 14 years. Recently, more than a million people saw *Seasons* at the Japanese National Exposition in Yokohama. This was just 1 of 23 venues that exhibited this SMM-produced and LCMR-funded Omnifilm since it premiered in St. Paul in F.Y. 1987.

1994-95 Biennial Budget

AGENCY: Science Museum of Minnesota
(Continuation)

AGENCY BUDGET PLAN:

The Science Museum of Minnesota is a unique state asset, and a sound investment of state funds. As a public attraction with an educational mission, SMM joins the Minnesota History Center and the Minnesota Zoo in providing Minnesota citizens with essential education, preservation and interpretive services. SMM performs these services with significantly less state support, while its attendance, membership level and education outreach services typically exceed the other 2 organizations. SMM currently receives 9% of its operating budget from the state. In comparison, the Zoo receives 50% of its budget from state funds, and the History Center receives 72% (see attached chart). On a broader scale, comparing the Science Museum to all other major cultural nonprofits in the Twin Cities, the Science Museum has the lowest cost per visitor (see attached charts).

Beginning in F.Y. 1992, Ramsey County support of SMM was reduced by 64%, from \$1.3 million to \$500,000 annually. To help compensate for this cutback, the state of Minnesota increased its support of SMM from \$638,000 to \$1.1 million. At the same time, the museum's operating budget increased by 11%, from \$11.2 million to \$12.4 million. This increase was a result of investments in 4 major areas: 1) implementation of a salary administration plan; 2) increased lease costs for Omnifilms and exhibits; 3) Visitor Services improvements (quality, safety); and 4) expanded telemarketing program. Taken together, these factors caused SMM to face a potential shortfall of \$1.5 million in F.Y. 1993.

The museum has met this challenge by implementing several strategies: 1) increasing admission fees and expanding open hours; 2) increasing membership fees; 3) increasing class fees; 4) expanding telemarketing efforts, to increase private annual operating support; 5) increasing grants; 6) creating a "bridge fund" of private and city support; and 7) reducing costs.

The prospect of further cutbacks in state support comes at a time when the Science Museum has already absorbed severe reductions in public funding from Ramsey County. In addition, temporary "bridge funds" will be exhausted by 6/30/93. The reallocation of resources required to accommodate the proposed additional cutback in public funding from the state will have serious negative impact on statewide science education services to students, teachers and the general public.

Because such a high percentage of SMM's income is earned (about 65%), expense reductions must come from non revenue-generating of heavily-subsidized programs. Such programs might include: elimination or reduction of outstate student and teacher workshops and assemblies and/or elimination of school ticket subsidies:

- **outstate programs:** The Science Museum currently serves virtually every county in the state through its outreach programs to students and teachers. Participation in these programs has increased by almost 600% in the past 4 years. Up to now it has been museum policy to charge schools, students and teachers in outstate areas the same fees as those charged in the 7 county metro area. These programs are heavily subsidized by the museum. Increasing fees to cover actual costs will effectively all but eliminate such programs as teacher training workshops and science assemblies, as their cost will be beyond the reach of most outstate school districts.

- **school ticket subsidies:** SMM currently provides a deep discount (from \$5.50 to \$3.50) to school groups participating in field trips. This discount is subsidized by a combination of private and public support, and keeps the museum accessible to a broad cross-section of Minnesota students.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SCIENCE MUSEUM OF MN
PROGRAM: SCIENCE MUSEUM OF MINN
ACTIVITY: SCIENCE MUSEUM OF MINN

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	875	1,348	1,268	1,108	1,053	1,053	1,108	1,053	1,053
TOTAL EXPENDITURES	875	1,348	1,268	1,108	1,053	1,053	1,108	1,053	1,053
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		240	160						
GENERAL	638	1,108	1,108	1,108	1,053	1,053	1,108	1,053	1,053
MN RESOURCES	237								
TOTAL FINANCING	875	1,348	1,268	1,108	1,053	1,053	1,108	1,053	1,053
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: SCIENCE MUSEUM OF MN

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	1,268	1,268	1,108	1,108	160	160		
TECHNICAL ADJUSTMENTS								
LCMR-FUNDED PROJECTS	<160>	<160>			<160>	<160>		
SUBTOTAL TECH. ADJ.	<160>	<160>			<160>	<160>		
CURRENT SPENDING	1,108	1,108	1,108	1,108				
AGENCY-BASE	1,108	1,108	1,108	1,108				

1994-95 Biennial Budget

AGENCY: Minnesota Academy of Science (MAS)

MISSION:

To promote and encourage science among the youth of the state of Minnesota through communication and interaction with the Minnesota scientific community.

- This is the portion of the academy mission which focuses on youth programs since we are requesting funding for only those activities.

MINNESOTA MILESTONES:

The work of the Minnesota Academy of Science (MAS) supports 2 goals of Minnesota Milestones: "Minnesotans will have the advanced education and training to make the state a leader in the global economies" and "our communities will be safe, friendly and caring." MAS contributes to these goals by:

- involving over 1,000 Minnesota Scientists who serve as judges for students' research efforts in local, regional and state science fairs and symposia
- matching the many Minnesota scientists with students who need mentors for their research, provide equipment and training at Minnesota industries and government agencies.
- giving students an opportunity to perform community service and mentorship to younger students, using their science and/or technology abilities through the Science Clubs affiliated with the Minnesota Junior Academy of Science.

CLIMATE:

Science teaching that attempts solely to impart to students the accumulated knowledge of a field leads to very little understanding and certainly not the development of intellectual independence. Students may learn some of the things that scientists have already discovered, by doing popular projects utilizing model making, collecting and laboratory demonstrations. However, students will not experience the essence of science and will not learn what scientists really do until they perform an investigative project and make some discoveries for themselves.

The traditional classrooms cannot provide the time, space or expertise for student science research. The typical 50 minute class period does not lend itself to the large blocks of time needed for progress on a research project. The large majority of science teachers lack research experience and thus are not confident enough to mentor their students in investigative projects. Therefore sources beyond the formal setting of schools need to be exploited.

MAS provides direct contact between the science community and teachers and between the science community and students.

Research indicates that children become polarized about science before high school; i.e., they develop a life long attitude which is positive or negative toward science before they are 12. Thus it is important to engage students in "real" science before high school. To address this problem MAS conducted a 1 week teacher workshop for junior high science teachers. (See new programs.) A large percentage of science teachers at the junior high level have a generalists' science background without great depth in any one area of science and they are generally less secure in promoting student investigative projects than high school teachers. At the junior high level a student does not need to make earth-shaking discoveries; it is enough that the discovery is new to the student and is the product of his or her investigation.

Effective oral and written communications is a high priority. Research cannot be understood

without a clear expression of the procedure and findings. Thus junior high and high school students are encouraged to both write a paper and give a formal oral presentation of their results.

The Journal of the Minnesota Academy of Science, in addition to publishing the research of Minnesota science, now provides a vehicle for publication of undergraduate abstracts and research papers. There are few places for undergraduates to publish their research.

Ongoing Programs:

1. State Science Fair

The academy coordinates the Science Fairs in the 8 Regions. About 300 of the best research projects will be selected for presentation at the 1993 State Science Fair is the 56th Annual State Science Fair which the academy has conducted. These students will present their research findings in a display format to teams of judges from academia and industry. Last spring over 100 students received awards given by over 30 organizations. At this 2½ day event students are able to socialize with others who share their interest in science. Over 600 students, parents, and teachers attend this event.

The top 24 projects are selected to compete at the International Science and Engineering Fair.

2. Pre-College Research Paper Competition (7-12 Grades)

Over 1,000 students in Minnesota write formal papers presenting their research work. About 100 are selected to give an oral presentation at the state level. Ten of those are selected to present at the North Central Regional Science, Engineering, & Humanities Symposium. (See the following.)

3. The 25th North Central Regional Junior Science, Engineering and Humanities Symposium

At this 2½ day event the 10 selected Minnesota high school students from the Research Paper Competition along with 6 from the Dakotas present their work before 150 students, teachers and judges.

Students have an opportunity to visit research facilities from industry, government and universities and to talk with staff about their work and career opportunities. (1992 site visits include NSP Nuclear Training Plant, Carpenter Nature Center, Lamb & Co., Bureau of Criminal Apprehension, University of Minnesota Chemistry Department, and University of Minnesota Hospital.)

Five of the students who present papers are selected for an all expense paid trip to the National Symposium sponsored by the U.S. Army Research Office.

While many students who attend the Symposium are active in sports, debate, theater and band, for some students their intense interest in science puts them apart from their peers in high school. This event provides an opportunity for these students to socialize and form bonds with students throughout the State of Minnesota who share their interest in science. Seeing high quality research presented by their peers provides an inspiration and incentive for students to conduct research and write formal research papers about that research.

4. School Science Clubs Affiliated with the Minnesota Junior Academy of Science

Twenty affiliated science clubs elect delegates who attend both the State Science Fair and the Junior Science Symposium. Along with an adult and collegiate advisor, the students make recommendations to the MAS governing Board. The Science Clubs:

- produce a quarterly newsletter, Loud Science

1994-95 Biennial Budget

AGENCY: Minnesota Academy of Science
(Continuation)

- achieve special recognition at State Science Fair Awards Ceremony for performing community service
- provide an opportunity for students to work on their research in a supportive environment
- provide a socialization process for students interested in science

5. Winchell Undergraduate Research Competition

An opportunity for undergraduates in Minnesota to give an oral presentation of their research findings before a juried audience. A monetary award is given to the top presentation in each area. All students have their research abstract published in the spring issue of the Journal. This program began 7 years ago and is growing each year.

6. Journal of the Minnesota Academy of Science

Currently provides an opportunity for undergraduates to publish abstracts of their research as well as first publishing efforts of research papers.

NEW PROGRAMS:

7. Breakfast with the Scientists

In November 1992, at an early morning breakfast about 100 science students will sit with scientists from both industry and academia to talk informally with them about their careers and find out more about what the working scientist does.

8. Involving Minorities in Science

In July 1992, MAS held at St. Cloud State University a 1 week workshop for 20 junior high science teachers on incorporating science research into the curriculum with special emphasis on outreach to under-represented minority students. The presenters were MAS members who have established student research programs in their schools. Since July, 2 other universities have contacted the academy about holding similar workshops at their campuses.

9. Science Magazine for High School Students

MAS plans to produce a magazine, consisting of articles on the cutting edge of science and technology written in terms which could be understood by high school students. A copy of this magazine would be sent to every Minnesota high school.

INNOVATIONS:

This fall a new brochure called WHY? STUDENT SCIENCE RESEARCH was developed and sent to every public and private high school in Minnesota. In addition a special version for parents was sent to the president of every Parent/Teacher Organization.

Starting in 1994, the State Science Fair Exhibits and awards ceremony will take place on a week end instead of during the week. The objective in changing from week days to a weekend is to permit more families to participate.

OUTCOMES:

In response to the question "How has the number and age of participants changed?"

From 1982, there has been an 135% increase in the number of students at the high school level presenting research at the state level and from a 50% to a 10 fold increase at the regional level.

In 1982 twice as many junior high school students conducted research projects as senior high school but by 1992 they were almost equal. The academy is especially proud of this increase as interest in science peaks in or before junior high school.

How do Minnesota science students compare on the national level?

Minnesota sends 24 students to the International Science & Engineering Fair. Only 3 states (Florida, Texas and Virginia) send more students. Forty-two percent of the Minnesota students received Grand Awards. This is the highest percentage of any state with the exclusion of states which only send a select handful.

At the National Junior Science, Engineering and Humanities Symposium, Minnesota students frequently place in the top 30%.

OBJECTIVES:

- To create a climate that fosters and rewards scientific curiosity and research
- To increase written and oral communication skills
- To create programs that are open to all students
- To implement special programs for under represented students and students "at risk"
- To develop critical thinking skills
- To provide interdisciplinary opportunities for teachers and students.
- To provide learning experiences where the emphasis is on process, rather than content
- To make use of resources beyond the classroom using more advanced thinking levels
- To involve students in a process which is student-directed not teacher-directed. In this model the teacher serves as the coach.

Recent Budget History

While there have been some small fluctuations, since F.Y. 1991 MAS sources of revenue have been about one-third from state, one-third from MAS memberships and programs fees and one-third from corporations and grants.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ACADEMY OF SCIENCE
PROGRAM: ACADEMY OF SCIENCE
ACTIVITY: ACADEMY OF SCIENCE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
SUPPLIES/MATERIALS/PARTS	1								
SUBTOTAL STATE OPERATIONS	1								
LOCAL ASSISTANCE	27	32	36	36	36	36	36	36	36
TOTAL EXPENDITURES	28	32	36	36	36	36	36	36	36
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	28	32	36	36	36	36	36	36	36
TOTAL FINANCING	28	32	36	36	36	36	36	36	36
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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1994-95 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: AGRICULTURE, DEPARTMENT OF

PROGRAM

PAGE

PROTECTION SERVICE

C-344

Agronomy Services
Plant Protection
Grain Inspection
Food Inspection
Dairy and Livestock
Laboratory Services
Grain Licensing and Auditing

PROMOTION AND MARKETING

C-371

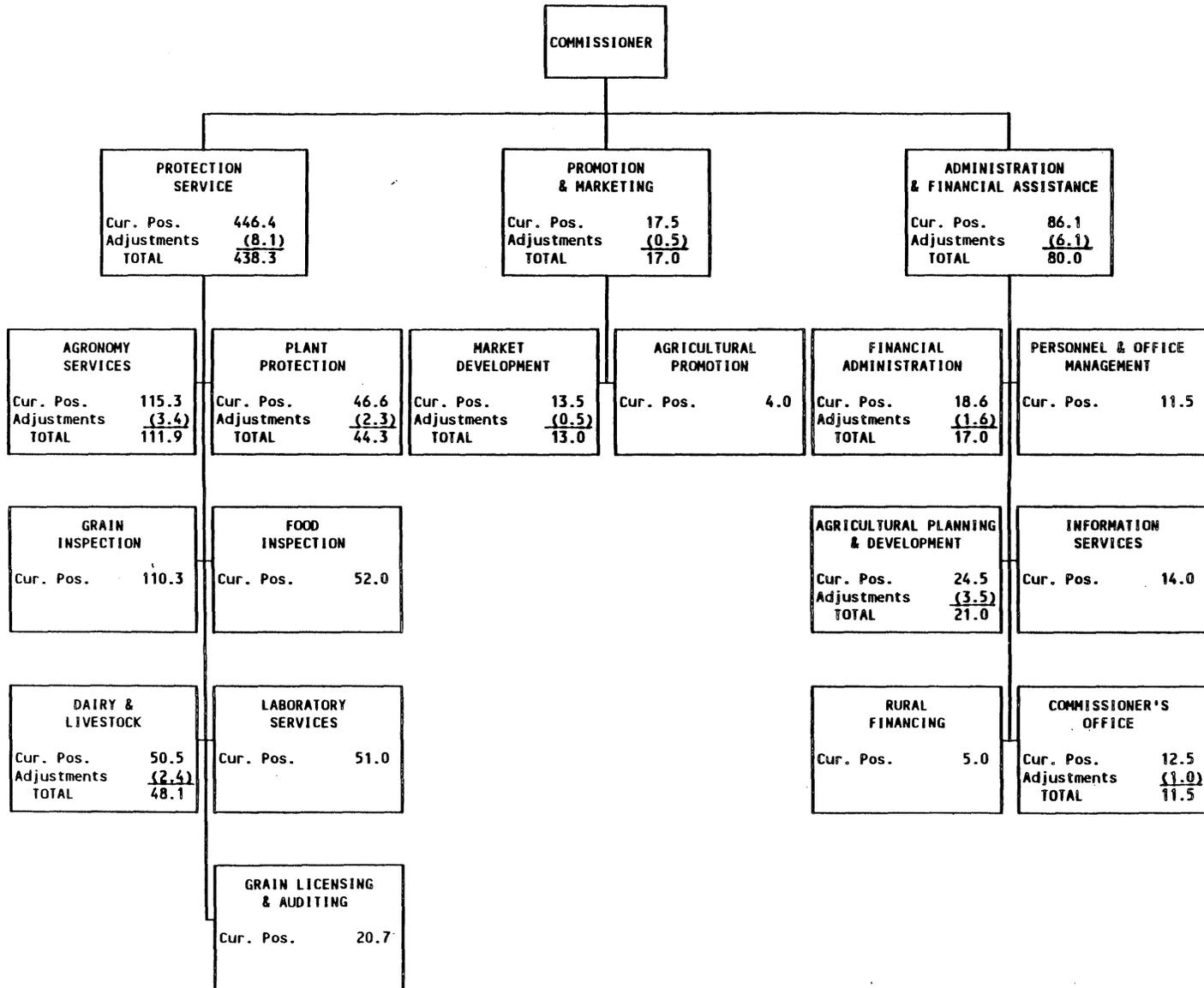
Market Development
Agricultural Promotion

ADMINISTRATION AND FINANCIAL ASSISTANCE

C-383

Financial Administration
Personnel and Office Management
Agriculture Planning and Development
Information Services
Rural Financing
Commissioner's Office

Department of Agriculture Organization Chart as of 7/1/92



Department of Agriculture

Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	223.0	211.3
LCMR/MN Resources	3.0	2.0
Special Revenue	293.0	293.0
Federal	24.0	24.0
	<u>25.0</u>	<u>27.0</u>
Environmental	4.0	4.0
Environmental Trust Fund	1.0	0.0
LAC Approved:		
Federal	<u>2.0</u>	<u>2.0</u>
		<u>0.0</u>
Total Permanent Positions	<u>550.0</u>	<u>536.3</u>
	<u>551.0</u>	<u>537.3</u>
Other Complement (FTE)	48.0	48.0
TOTAL Positions	<u>598.0</u>	<u>584.3</u>
	<u>599.0</u>	<u>585.3</u>
Employees on 6/30/92	499.0	

Employees by Employment Status:

	<u>6/30/92</u>
Full-Time Unlimited	398.0
Full-Time Temporary	33.0
Full-Time Seasonal	28.0
Part-Time Unlimited	14.0
Part-Time Temporary	7.0
Intermittent Unlimited	<u>19.0</u>
TOTAL	<u>499.0</u>

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1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)

Agency: Agriculture, Department of

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>		<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$12,276	\$12,289	\$24,565	Northern Crops Institute	(4)	(4)	(8)
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	Tax Refunds - Family Farm Security	<u>(2)</u>	<u>(2)</u>	<u>(4)</u>
				Subtotal	<u>\$(208)</u>	<u>\$(223)</u>	<u>\$(431)</u>
AGENCY BASE	\$12,276	\$12,289	\$24,565	TOTAL AGENCY PLAN	\$11,662	\$11,675	\$23,337
Inflation Cost Increases	426	808	1,234	Governor's Initiatives			
Agency Management Decisions				Non-Point Source Pollution and Preservation	563	418	981
Agency Operations:				Ethanol Producer Subsidy	9,000	9,000	18,000
Agency-Wide				Improving State Efforts in			
Projected Position Cancellations	\$(300)	\$(350)	\$(650)	Value-Added Processing	50	50	100
Hold Positions Vacant	<u>(63)</u>	<u>(330)</u>	<u>(393)</u>	Restore Agency Reductions-Co Ag Societies	19	19	38
Subtotal	<u>\$(363)</u>	<u>\$(680)</u>	<u>\$(1,043)</u>	Salary Planning Estimates	<u>(268)</u>	<u>(268)</u>	<u>(536)</u>
Protection Service				Subtotal	<u>\$9,364</u>	<u>\$9,219</u>	<u>\$18,583</u>
Absorption/Operating Inflation	\$(44)	\$(89)	\$(133)	GOVERNOR'S RECOMMENDATION	\$21,026	\$20,894	\$41,920
General Fund Reductions	(250)	(250)	(500)				
Grain Marketing	(99)	(99)	(198)	Brief Explanation of Agency's Overall Actions:			
Out-of-State Travel	(9)	(9)	(18)	Department operations are financed by a mix of general and special revenue funds, with General Funds unevenly distributed among programs. The agency has elected to manage all funds as a single unit and impose a single standard of performance on all expenditures, regardless of fund. General Fund reductions of \$250,000 will be made to the Protection Service each year. These reductions are a continuation of budget realignments made in F.Y. 1993 in order to balance the budget as well as to properly align costs whenever possible.			
In-State Travel	<u>(50)</u>	<u>(50)</u>	<u>(100)</u>				
Subtotal	<u>\$(452)</u>	<u>\$(497)</u>	<u>\$(949)</u>				
Promotion and Marketing							
Absorption/Operating Costs	\$(4)	\$(9)	\$(13)				
Out-of-State Travel	(9)	(9)	(18)				
MN Grown Matching Account	<u>(4)</u>	<u>(4)</u>	<u>(8)</u>				
Subtotal	<u>\$(17)</u>	<u>\$(22)</u>	<u>\$(39)</u>				
Administrative Support and Grants							
Absorption/Operating Inflation	\$(15)	\$(30)	\$(45)				
Family Farm Interest							
Adjustment Payments	(150)	(150)	(300)				
Out-of-State Travel	(7)	(7)	(14)				
Grants:							
Seaway Port of Duluth Grant	\$(4)	\$(4)	\$(8)				
Claims, Livestock and Elk	(2)	(2)	(4)				
Demonstration Grants	(3)	(3)	(6)				
Food for Peace Inspection Costs	(2)	(2)	(4)				
Grants to Ag Societies	(19)	(19)	(38)				

The reduction in the Family Farm Security Program will be achieved through anticipated savings in interest payments. The savings will be achieved through full implementation of Laws of Minnesota for 1992, Chapter 602, Sections 5-7 which allow early settlements on interest adjustment payment accounts.

Projected compensation cost increases will be achieved through holding vacancies open for periods sufficient to generate adequate salary savings.

Each program and activity will absorb its own inflationary costs. The department will require each activity to develop a spending plan that reflects absorption of inflationary costs.

Specific cuts are not expected to prohibit the achievement of overall objectives, but lower priorities will be dropped.

2. Impact on Staffing:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Positions Eliminated	(11.7)	(11.7)

The positions include supervisory, professional/technical, and clerical positions. The cancellations, by program, are as follows:

- Protection Service - 6.1 positions.
- Marketing and Promotion - 1.0 position.
- Administrative Support and Grants - 4.6 positions.

During the 1994-95 biennium, the department anticipates that additional General Fund positions will become vacant. Sufficient vacancies will be held open to generate the funds needed to finance compensation increases. The department intends to fill positions selectively, and downgrade positions to entry level to allow for achieving priority activities. At the end of the biennium, all vacancies in excess of 5% of complement will be cancelled.

Attrition and retirement will be a primary means of reduction, but the department will consult with bargaining units to develop a contingency plan to achieve the reduction should attrition be insufficient.

Some General Fund vacancies will be created by moving the positions to special revenue accounts. As attrition creates General Fund vacancies, the positions will be pooled to accrue salary savings. Some vacant positions will be reallocated and filled to carry out activities that reflect the agency's highest priorities.

Cancelling, pooling and reallocating vacancies will enable the agency to restructure its programs in an orderly manner.

3. Impact on Revenue Generation:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
	\$-0-	\$-0-	\$-0-

The reductions are not expected to affect department revenues.

4. Affected Statutes:

None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

In addition, the Governor recommends three General Fund initiatives. One is a non-point source pollution proposal with primary emphasis placed on reducing and eliminating non-point source pollution in the Minnesota River Basin. A second initiative significantly increases the level of funding for the ethanol producer payments over the 1992-93 biennium, in line with estimated production increases, and transfers the payment responsibility from the Department of Revenue to the Department of Agriculture. Along with this change, the Governor recommends this appropriation be changed from statutory to direct. The third initiative is a one-time appropriation to the agency to increase the state's efforts to increase value-added processing of agricultural commodities in Minnesota.

1994-1995 B I E N N I A L B U D G E T
 INVESTMENT INITIATIVES
 (DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING	MNR	<3,057>		<3,057>			
(A) NON-POINT SOURCE POLLUTION - LCMR PROJECTS	MNR	2,294		2,294			
(A) SALARY PLANNING ESTIMATES	GEN	<268>	<268>	<536>			
	SR	<2>	<2>	<4>			
	ENV	<7>	<7>	<14>			
(B) ETHANOL PRODUCER SUBSIDY	GEN	9,000	9,000	18,000			
(B) RESTORE AGENCY REDUCTION - COUNTY AG SOCIETIE	GEN	19	19	38			
(B) IMPROVING STATE EFFORTS IN VALUE-ADDED PROCES	GEN	50	50	100			
(B) NON-POINT SOURCE POLLUTION & PREVENTION	GEN	563	418	981			
TOTAL BY FUND	GEN	9,364	9,219	18,583			
	MNR	<763>		<763>			
	SR	<2>	<2>	<4>			
	ENV	<7>	<7>	<14>			
TOTAL INVESTMENT INITIATIVES		8,592	9,210	17,802			

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1994-95 Biennial Budget

AGENCY: Agriculture, Department of

MISSION STATEMENT:

The mission of the Minnesota Department of Agriculture (MDA) is to foster and maintain a diverse agricultural industry that is economically profitable and environmentally sustainable; to protect public health and safety; to provide consumer protection and to assure orderly commerce in agricultural and food products.

The customers for department services are producers, processors, retailers, exporters, and consumers of agricultural products; agricultural societies and associations; farm groups and organizations; local, state and federal government agencies; and the public-at-large.

The department is organized into three program areas: Protection Service, Promotion and Marketing, and Administration and Financial Assistance.

The Protection Service is responsible for:

- Protecting the public health and safety and preventing fraud in the manufacture and distribution of food, animal feeds, fertilizers, seeds, pesticides and similar items.
- Ensuring a safe and wholesome food supply by administering inspection and regulatory programs that encompass production, processing and consumption.
- Administering programs to protect water quality and related natural resources and human health.
- Inspecting and certifying both bulk (or raw) and processed Minnesota agricultural products so that they enter into intrastate, domestic and international markets without delays or restrictions.
- Identifying and promoting voluntary and regulatory practices that protect the environment, i.e. agricultural chemical Best Management Practices (BMPs), exotic pest interception, etc.
- Leading and/or coordinating a network of state, local and federal regulatory programs so as to avoid duplication and use resources efficiently.

The Promotion and Marketing program is responsible for:

- Developing and promoting markets for agricultural products through the development of farmers' markets, direct assistance to farmers and small businesses, food shows, etc.
- Assisting agricultural industries by investigating marketing conditions and providing information and marketing assistance to those wishing to export into foreign and domestic markets.
- Providing educational resources and information to increase consumer understanding and appreciation of agriculture's important social and economic role.

- Exercising administrative support and regulatory oversight regarding commodity research and promotion councils.

The Administration and Financial Assistance program is responsible for:

- Providing department-wide support services, including administration, personnel, office management, information services, accounting and planning.
- Administering financial assistance programs that assist agri-businesses and persons wanting to enter agriculture as a vocation.
- Encouraging land stewardship programs that protect against the unnecessary conversion of agricultural land and promote an environmentally sustainable agriculture.
- Collecting and publishing agricultural statistics regarding the production and marketing of Minnesota agricultural products for use by producers, government and businesses.

MINNESOTA MILESTONES:

The department significantly supports two major Minnesota Milestones themes: "Our Surroundings" and "A Prosperous People." In a lesser way, the department supports the themes of "We the People;" and "A Caring and Secure Community." The department contributes directly or indirectly to these themes and to achieving related goals in the following manner:

- Theme: "Our Surroundings." The department supports this theme and the following related goals:
 - Minnesotans will act to protect and enhance their environment.
 - We will improve the quality of the air, water and earth.
 - Minnesota's environment will support a rich diversity of plant and animal life.
 - Minnesotans will enhance the beauty of our surroundings.

The department supports these goals by carrying out the following activities:

- Administering statutes that provide a regulatory structure for the safe use of agricultural chemicals.
- Remediating contaminated agricultural chemical sites and spills, and collecting waste pesticides.
- Protecting surface and groundwater resources from contamination by promoting BMPs for the safe use and management of pesticides and fertilizers.
- Advancing land stewardship through judicious land use policies and the promoting of sustainable agriculture and integrated pest management.

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- Protecting crops and forests from exotic and native pests so as to minimize environmental and economic damage.
- Administering loan programs that allow producers to make investments that protect the environment, such as conservation plans, feedlot upgrades, etc.
- Promoting the use of ethanol as a renewable fuel that reduces air pollution, increases energy self-sufficiency and develops agricultural markets.
- Theme: "A Prosperous People." The department supports this theme and the following goal:
 - Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

The department supports these goals through the following:

- Helping people enter agriculture as a vocation by providing financial resources and expertise.
- Assisting with agricultural development by identifying and developing new product/market opportunities/uses for agricultural products.
- Providing fair marketing services for grain, vegetable, and livestock products to maintain buyer and seller satisfaction with and confidence in the merchandising system.
- Providing services for business development and marketing assistance and development.
- Theme: "A Caring and Secure Community." The department supports this theme and the following related goals:
 - Minnesotans will be healthy.
 - People who need help providing for themselves will receive the help they need.

The department supports these goals by:

- Protecting the safety and quality of Minnesota's food supply through inspections of food processing and distribution facilities, analysis of products, and label enforcement.
- Providing Minnesota Grown coupons to Women, Infants and Children (WIC) participants so that they are introduced to fresh fruits and vegetables available through farmers' markets. and
- Providing farm crisis assistance to farmers experiencing financial or other related difficulties.
- Theme: "We the People." The department supports this theme and the following related goals:

- People will participate in government and politics.
- Government in Minnesota will be cost-efficient and services will be designed to meet the needs of the people who use them.

The department supports these goals through client consultation and participation in state government decision making.

- Including producers and related group membership on state boards and commissions.
- Participation in policy making through task forces that range from food safety to environmental protection.

CLIMATE:

The major factors which profoundly affect agriculture and, subsequently, the policies and programs of the department are discussed with the context of "climates" or "subclimates." There is no particular order of importance:

GENERAL REGULATORY

The administration of regulatory programs is made difficult with the current environment of general public distrust of government and other public institutions. There is a continuing unrealistic expectation that regulatory programs can and will respond immediately to the latest scientific research. The department must base regulatory and non-regulatory decisions on sound scientific procedures; it often takes years for the "latest" procedures to go from the laboratory to widespread regulatory use. Also, the skepticism expressed by public interest groups in the face of scientific research establishing minimal impact and actionable levels leaves department regulators at risk.

Restructuring of Food and Agribusiness Operations. Centralization and consolidation is occurring among packers, agricultural chemical suppliers, processors, etc. Consolidation results in more sophisticated equipment, organizational structures and marketing systems. The trend in consolidations and growth in size with more sophisticated technologies and equipment (such as computers), requires the department to use more sophisticated surveillance techniques as well as employ staff with higher skills necessary to deal with the technology. In the food safety area, the proliferation of convenience stores as well as the growth in value-added processing at retail food establishments create inspection challenges.

Mid-sized feed mills are decreasing, at the same time, larger operations are expanding as is on-farm mixing. The larger operations present new problems due to sophistication of equipment, etc.; the proliferation of smaller operations can lead to a lessening of quality control and uniformity of product. Since feed is a major input in the food chain, product quality can be a health or food safety concern, as well as an economic one.

Advances in Biotechnology. The broad area of research generically referred to as "Biotechnology" has the potential to revolutionize many areas of agricultural production and processing. Biological agents are being looked at for improvements in plant, animal, food technology, waste cleanup and many other arenas monitored by public agencies. Citizens have raised concerns over how biotechnology will affect the environment, native biological systems, public health and safety, society and the economy. This broad technological area could eventually affect the department's regulation

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of dairy, food, vegetables and plant pests.

DEMOGRAPHIC AND ECONOMIC TRENDS:

Agriculture in General. Agriculture is a major sector of both the national and state economy. The United States Department of Agriculture (USDA) estimates that farming (on-farm economic activity) in 1990 accounted for 1.5% of the Gross National Product (GNP). However, "upstream" linkages (input purchases such as seed, feed, fertilizers, etc.) also accounted for 1.5% while "downstream" linkages (processing, transportation, etc.) accounted for another 13% of the gross national product (GNP). In total, the entire spectrum of agricultural economic activities from the beginning to end of the stream account for 16% of the U.S. GNP. This was a decline of 2% from 18% of the GNP in 1980.

Agriculture in Minnesota is also a large industry. By all measures, agriculture makes significant economic and social contributions to the state. In economic terms, farming (on-farm activities) contributed 4.4% to the Gross State Product (GSP) in 1986. When the "upstream," on-farm and "downstream" sectors of agriculture are taken together, the total economic contribution to the GSP well exceeds the 16% national figure of the total GNP.

A major sector of Minnesota's agricultural economy is the food processing industry which is the nation's third largest. The food and kindred products sector produces about \$9.5 billion in value of shipments annually, and employs about 45,000 persons. While it has declined slightly in recent years, there is a possibility that strong interest in expanding this sector will reverse this trend.

The economic (and social) contributions of agriculture depend, to a great extent, upon strong regulatory, support and promotion programs. A comprehensive and coordinated network of national, state and local regulatory programs is essential to assure consumer and environment protection, product quality, and fair and truthful wholesaling and retailing activities.

Number of Farms. The decline in farms continues. According to the 1987 Census of Agriculture, there were 2.2 million farms in the United States, a 4.4% decrease from 1974. The 1992 Census will probably show that the number is now below 2.0 million. In Minnesota, the number of farms fell 14% between 1974 and 1987.

Structural Changes. Farms are moving into 3 groups, with 1 group being large, another mid-sized and the other small. Mid-sized farms decreased by about 25% between 1974 and 1987. These groups have diverse needs for research, extension and supportive programs.

Farm Population. Some 359,847 Minnesotans lived on farms in 1980, which was 8.8% of the state's population. By 1990, the total on-farm population had dropped to 207,596, a drop of 42%. The 1990 figure represents 4.8% of Minnesota's total population. At the national level, the 1990 Census of Population identified some 3,871,583 persons as living on farms, a decrease from 6,051,000 in 1980 (or 36% decrease).

Farm Entry. The substantial reduction in farms during the 1980's was due, in part, to a reduction in the rate of new farm formation. The number of people entering farming as a vocation during the 1982-87 period fell by 40% from the 1978-82 period, according to a USDA study.

Urbanization. Minnesota's population continues to shift toward metropolitan centers. The 5 Standard Metropolitan Statistical Areas (SMSAs) in Minnesota increased from 64% to 68% of the total population between 1980 and 1990. This results in a clientele base that is, to a significant degree, shifting socially and culturally from rural to urban perceptions and lifestyles. With such distance from the farm, many people simply do not understand agriculture.

Farm Financial Conditions/Outlook. Farm financial conditions continue to improved over the lows of the 1985-87 period. Total cash receipts from farm marketings were slightly under \$7 billion in both 1990 and 1991, higher than at any time during the past decade. Total debt remains substantially lower than the early 1980's, and the overall debt-to-asset ratio is now approximately the same as in 1980.

There are troubling trends, however. Farm land values, which had rebounded from their 1987 low, fell by 4% in 1991. Restructuring agreements made during the 1985-87 period will begin to come due, particularly Farmers' Home Administration (FmHA) agreements. Total net income, adjusted for inflation, has remained flat for the 1987-90 period, and dropped significantly in 1991.

Geographic Shifts of the Livestock Industry. The livestock industry has become very competitive, with concentrations of production and processing occurring both structurally as well as geographically. States and regions actively vie for increased market share. Key ingredients to growth are state investments in infrastructure, research and other necessary prerequisites. Minnesota's livestock and dairy industry must face this competitive challenge from other states and regions as well as shifting dietary habits, concerns about animal welfare, food safety and pollution of the environment.

ENVIRONMENTAL REGULATION/PROTECTION:

Environmental Concerns. The increasing recognition of the environmental impacts of agricultural activities will cause more resources to be spent on environmental monitoring compliance and remediation and in assessing impacts of current programs as well as analyzing potential impacts before new programs are implemented. As a major user of natural resources and producer of the food and fiber supply, all agricultural activities will be affected, ranging from the production of inputs through production agriculture to processing and final consumption of agricultural products.

Agricultural Chemical Sites/Spills/Incidents. Accidental and incidental spills of pesticides and fertilizers from recent and past handling practices have resulted in significant contamination of soil and water. The incident response program annually responds to 250 newly reported emergency spills. Clean-up efforts include specific instruction to the agricultural chemical dealers and applicators on management practices designed to minimize or prevent continued pollution.

Preventing Pollution. Urban and rural citizens expect an increasing level of regulatory services and environmental protection from pesticide and fertilizer use. Both rural and urban users show a willingness to reduce pesticide and fertilizer use by adopting best management and sustainable agricultural practices. Economic benefits from reduced input costs are an added incentive.

New program direction includes promoting voluntary and compliance oriented measures prior to strong regulatory enforcement. Customers expect focused information, training and education on

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handling, use, storage and disposal of agricultural chemicals.

Higher costs to agri-businesses for compliance with regulation is beginning to have some significance. Included are costs for construction of containment structures at dealer/applicator sites and costs for development of product data to meet registration requirements.

Bio-remediation. Bio-remediation speeds up degradation of pesticides and offers promising remedies and solutions to highly contaminated soil problems. It may enable contaminated soil clean-ups to be conducted more cost efficiently and effectively than currently possible.

Endangered Species Protection. Under the Federal Endangered Species Act of 1973, MDA developed an endangered species program that protects listed plant species and is sensitive to the needs of the agricultural community and other affected private landowners. The program encourages the adoption of low-input and integrated vegetation management practices. To date, economic impacts to agriculture as the result of endangered species protection initiatives have been negligible.

Genetic Engineering Permits. In 1989, MDA approved the first 2 field tests of genetically engineered plants in Minnesota. By 1992, the number of field test proposals for that year had risen to 12. The research areas currently closest to commercialization are in plant or plant-related applications—from efforts to improve agronomic traits of plants, to pesticide resistance, for example. However, other applications, such as in food processing and waste remediation, are developing.

Introduction of Exotic Pests. The movement of people and goods brings new plant pests into Minnesota. These insects, diseases or weeds can destroy crops, threaten health and upset the environment. Examples of introduced pests include Dutch elm disease, tracheal mite, gypsy moth, leafy spurge, etc.

SOIL AND WATER USE AND STEWARDSHIP

Conservation Policy. Current support in the agricultural community for conservation programs, especially those advanced by government agencies, is influenced by a number of factors including a prevailing belief that federal and state farm programs have been inconsistent and/or poorly structured. In addition, concern over the loss of property "rights" without "due compensation" will continue to moderate the conservation climate in rural America.

Conservation Reserve, Wetland Reserve, Environmental Easement and Water Quality Improvement Programs. The 1990 Food Security Act provided for the removal of marginal agricultural land from production and promoted a variety of beneficial environmental outcomes, including reduced soil erosion and sedimentation, improved water quality, maintenance of now-rare wetland plant communities and the protection of endangered species populations through the adoption of riparian and other buffer zones. Revised "Farm Bill" legislation should strongly encourage conservation practices by funding these programs at adequate levels.

Conservation Reserve Program. The Conservation Reserve Program (CRP) is the most significant environmental initiative taken by the federal farm programs to date. The CRP has markedly reduced soil erosion as well as reduced off-site effects of agriculture (especially sedimentation), improved water quality, enhanced fish and wildlife habitat, and supported farmers' income. Minnesota currently has approximately 1.9 million acres enrolled with the first contracts expiring in 1996. Elimination of the CRP has been proposed as a cost saving measure in federal budget reduction discussions. In a national survey, a sizable proportion of contract holders indicated they intend to return the acres to annual crop production under a conservation plan. Since the program was targeted to highly erodible lands, emergence of land from CRP could pose a public policy issue.

Sustaining Production Agriculture. There is increasing concern over the long term sustainability of agriculture. The need for efficiency and economic competitiveness will push for changing and restructuring production agriculture as it has been traditionally known. Farming practices will be impacted by the necessity to lower the cost of production, concern over the environment and ground water quality, and the availability of energy. Producers are looking for new ways of doing things such as controlling crop and livestock pests through integrated pest management, livestock systems which require lower capital investment and make better use of pasture resources, fertility management that optimizes use of on-farm resources, etc..

Non-point Pollution. Non-point source pollution (NPS) is a major cause of water quality degradation in Minnesota lakes, wetlands, rivers, streams and ground water. A recent assessment (late 1980's, 1990) of Minnesota's water indicated that approximately 80% of Minnesota lakes are aging at an accelerated rate due to NPS and 92% of monitored streams are impacted by NPS pollutants. Agriculture runoff and soil erosion has been identified as one of the significant contributors to NPS.

The Minnesota River Assessment Program (MnRAP), which began in July of 1989, will be completed during 1993. The focus will shift to implementation plans to address non-point and other sources of pollution. Agriculture has a large stake in any remedial or preventive efforts undertaken in the watershed since about 35% of all land in farms and 1/3 of all farms lie within the watershed. The challenge of addressing non-point agriculture pollution will involve 28,000 individual producers with varying resources and management styles making decisions independent of one another.

Wetlands Preservation/Restoration. Much of Minnesota's remaining wetlands exist on agricultural land, and much of the land with potential for restoration of wetlands is on agricultural land. Efforts to preserve or restore wetlands to achieve the state's goal of "no net loss" of wetlands in Minnesota will affect farmers. Currently, debate continues over the draft of state rules, as authorized in the Wetlands Conservation Act, and implementation efforts must ensure that the goals of the law are met in ways that enable farmers to participate as productive partners.

Rural Non-Farm Growth. Rural non-farm growth in greater Minnesota adds dramatically to the cost of providing public services for homes and businesses being built in rural areas. Based on a 1991 department survey, about 3,700 non-farm dwellings are constructed each year in unincorporated areas. Two especially concentrated areas of rural non-farm growth stretch from Rochester to St. Cloud and include the lakes of northern Minnesota. A 1989 study found that the annual cost of providing public services to rural non-farm dwellings in Wright County was \$300-\$400 per unit greater than in the City of Buffalo. If these numbers would hold true for the 3,700 dwellings constructed across the state, the added cost of providing public services because of rural sprawl is increasing by \$1,500,000 per year. Unplanned rural development also stresses agriculture. According to the National Resources Inventory (USDA), 47,000 acres of farmland in Minnesota are being converted to other uses each year. Over a 5 year period, this is equivalent to losing all of the

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farmland in Waseca County.

AGRICULTURAL TRADE AND COMMERCE:

Dependency Upon Exporting. Because of geographic location and production capacity, Minnesota must market the majority of its agricultural products to locations outside the state. Foreign exports, mostly bulk commodities, accounted for slightly over one-fourth of Minnesota farm cash receipts in 1991. With the exception of the 1985-87 period, receipts from foreign exports have ranged close to \$2 billion each year since 1981. The impact of decreases in or losses of foreign markets was a major factor during the farm financial crisis of the mid-eighties. However, domestic exports also are key to Minnesota's agricultural economy. While some processed products go into foreign exports, the greatest proportion are sent to locations within the United States. This is reflected in a complex commodity marketing system which requires buyer and seller confidence in the financial soundness and accuracy or integrity of the commodity grading system. Export sales, however, are a mixed blessing since the loss of markets can have a substantial financial impact upon agriculture.

Federal Trade Policy. The renegotiation of General Agreement on Trade and Tariffs (GATT) as well as the implementation of North American Free Trade Agreement will affect Minnesota, although it is not certain as to how these policies will do so. While the agreements do present opportunities, demands for increased regulatory and marketing services are likely to occur.

Product Certification. The department expects increased requests by Minnesota producers/marketers for certification of products to meet other state or foreign nation import standards, more requests for assistance in finding foreign markets, and consumer demands for greater surveillance of imported food or related products.

FOOD SUPPLY AND SAFETY:

Food Safety Emergencies. Throughout the 1980s there were several major food safety emergencies in Minnesota, such as Polychlorinated biphenyls (PCBs) contamination, product tampering and vandalism, and recalls of food products due to hazardous substances and product adulteration. More recently, there were emergencies related to aflatoxin in corn, food borne illness outbreaks associated with Salmonella javiana and Listeria monocytogenes. There has been increased concern of the public over the safety of fruits and vegetables due to news stories about alar in apple products, aldicarb in potatoes, and the Chilean fruit tampering incident.

Consumer Concern. The proportion of consumers completely or mostly confident in the food supply fell by 10% between 1991 and 1992, according to a study by the Food Marketing Institute. This was the first time since 1989 that confidence in the safety of the food supply had declined. Such concerns will demand increased monitoring, inspecting and testing of the food supply. The changes in diets and consumer preferences will lead to modifications in labeling laws, etc.

New Food Products. New products have exploded in the past decade as companies strive to suit consumers' increasingly diverse tastes and lifestyles. In 1991, a record 16,143 new food and non-

food products were introduced to retailers and wholesalers by manufacturers—an increase of 22% over 1990. More than 62,000 new products were introduced from 1987 through 1991—more than 4½ times the total for 1977 through 1981. The year-to-year escalation in new products is reflected in the number of items now carried by a typical U.S. supermarket. Since 1981, the number has more than doubled—from 14,145 to 30,000 in 1991.

Nutrition, Labeling and Education Act of 1990. The Nutrition Labeling and Education Act (NL&E Act) was signed into law on November 8, 1990. It represents the first change in our national law regulating food labeling since Congress passed the Federal Food, Drug, and Cosmetic Act (FD&C Act) in 1938. The new statute poses enormous challenges for the Food and Drug Administration (FDA), state agencies and the food industry. Once FDA promulgates regulations to implement the NL&E Act, every food label in the United States must be revised to bring it into compliance. The Food Inspection and Dairy and Livestock Divisions will be involved in providing information, guidance and regulatory follow-up on this important new labeling initiative.

New Food Products Technologies. A wide variety of new food production technologies and innovations in food packaging materials will challenge the capabilities of the food and dairy regulatory divisions to keep pace with the food processing industries. Another new challenge for regulators is the use of computer controls of critical food processing operations.

AGRICULTURE PRODUCTION AND DEVELOPMENT:

Diversification. Minnesota agriculture produces over 30 different varieties of crops and livestock products with cash farm receipts split about evenly between crops and livestock products. However, the greatest share of production (and cash receipts) occurs in 6 commodity areas. In 1988, corn, wheat and soybeans accounted for 78% of all crop receipts. In terms of livestock, cattle, hogs and dairy products account for 86% of all such receipts. While very diversified, Minnesota's natural resource base and climate are such that an even greater diversity of products can be grown.

Livestock and Poultry Industry. A major issue facing the state is the future strength and viability of the livestock and allied industries. The economic costs of current trends as well as impacts on future investments are substantial. Recent analysis of the economic importance of the dairy industry to Minnesota as well as recent short-term trends are disturbing. Over the past 5 years, total milk production fell from 10.85 billion pounds in 1985 to 9.85 in 1990, near 10 year earlier levels, and national market share dropped from 7.5% in 1981 to 6.6% in 1991. It has been calculated that the decline cost about \$280 million in total output from 1985 to 1990, and future losses in the same range are possible over the next decade. Impacts of the decline in milk production also affect other industries. Jobs and total economic output also suffer, and the loss of an estimated additional 5-10% of remaining industry jobs could happen if milk output continues to decline.

Livestock products accounted for 51.6% of total cash farm receipts in Minnesota in 1991. However, some sectors of the animal industry are either stagnant or not capitalizing on growth opportunities to the same extent as other states. Between 1960 and 1990:

- Turkey marketings grew by 225% but share of United States turkey marketings fell by about 1%. Minnesota failed to capitalize on a 235% growth in the national turkey industry.
- Minnesota's share of total U.S. beef marketings fell from 4.3 to 2.1%. United States marketings grew by 23% during the same time.

AGENCY: Agriculture, Department of
(Continuation)

- Marketings of hogs increased 22% from 7.0% of United States marketings to 8.6%. United States marketings grew by 12% during this time.

Livestock Feedlots. The state has approximately 50,000 feedlots. Of these, an estimated 10% to 15% are or have the potential to adversely affect water quality. Currently, state and federal technical and cost-share programs are available to provide pollution abatement systems on such feedlots. There are several drawbacks to current approaches. First of all, the designs necessary to qualify for federal cost-share are often expensive to the producer. Secondly, the potential public and private expenditures required to rehabilitate problem feedlots would be extensive. Current federal spending is about \$1 million per year; the costs of rehabilitating the 10% to 15% of problem feedlots would be \$150 million to \$225 million. Another drawback is that the current approach is to focus technical and other resources (cost-share assistance) and research efforts on the 10 to 15%. This ignores the needs of the 85% to 90% of the feedlots that produce a sizable amount of the manure but are not actual or potential polluters.

Management of Manure and Livestock Waste. Manure has an economic and agronomic benefit if it is handled, stored and applied properly. Minnesota's livestock generated 223,000 tons of manure nitrogen in 1990 with an estimated value of \$80 to \$85 million per year. The department's Nitrogen Management study estimates that 50% of the nitrogen in manure is lost in storage and distribution, never reaching the cropping system. This represents a significant loss of economic and agronomic resources. Moreover, with increasing size of herds and concentrations in production units, the management and disposal of livestock waste is becoming a major problem due to quantity of waste material.

Demand for and use of Renewable Resources. The current reliance on petrochemically-based fuels and products, as well as concern over reliable sources of petrochemicals and the disposal of petrochemically-based waste products will create new markets for renewable fuels (e.g., ethanol) and substitutes for plastics and oils (e.g., starch polymer technologies, soybean oil-based inks, etc.). These developments could have tremendous impact for agricultural production and value-added processing through the creation of new jobs and the reduction of resource imports.

Farmers' Market WIC Program. This Program provides fresh, Minnesota-grown produce to low-income, nutritionally-at-risk children and pregnant women participating in the federal supplemental food program for Women, Infants and Children (WIC). Fresh produce provides vitamins A and C, 2 vitamins often lacking in the diets of low-income people. Connecticut, which has had a Farmers' Market Coupon Program for several years, did a comprehensive analysis of its program in 1991-92. This analysis showed that coupon recipients consumed more fresh produce after receiving the coupons, especially those that returned to the market after their coupons were gone.

Value-Added Processing. The expansion of value-added processing could be a major contributor to economic growth in Minnesota. While Minnesota has a large food and kindred products industry, a large proportion of several major commodities are exported raw from the state for processing elsewhere. For example, 3 leading export crops—soybeans, feed grains and wheat—accounted for 77% of the state's total foreign agricultural exports in 1988. Increased value-added processing for

food and non-food products would create higher values for producers, increase manufacturing jobs and facilitate an active strategy of import substitution.

Slaughter Capacity. Minnesota livestock and related primary processing industries have experienced a decline over the last 3 decades. Between 1975 and 1989, the state lost 40% of its federally inspected cattle slaughtering plants. In the case of hogs, over the past 30 years the Upper North Central Region's (consisting of Wisconsin, Minnesota, Iowa, North and South Dakota) share of the national hog slaughter has increased almost 37%. During this same period of time, hog slaughtering in Minnesota declined in actual numbers and Minnesota's share of the regions hog slaughtering capacity declined from 22.3% in 1960 to under 15% by 1989. Minnesota also lost 30% of its federally inspected hog slaughtering facilities. As processing capacity decreases, Minnesota's ability to produce and market the raw product will also decrease.

Domestic exports. Despite the decline in number of slaughtering plants and farms, Minnesota still exports livestock to other states for slaughter. In 1987, approximately 64% and 85% of the state's cattle and hog production, respectively, were slaughtered in the state. This indicates that an opportunity exists within the state to capture the processing of the excess production of the state's producers. Another effect of developing livestock processing is the increase in price received by farmers. Currently, Northern and Eastern Minnesota farmers receive lower prices because of high transportation costs. Creating markets for livestock also creates incentives to produce livestock. Livestock production in and of itself is a process of adding value to the state's corn and soybeans.

Likewise, Minnesota's 6 major agriculture commodities (dairy, beef, hogs, corn, soybeans and wheat), accounted for 81% of all farm receipts in 1990. It is estimated that a majority of this production is exported in unprocessed form. Relying primarily on the export of bulk commodities, the state forgoes the economic benefits of a more diversified agricultural base, and the manufacturing, distribution and infrastructure jobs associated with value-added processing.

SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT:

Technological Development. The development and adoption of new technologies has and continues to be a dynamic force. New or emerging technologies in agricultural chemical application equipment and food production and processing (genetic engineering; irradiated food; modified atmosphere processing; reconstituted milk; etc.) will be proposed for adoption as the means to maintain economic competitiveness. Another area of emerging technology lies in the bio-conversion of agricultural feed stocks into commercial and industrial products. Genetic engineering, another major emerging technology, will impact production agriculture directly. New grain quality and factors testing equipment is under development under federal auspices to provide for more effective test equipment.

Regulatory Technology Changes. Technology is changing rapidly within the science field. These changes present a challenge to regulatory analytical activities. The ability to measure level of exposure exceeds the ability to understand the significance and meaning of those measurements. A first concern is that the technological capability to detect minute traces of toxics far exceeds society's ability to understand the actual risks presented (i.e., we have been chasing a "vanishing zero"). Many regulatory tolerances were established with consideration to the Delany Clause that recognized no acceptable levels for hazardous substances. As analytical detection limits continue to improve with technology, we correspondingly assess the health risk factors of positive detections at low levels.

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AGENCY: Agriculture, Department of
(Continuation)

Secondly, the wide regulatory acceptance of new sophisticated and expensive technology has led to regulatory guidelines that assume the use of high tech equipment. This assumption has significant capital investment requirements built into it since high technology equipment must be purchased and maintained and analysts trained to enforce these new regulatory expectations.

Another factor affecting regulatory capabilities is a dramatic federal movement towards ensuring the reliability of analytical data by which regulatory decisions are made. Guidelines being enforced are defined as Good Laboratory Practices (GLP). These requirements create more documentation and auditing of quality control and quality assurance practices than is generally in place in most regulatory laboratories. Compliance with these requirements will create challenges for balancing the need to fulfill GLP and maintaining productivity within budget restrictions.

Information and data processing. MDA's needs to manage data and link databases will continue to grow. It is anticipated that the department will process increasing amounts of data and respond to ever wider requests for agricultural data from the public. Requests for computer support, programming, data storage and security will increase. Changes in technology are expected to accelerate over the next biennium, and the department will need these tools to adequately perform our mandates. Technology in the computer and information presentation fields is evolving at an extremely fast pace.

PUBLIC POLICY - FEDERAL, STATE AND LOCAL:

Federal Farm Policy. With federal policy encouraging a more market-oriented agriculture, the total volume of both United States exports and imports will increase as nations seek greater interactions of trade. The volume of exports will likely increase with more demands for regulatory inspections, certifications, etc. Increased imports will likely occur, with greater need for pest interception and control, food safety and product quality monitoring, and other related regulatory activities. The influence of environmental and consumer groups continues to increase in developing the federal farm bill. Also, major environmental programs have not or are not being funded, such as the Wetlands Reserve, CRP and SARE (Sustainable Ag Research and Education).

Federal Funding. Reductions in the federal budget affect the department both directly and indirectly. Direct reductions decrease revenue in direct federal grants and also areas where the department performs services under contract or agreement with federal agencies.

There are indirect impacts as well. Reductions often result in cutbacks in traditionally direct federal services provided by federal agencies. The states are then left with a decision to either pick up the service or take the risk of allowing the absence of some regulatory activity. Decreased activity, due to less inspections or the elimination of activities, weakens the overall regulatory network upon which agriculture and agribusinesses depend. An example is USDA moving to quarterly, risk-based custom meat processing plant inspections.

Other Federal Policies. Two recent federal policy issues which have a major impact on agriculture are the use of ethanol in oxygenated fuels and the federal definition of wetlands. Draft Environmental Protection Agency (EPA) rules requiring the use of oxygenated fuels in urban areas exceeding air quality standards excluded the use of ethanol. Although the fuel greatly reduces carbon dioxide emissions, EPA had concerns about evaporation of the fuel adding to smog conditions. There is conflicting evidence about this issue. A recent waiver issued allowing the use of ethanol appears to have resolved this issue. A proposal to change the federal definition of wetlands to exclude many

areas which are only wet on a temporary basis was put out for comment. At this point, the Administration has decided to temporarily withdraw the proposal.

The Clean Water Act and the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) will be reauthorized in 1993. These are expected to impact department programs.

Local Delegation. As citizens have become better educated on governmental issues, many have become active in participating in debates on various issues at many levels of government. Local governments are experiencing citizen participation and scrutiny on how they deal with activities conducted within their jurisdictions. For some issues, this interest has resulted in local governments becoming interested in establishing local regulations for activities that have historically been regulated by the state or federal levels of government. Critics have charged that if local units of government take on regulatory authority in many areas historically covered by the state, the result will be an inconsistent patchwork of regulations and standards that will be impossible for the regulated parties to contend with. There is concern over consistency of standards from one jurisdiction to another.

Land Use Planning. In Minnesota, land use policies and land use controls vary widely from county to county. Of the 80 non-metropolitan counties, 55 (69%) have prepared and adopted comprehensive or land use plans, 62 have countywide zoning, and only 28 use density standards as a method of protecting agricultural land. This lack of consistency in land use policy and regulation has resulted in major losses of farmland to unplanned rural sprawl in many areas of the state and unpredictability for agricultural development efforts.

PERSONNEL/WORK PLACE:

Personnel. In managing the human resource, several factors beyond the control of the department must be considered. The department operates under 3 union contracts as well as a commissioner's plan and a managerial plan. The department is impacted by Worker's Compensation Laws, Unemployment Compensation Laws and the Department of Employee Relations rules, regulations and guidelines. Hospital/medical costs are expected to increase substantially.

Employee Safety. The safety program is impacted by several federal and state agencies. The Federal Emergency Management Agency conducts reviews of the department's radiological preparedness. The department must also comply with Nuclear Regulatory Commission guidelines as they impact the Radiological Preparedness Program. This program is also directly impacted by state or federal statutes and rules.

AGENCY BUDGET PLAN:

The budget challenge is \$1,040,000 in F.Y. 1994 and \$1,422,000 in F.Y. 1995, or \$2,462,000 for the biennium. This challenge includes reducing the General Fund base by 5% (\$614,000) each year; funding compensation increases of \$363,000 in F.Y. 1994 and \$680,000 in F.Y. 1995; and providing for operating inflation costs of \$63,000 in F.Y. 1994 and \$128,000 in F.Y. 1995.

To fulfill the department's mission and within the framework of Minnesota Statutes Chapter 17 and other statutory responsibilities, the department has adopted the following policies and goals to develop the agency budget plan for F.Y. 1994 and F.Y. 1995:

- Encouraging prevention-based regulatory strategies to protect public health and safety, with an emphasis on food safety.
- Fostering land stewardship and environmental protection by encouraging sustainable agricultural production and development.
- Working to diversify agricultural products and markets.

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- Supporting family farms, with emphasis on livestock enterprises, and expanding value-added processing.
- Facilitating the competitive and orderly marketing of Minnesota farm products.
- Providing for constituent service and empowerment through greater consultation and involvement.
- Maintaining a productive work force and adequate service levels while streamlining.

The department plans to meet its challenge through a variety of strategies and management decisions, including a \$614,000 reduction in the General Fund base in each year of the biennium.

The reduction in base funding is detailed in the Agency Budget Brief. The remainder of the challenge will be achieved through internal savings and adjustments. These will include the cancelling of 44.7 11.7 vacant positions at the end of F.Y. 1993; holding new vacancies open long enough to generate the salary savings necessary to provide for projected increases in compensation costs, each budget activity absorbing inflationary costs; and selectively filling vacancies according to department priorities.

All vacancies will be pooled and filled selectively based upon priorities. Salaries, therefore, will be managed on a department-wide basis.

The department is proposing the cancellation of 44.7 11.7 positions. The cancellations will occur in each program and roughly reflect the proportionate distribution of complement among programs. The positions include supervisory, professional/technical and clerical. The cancellations are as follows:

- 7.1 6.1 positions in Protection Service.
- 1.0 position in Promotion and Marketing Program.
- 6.6 4.6 positions in Administrative Support and Grants Program.

In addition to base reductions and specific position cancellations, MDA will meet the budget challenge through management decisions that eliminate lower value, lower priority activities and shift the funding of higher value activities from General to Special Funds, and reallocate the remaining General Funds among activities according to MDA priorities. More specifically, the internal reallocation will include:

- Eliminating or consolidating single employee programs or activities not required by statute.
- Reducing the scope of the Apiary Program to a request for service only.
- Consolidating agronomy/pesticide programs into fewer management units.
- Reducing the number of dairy inspectors proportionate to expected decline in dairy farms.

Reductions will be reflected in program budgets that have little General Fund support. Reducing General Funds will force programs and activities to reprioritize activities supported by Special Funds within the 100% spending cap. Marginal or lower value activities will be eliminated.

During the 1994-95 biennium, the department anticipates that additional General Fund positions will become vacant. Sufficient vacancies will be held open to generate the funds needed to finance compensation increases. The department intends to fill positions selectively and downgrade positions

to entry level to allow for achieving priority activities. At the end of the biennium, all vacancies in excess of 5% of complement will be cancelled.

Attrition and retirement will be a primary means of reduction, but the department will consult with bargaining units to develop a contingency plan to achieve the reduction should attrition be insufficient.

The agency budget plan is to manage all fund sources as a unit to achieve the department's overall mission. Agency operations will not be significantly changed, but the manner of delivering service or performing requirements will become more focused as resources shrink and lower value operations are eliminated. The elimination or reduction in General Funds from programs with special revenues will cause reprioritizing of special revenue activities.

The department makes grants to a number of small organizations, including county agricultural societies. The department will reduce grants by 5%.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates and the \$38,000 proposed agency reduction to the county agricultural societies has been restored. In addition to the plan, the Governor recommends funding for 4 initiatives. Two initiatives focus on improving the quality of life and the other 2 are important to creating tomorrow's jobs. One of the issues that needs to be addressed to improve Minnesota's quality of life is non-point source pollution. This budget proposes 2 major non-point source pollution reduction and prevention initiatives for the Department of Agriculture which address the needs of their primary customers and clientele, the agricultural community. These two initiatives are components of a multi-agency, non-point source pollution initiative designed to make significant inroads into the reduction non-point source pollution. Non-point source pollution initiatives are also being recommended for the Minnesota Pollution Control Agency, Office of Waste Management (restoration of county block grant cuts), Board of Water and Soil Resources, the Minnesota Public Facilities Authority in the Department of Trade and Economic Development, and the University of Minnesota. Proposed funding for these initiatives is from both the General Fund and LCMR's Minnesota Future Resources Fund.

Two initiatives promote economic development and tomorrow's jobs. They include recommendations for a one-time appropriation for improving state efforts in value-added processing and providing a direct appropriation for ethanol producer payments. The responsibility for ethanol producer payments is recommended to be transferred from the Department of Revenue to the Department of Agriculture. The Governor is also recommending a change in budget policy by proposing that the current statutory appropriation be eliminated and replaced by a direct appropriation.

LCMR Projects:

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE

PROGRAM RESOURCE ALLOCATION:	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
PROTECTION SERVICE	19,645	20,730	24,304	24,086	23,755	23,438	24,121	23,063	22,899
PROMOTION & MARKETING	1,106	995	1,228	1,153	1,600	10,122	1,153	1,140	10,122
ADMIN & FINANCIAL ASSIST	6,774	6,826	8,400	7,930	9,607	9,994	7,230	7,037	7,429
TOTAL EXPENDITURES BY PROGRAM	27,525	28,551	33,932	33,169	34,962	43,554	32,504	31,240	40,450
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		592	58						
GENERAL	12,450	12,641	12,795	12,276	11,662	21,026	12,289	11,675	20,894
MN RESOURCES	379	304	426		3,057	2,294			
SPECIAL REVENUE	93	102	185	185	185	183	185	185	183
ENVIRONMENTAL	110	129	279	279	279	272	279	279	272
STATUTORY APPROPRIATIONS:									
GENERAL	26								
SPECIAL REVENUE	13,087	12,652	17,594	17,900	17,900	17,900	17,222	17,222	17,222
FEDERAL	1,211	1,396	1,816	1,832	1,832	1,832	1,832	1,832	1,832
ENVIRONMENTAL	66	142	650	650			650		
AGENCY	4	445	1	1	1	1	1	1	1
GIFTS AND DEPOSITS	99	148	128	46	46	46	46	46	46
TOTAL FINANCING	27,525	28,551	33,932	33,169	34,962	43,554	32,504	31,240	40,450
POSITIONS BY FUND:									
ENVIRONMENT TRUST		1.0	1.0						
GENERAL	208.8	223.0	223.0	211.3	210.3	215.3	211.3	210.3	215.3
MN RESOURCES	1.0	3.0	3.0		2.0			2.0	
SPECIAL REVENUE	292.7	293.0	293.0	293.0	293.0	293.0	293.0	293.0	293.0
FEDERAL	24.3	24.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
ENVIRONMENTAL	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	528.8	546.0	551.0	535.3	536.3	539.3	535.3	536.3	539.3

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: AGRICULTURE

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95	F.Y. 94	F.Y. 95
F.Y. 93 FUNDING LEVEL	33,932	33,932	12,795	12,795	19,321	19,321	1,816	1,816
TECHNICAL ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<583>	<583>	<583>	<583>				
BIENNIAL APPROPRIATIONS	25	60	<23>	<23>	48	83		
NON-RECURRING EXPENDITURES	192	<521>			176	<537>	16	16
BASE TRANSFER (BTWN AGENCIES)	16	16	16	16				
DOCUMENTED RENT/LEASE INC/DEC	27	40	27	40				
LCMR-FUNDED PROJECTS	<484>	<484>			<484>	<484>		
INSURANCE PREMIUM HOLIDAY	44	44	44	44				
SUBTOTAL TECH. ADJ.	<763>	<1,428>	<519>	<506>	<260>	<938>	16	16
CURRENT SPENDING	33,169	32,504	12,276	12,289	19,061	18,383	1,832	1,832
FORECAST ADJUSTMENTS								
OPEN APPROPRIATION ADJUSTMENT	<650>	<650>			<650>	<650>		
SUBTOTAL FORECAST ADJ.	<650>	<650>			<650>	<650>		
AGENCY BASE	32,519	31,854	12,276	12,289	18,411	17,733	1,832	1,832

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F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Agency-Wide Initiative
ACTIVITY:

ITEM TITLE: Non-Point Source Pollution - LCMR Projects

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
MN Future Resources Fund				
- State Operations	\$2,294	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$2,294,000 from the Minnesota Future Resources Fund for non-point source related activities that have been proposed for funding by the LCMR. The Governor endorses these LCMR proposals, but has modified the LCMR funding sources by recommending that all of the funding for this appropriation come from the Minnesota future Resources Fund, and has incorporated in this recommendation one of the projects LCMR recommended in the Department of Administration's budget for transfer to the Department of Agriculture.

The purpose of this initiative is to complete the development of agricultural management tools that can contribute to the prevention of non-point source pollution (NSP). While generalized (state-wide) tools are available now, the refinement of these to area-and-time specific management strategies based upon differing climates, landscapes, and soils holds great promise of furthering both profitability and environmental protection. Special emphasis is given to especially sensitive regions, such as the southeastern Karst region and north central sands. The application of these tools to agricultural production will provide long-term benefits.

The initiative combines the following proposals which have been given tentative approval and are being recommended for funding by the LCMR:

- Increasing Utilization of Federal Cost-Share Feedlot Funds
- Developing Soil Specific Nitrogen Management as A BMP
- Managing Agricultural Environments of North-Central Minnesota Sandy Soils
- Nutrient Availability From Land-Applied Manure
- Nutrient Recycling Through Plants and Animals
- Effective Manure Management in Conservation Tillage Systems for Karst Areas of Minnesota

The overall goal of these proposals is to enhance profitability and protect the environment by developing "tools" for improved nutrient and other input management. The common objectives that all these proposals share are:

- To better understand the interactions of agricultural inputs and environmental systems.
- To integrate existing landscape, climate and soil data into decision-making that results in refined nutrient management practices.
- To test or develop technologies that would improve management decisions.
- To accelerate the transfer of technology and information to producers.

Nitrogen, in nitrate form, has been identified as a significant contaminant or potential contaminant of both ground and surface waters in Minnesota. In addition to natural and other sources, nitrogen is applied to the land in several forms for agricultural production. Nitrogen and other agricultural nutrients and inputs are vital to profitable agricultural production in Minnesota. Consequently, the careful management of agricultural inputs, especially nitrogen and other nutrients, is necessary to ensure that agriculture in Minnesota is sustainable environmentally and economically.

Minnesota has several distinct areas where the soils, landscapes, geology, ground and surface waters, cropping and vegetation patterns and climate have very different characteristics. The unique nature of each of these areas poses problems for understanding the interaction of, and managing agricultural inputs in each of those areas. While some principles of input management have statewide application, most practices must be specifically designed for the unique region where they are to be used. The components of this initiative will identify and address those statewide and unique regional characteristics, the interaction of agricultural inputs with the physical characteristics of these regions, needs and practices involved, and promote actions to achieve improved management.

A recent report by the Minnesota Department of Agriculture and the Minnesota Pollution Control Agency shows that manure application can be a major source of nitrogen in livestock production areas, and that careful management provides one of the most effective opportunities for reducing off-farm costs for crop production. Some soil tests can measure inorganic nitrogen levels in the soil, but no method exists to isolate and measure the contribution of manure to the nitrogen "pool" available to the crop. This initiative would develop improved soil and plant tests for nitrogen available for plant growth, as well as research and develop management practices to help maximize crop production while limiting runoff and leaching of nitrogen. For feedlots that have been identified as pollutant or potential pollutant sources, the availability of technical assistance from federal or state agencies is limited. The use of federal Agricultural Conservation Program (ACP) cost-share funds for critical feedlot-related water quality concerns for most farmers depends upon the availability of technical assistance. This initiative would provide technical assistance that farmers need to access federal funds available to help them address problem feedlots.

The potential for higher nitrate and herbicide contamination from agricultural production has been identified in the sandy soils of the north central part of the state, where irrigation is used for many crops. The nitrogen fertilizer report mentioned earlier recommended the development of "Best Management Practices" (BMPs) for high nitrogen input crops such as irrigated potatoes on sandy soils as well as improved management strategies for manure management in corn production to complement BMPs already adopted by the Minnesota Department of Agriculture. This initiative will more closely examine the interaction of these inputs in this area, identify critical problem areas, develop management practices to deal with these problems and provide information and demonstrate the advantages of these practices to agricultural producers in this area.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Agency-Wide Initiative
ACTIVITY:

ITEM TITLE: Non-Point Source Pollution - LCMR Projects
(Continuation)

PROGRAM OUTCOMES:

- Area-appropriate nutrient BMPs for nitrogen, phosphorous and herbicides, for specific regions of the state, based upon unique soils, landscapes and climates.
- Farm assessments of nutrient management practices, by specific regions of the state.
- Determination and assessment of the interaction of soil, landscape, climate and other factors on nitrogen, and in some areas, herbicides, to identify amounts available for plant use and the potential for migration to ground or surface waters.
- Assessment of existing and development of new soil and plant testing techniques for nitrogen needs to develop more precise nutrient application practices.
- Information on the storage and mobility of manure-supplied phosphorous in soil.
- Information on herbicide impacts to groundwater under irrigated potato production.
- Improved diagnostic tests for nitrogen and other nutrients in the soil and plants.
- Technical assistance provided to make greater use of federal feedlot improvement cost-share funds.
- Education and information programs to transfer information and technology to improve agricultural nutrient management.

LONG-TERM IMPACT:

- Improved quality and protection measures for the ground and surface waters in the Minnesota River Watershed and other hydrogeologically sensitive areas.
- Reduction of the potential future costs for cleanup and prevention of degradation of soil and water quality due to enhanced nutrient management.
- A better understanding of the interaction of the ecological systems and agricultural practices in several distinct parts of the state.
- A better understanding of manure nutrient levels and handling effects.
- Improved coordination of research efforts and actual real-world on-farm needs.
- Improved water quality in agricultural areas.
- Reduced input costs, improved production efficiency of agricultural inputs, and increased profitability for agricultural producers.
- Enhanced working relationships among researchers, policy makers and producers.

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PROGRAM: Protection Service
AGENCY: Agriculture, Department of

PROGRAM PURPOSE:

The mission of this program is to develop, administer and coordinate regulatory and service programs which support and protect producers, processors, distributors and consumers of agricultural products in Minnesota. This program will satisfy health, safety and environmental protection goals required by state, federal or local laws and regulations designed to protect our natural resources.

The activities of this program result in promoting efficiency in agricultural production and in the processing and distribution of wholesome and properly represented agricultural and food products. One primary outcome of these activities is to ensure that Minnesota agriculture is financially rewarding for participants at all levels. The work of this program covers the agricultural sector from the raw input and soil preparation phase through the product growth period and preparation phase and through processing and final consumer purchase of agricultural products. The activities covered by this program touch on several Minnesota Milestones Indicators which are listed under OUTCOMES/INDICATORS.

The operational goals of this program are to:

- Administer laws and rules that protect public health and safety and prevent fraud in the manufacture and distribution of food, animal feeds, fertilizers, seeds, pesticides, etc.
- Administer environmental protection programs that protect water quality; administer environmental clean up programs for agricultural chemicals; promote Best Management Practices (BMPs) for agricultural chemical use; prevent introduction and establishment of exotic pests through surveillance, etc.
- Provide services that ensure product quality, effective commodity marketing, effective and efficient farm practices and promote products to benefit the entire state economy.
- Ensure the availability of a wide variety of wholesome nutritious products.

The customers for these activities include farmers, manufacturers, processors, distributors, retailers, exporters and, ultimately, the consumers of these products.

These activities are carried out by employees in the following divisions: Agronomy Services, Plant Protection, Grain Inspection, Food Inspection, Laboratory Services, Dairy and Livestock, and Grain Licensing and Auditing.

PROSPECTS:

GENERAL REGULATORY:

- There will be continued demand for an increase in regulatory action in environmental areas and in wholesale food distribution while the general public requires inspections for safety yet declines it as intrusive and expensive when they see no direct benefit to themselves.
- The feed, fertilizer and seed industries requested more inspection and sampling of these products in F.Y. 1993 to maintain the high level of truthful labeling, product quality and good manufacturing practices compliance. The value of these agricultural inputs sold in

Minnesota annually is not available, but estimates are as high as \$900 million, \$350 million and \$250 million respectively. Establishment inspections are known to be highly efficient preventive portions of overall regulatory programs.

- Urban and rural citizens expect an increasing level of regulatory services and environmental protection in regard to pesticide and fertilizers use.
- Less financial support and direct inspection by federal groups will severely impact the ability to rapidly respond to customer needs.
- There is a potential for introduction of products treated with banned substances in the United States and Minnesota markets.

ENVIRONMENTAL REGULATION/PROTECTION:

- Past and present improper handling, storage and disposal of agricultural chemicals account for an increasing number of reported sites where contaminated soil and water require clean up to protect ground and drinking water resources. The incident response program annually responds to 250 emergency spills and is managing 100 long-term investigations. Reimbursement of clean up costs, up to \$189,000 per incident, is made by the Agricultural Chemical Response and Reimbursement Board. The Minnesota Department of Agriculture (MDA) also currently lists 6 Minnesota Environmental Response and Liability Act (MERLA) sites. Cost containment in site remediation will continue to be an important issue.
- Ground water and surface water resources are adversely impacted by urban and rural uses of pesticides and fertilizers from inadequate management practices by agricultural producers and urban residents. Non-point source pollution from these sources is an increasing concern of the general public, state and local agencies. None are an immediate threat to public health. Samples from 386 wells show 101 pesticide detections in areas sensitive to contamination of ground water. Samples from surface water indicate impacts from urban and farm pesticide and fertilizer use. Adoption of BMPs (voluntary guidelines) need to be more widespread, particularly in critical water sensitive areas of the state. Continued monitoring and evaluation of data will have significant importance to the development of agricultural chemical management practices to reduce ecological impacts and protect surface water drinking supplies.
- Construction of environmental safeguards has increased at agricultural chemical facilities to more adequately prevent additional contamination of soil and water due to the distribution of educational material and compliance inspections.
- New emphasis to monitor animal feed products for contamination by toxic chemicals and illegal drug residues is strongly supported by both consumer groups and the feed and food processing industries to further safeguard the human food supply.
- The introduction of exotic pests is expected to continue. We must deal with the new and unwanted pests that do find their way to Minnesota. Surveys to find these pests before they make our state their home, followed by long term safe control methods, are necessary.
- Public concern about the consequences of releases of new genetically engineered plants and animals is increasing. The department receives requests every year for permission to release new plants and organisms into the environment. Such requests are likely to increase each year for some time. It is expected that changes in the regulatory process will occur as a consequence of genetically engineered products being made available.

PROGRAM: Protection Service
AGENCY: Agriculture, Department of
 (Continuation)

AGRICULTURAL TRADE AND COMMERCE:

- Inspections of fruits, vegetables and grains will continue at levels necessary to meet trade quality and grade needs to facilitate trade and marketing. Field and tuber inspections of potatoes grown for seed will continue to maintain a source of clean seed for other potato growers.
- Honeybee colonies are inspected annually to determine if diseases are present and to alert the beekeeper. Inspections also provide for the movement of colonies within and outside the state.
- There will be an increasing need to develop greater variety of inspection and monitoring techniques to address both domestic and imported raw agricultural products.
- The increasing protectionist policies of the European Economic Community (ECC), the Carnes Group, and North American trade blocs will diminish the capability of farmers to adequately determine the best mix of crops to invest in.
- The North American Free Trade Act will affect Minnesota farmers with the change in border barriers and pricing. It is anticipated that the barley and sugar crops, in particular, will be affected.
- The potential for trade with the former Soviet Union, as well as other emerging nations, could influence planting decisions.

DEMOGRAPHIC AND ECONOMIC TRENDS:

- The decline of the livestock industry will affect the Dairy and Livestock Division. This will result in fewer farmers and, consequently, fewer fees. This will pose an ongoing challenge to finance an adequate program.
- The consolidation in grain marketing facilities will result in a reduced fee base. However, due to increases in facility size and other developments, the work load will not diminish.
- A cost squeeze upon producers may result in the purchase of less products normally used in production. Decline in volume will directly affect fee revenue.
- As society becomes more urbanized, the use of agricultural chemicals in non-agricultural applications will increase with environmental impacts.

AGRICULTURE PRODUCTION AND TECHNOLOGICAL DEVELOPMENT:

- The introduction of new crops and/or livestock products will pose new regulatory challenges.
- Growth in value-added processing will strain a system currently under stress to maintain adequate levels of regulatory service.
- The state needs a consistent policy vis-a-vis certification of products into Minnesota that are developed elsewhere through bio-technology (foods products, seeds, etc.).

CONSUMER FOOD SAFETY:

- Continuing consumer interest in the safety of the food supply has increased due to recent concerns about the microbiological and chemical safety of food.
- Increased advances and diversification of food production and handling technology requires more training and diverse inspection programs including sampling and product analysis.
- Changes in federal programs will necessitate increased state resources to focus on areas of higher risk while covering more aspects of consumer protection.

FEDERAL, STATE AND LOCAL LEGISLATIVE AND POLICY ISSUES:

- Local governments are demanding greater participation in strategies and regulation to prevent contamination of soil and water as well as harmful exposure to humans from handling, storage, use and disposal of pesticides and fertilizer. Requests have increased from local units for information and technical assistance.
- The rewriting of the federal farm bill for 1995 could provide for significantly changed protection and inspection requirements from a federal level.
- Commodity program requirements could significantly influence crop patterns in Minnesota, particularly when coupled with changed wetland policy and emerging bio-technologies.
- Reauthorization of federal environmental statutes and subsequent programs will require state participation to enforce regulations. In particular, the requirements of the Endangered Species Act, Clean Water Act and Federal Pesticide Act may alter workload patterns.

OUTCOMES/INDICATORS:

ENVIRONMENTAL REGULATION/PROTECTION. The program administers several projects which address or support the following Minnesota Milestones Indicators:

- The number of superfund sites identified and cleaned up;
- Percentage of water supply systems meeting state drinking water standards;
- Percentage of assessed river miles and lakes areas that do not support fishable or swimmable goals;
- Quantity of hazardous waste generated (millions of pounds per year); and
- Percentage of hazardous waste properly managed.

Key Outcomes/Indicators related to environmental regulation/protection are:

Outcome: Reduce the number of pesticide and fertilizer spills to protect Minnesota's ground-surface water resources. Increase the number cleaned up and improve response time.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicators:				
Number of reported spills	200	230	250	200
Number of spills cleaned up	100	110	140	150

Outcome: Increase compliance by pesticide, fertilizer and feed facilities with state regulations designed to protect public health and water resources.

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PROGRAM: Protection Service
AGENCY: Agriculture, Department of
 (Continuation)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicator: Percent facilities in compliance				
Bulk pesticide	10%*	95%	95%	95%
Bulk liquid fertilizer	20%	25%	30%	50%
Anhydrous ammonia	50%	75%	80%	100%
Medicated feed	60%	70%	80%	90%

* Rules adopted in F.Y. 1992.

Major achievements during the 1992-93 biennium will or are expected to be:

- Implementing and monitoring pesticide loading and storage regulations at urban and rural facilities requiring construction of primary and secondary containment structures to prevent contamination due to accidental release. Revising similar regulations for fertilizer facilities.
- Continuing waste pesticide pick up program. Initial projects at 11 outstate locations in F.Y. 1992 and F.Y. 1993 provided for proper disposal of 90,000 pounds of waste product.
- Conducting pesticide container collection and recycling of properly rinsed containers in 25 counties during F.Y. 1992 and F.Y. 1993. Anticipate collecting over 80,000 containers.
- Directing the clean up of 150 agricultural chemical incident sites in F.Y. 1992 and F.Y. 1993.
- Developing Nitrogen Fertilizer Best Management Practices in F.Y. 1992. The Nitrogen Fertilizer Management Plan will be further developed through rule.
- Developing atrazine Best Managements Practices in F.Y. 1992. A general Pesticide Management Plan is being developed to meet both state and federal regulations and policies.
- Conducting agricultural chemical applicator training and certification sessions conducted at 35 locations throughout the state in F.Y. 1993. Educational content was changed to emphasize operator safety, human exposure and environmental contamination. Nitrogen management has been added to the core of pesticides included in the training information.
- Reviewing and commenting on 73 local water plans and holding 5 meetings with local planning groups to study how partnerships and delegation of responsibilities might be structured. Rules being developed for public comment are during F.Y. 1993.
- Protecting purchasers of seed, feed and fertilizer were protected from products of misrepresented quality, illegal or fraudulent label claims, and adulteration through systematic surveillance including 2,600 inspections and 3,580 samples analyzed in both F.Y. 1992 and F.Y. 1993.

- Amended Noxious Weed Law in F.Y. 1992 to clarify responsibilities of local weed inspectors. In addition, the department provided 60 annual training sessions on weed control for county agricultural inspectors, and assisted county boards of commissioners in individual selection, training, and accreditation of county inspectors.
- Placed 7,498 traps throughout the state to locate and eradicate the gypsy moth before it becomes established. On the basis of the moth catches (80), we believe there may be a small infestation of this pest in Minnetonka. Data will be analyzed to develop controls for F.Y. 1993.
- Placed 206 Japanese beetle traps in 5 Minnesota counties to locate Japanese beetles. Found 335 beetles in the metro area. Imposed external and internal quarantines to retard movement of this pest and prohibit the sales of nursery plants from quarantined infested areas.
- Providing crop inspection and certification services to meet the requirements of customers in more than 60 counties. The value of these crops exceeded \$100 million..
- Inspecting over 800 apiaries so that beekeepers are aware of the health of their bees. Inspection and permits allowed 55 beekeepers to move approximately 30,000 colonies of honeybees out of the state during the fall months.

AGRICULTURAL TRADE AND COMMERCE. The activities of the program relate to the following Minnesota Milestones Indicators:

- Number of counties outside metropolitan areas with population growth during the previous 10 years.
- Percentage of retail sales occurring in non-metropolitan counties.

Key Outcomes/Indicators Regarding Agricultural Trade and Commerce are:

Outcome: Provide quality grain inspection services to facilitate marketing of grain.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicators:				
Designated official grain inspection agency for Minnesota	Yes	Yes	Yes	Yes
Customers receiving same day analysis of grain sample	75%	75%	75%	75%

Major achievements during the 1992-93 biennium will or are expected to be:

- Continuing to develop enhanced grain inspection capability.
- Continuing to increase the number of grain inspection sites in outstate Minnesota as business allows. Those opened in the last biennium are Winona, Pipestone and Breckenridge.
- Continuing the introduction of the official commercial inspection service at lower costs to encourage grain quality inspections closer to the producer level to enhance the effective marketing of grain.

CONSUMER FOOD SAFETY. The activities relate to the following Minnesota Milestone indicators:

- Percentage of people who feel their health is good or excellent.

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PROGRAM: Protection Service
AGENCY: Agriculture, Department of
 (Continuation)

Key outcomes related to Consumer Protection and Food Safety are:

Outcome: Ensure consumer protection through food safety.

Indicators:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Percent of food firms meeting safety, quality and labeling requirements	N/A*	N/A*	95%	95%

* Data not available.

Major achievements during the 1992-93 biennium will or are expected to be:

- 24,665 food samples were collected by the field inspection staff and submitted to the MDA laboratory. This provided 65,115 analyses to assure food products were safe and met quality and label requirements.
- 2,245 consumer complaints were effectively resolved through field investigations to assure consumers were receiving safe and properly represented food products.
- 86,550 inspections and investigations were conducted to assure facilities were operating in compliance with required standards and regulations.
- 625 certificates of free sale were issued to Minnesota processors to facilitate the movement of food products in interstate and international commerce.
- 3,740 inspections were conducted for various federal agencies (FDA, USDA, etc.) to assure that food products were manufactured in accordance with federal standards and to eliminate duplicate inspections.

OBJECTIVES:

1. GENERAL REGULATORY:

- Increase the number of compliance oriented inspections and distribution of educational information to agricultural chemical dealers and applicators. Strengthen enforcement of regulations governing loading and storage of agricultural chemicals where serious violations occur so as to prevent further contamination of the environment and water resources. Attain full compliance with regulations and environmentally sound management practices by facility operators.
- Increase the clean-up of sites contaminated by agricultural chemicals, including superfund sites, through improved organization, functions and number of trained professional staff so that the sources of environmental contamination are significantly reduced.
- Increase the number of waste pesticide collections, amounts collected, and container collections through local cooperation with leadership by state staff so that a statewide network of locations is developed and these materials are properly disposed preventing soil and ground water contamination.

2. ENVIRONMENTAL REGULATION/PROTECTION:

- Promote widespread adoption and implementation of fertilizer and pesticide Best Management Practices and develop methodology to determine effectiveness in preventing environmental contamination so that non-point pollution is minimized while maintaining crop production.
- Further reduce violation rates found in seed, feed and fertilizer manufacturing practices and finished products through efficient establishment inspection programs, continued marketplace and source sampling, and distribution of informational material on legal requirements so that the consumer and industries are protected in a fair marketplace.
- Develop an objective sampling and analysis schedule of feed products at highest risk of unsafe contamination. Laboratory workload can be least burdened by a schedule that is targeted rather than random, and risk indicators can be most efficiently determined.
- Develop and implement efficient, effective and environmentally acceptable pest control strategies, by increasing releases of biological control agents.
- Treat gypsy moth infestations as located with an appropriate biological insecticide so that it will not become permanently established. Continue statewide trapping scheme of placing about 7,500 traps to detect any other gypsy moth that might have entered the state.
- Place about 500 Japanese beetle traps (focusing on the 7 county metro area) to determine the establishment of the pest. More detailed knowledge will provide the information needed to design control strategies.
- Inspect and issue about 2,700 certificates to move crops to the markets. Our active works in the pest regulations also allow products to move into and through the state.
- Determine the need for an anticipated 10 requests to release genetically engineered plants into the environment. Prepare environmental assessment worksheets on requests.
- Introduce legislation to remove the mandatory inspection provisions of the apiary law. Maintain a registration system of the 1,500 beekeepers and provide a fee based inspection service on a request basis charging only for costs. Monitor for the introduction of the Africanized honeybee now in Texas. Work with the Food Inspection Division in monitoring the honey crop for pesticide contamination.

3. CONSUMER FOOD SAFETY:

- Continue the Food Safety Task Force.
- Increase as necessary, the samples submitted for analysis to assure that the safety of food products is being effectively monitored.
- Investigate all consumer complaints effectively and resolve them within 30 days to assure products are safe and properly represented and labeled.
- Increase percent of facilities passing inspection through enhanced educational efforts to more effectively utilize regulatory budgets.
- Issue all certificates of free sale within 72 hours to facilitate the movement of Minnesota products in interstate and international trade.

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PROGRAM: Protection Service
AGENCY: Agriculture, Department of
(Continuation)

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- Complete federal inspections on time to assure programs are conducted in an effective manner and to enhance uniformity between state and federal programs.
 - Increase the number of informational/educational contacts with food product processors, handlers, and trade associations to provide a clearer understanding of laws and regulations.
 - Maintain the strong grain inspection program to ensure that all grain marketing participants have access to unbiased official grain quality information.

4. AGRICULTURAL TRADE AND COMMERCE:

- Move grain inspection activities to outstate areas so that official grain quality certificates and services are more readily available, thereby speeding up the equitable marketing of grain.
- Ensure producer and industry confidence in the grain marketing system by maintaining a strong bonding examination and financial review program for grain buyers and warehouses.
- Develop methods of detecting and dealing with substances not allowed on state and national products.
- Develop cost effective methods of inspection for final delivery and sale of products grown and processed in other countries.
- Monitor the federal development of reliable, repetitive, cost effective laboratory and field inspection techniques sensitive to new technology and adopt cost effective procedures and proper devices.
- Develop additional expertise in expanding bio-technologies to effectively evaluate the value of new plants and products.

5. PUBLIC POLICY - FEDERAL, STATE AND LOCAL:

- Increase efforts to develop state-local government cooperation and partnerships. Develop rules for local participation in state programs that assign responsibilities for environmental protection to the most effective level. Develop local rule under the noxious weed law.
- Initiate meetings with agricultural producer groups to provide information on pesticide and fertilizer management. Improve the quality of training sessions for commercial and private applicators with even greater emphasis on safety, and protecting public health and water resources so that a greater degree of professionalism is developed among applicators.

PROGRAM PLAN:

The Protection Service will meet its budgetary challenge by concentrating financial and human resources to achieve objectives that will result in the following outcomes:

- Compliance with statutes and regulations through prevention-based strategies that emphasize education and information.
- Provide customer services essential to maintaining the orderly movement of both bulk and processed products into interstate or foreign commerce.
- Prevent future problems and fiscal and environmental costs through proactive regulatory actions, such as intercepting exotic pests, enforcing best management practices at agricultural chemical loading and storage sites, etc.
- Strengthen efficient enforcement by targeting regulatory actions toward serious or repetitive violations.
- Protect the environment, particularly water resources, by cleaning up sites contaminated by agricultural chemicals as well as promoting fertilizer and pesticide best management practices.

Funding for objectives that achieve the above outcomes will remain at or above F.Y. 1993 levels. Other activities will shrink at the margins as resources are shifted to priority outcomes.

Specific details on how the program will meet its budget challenge are included in the agency brief.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

LCMR Projects:

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals. In this program, the Governor recommends \$574,000 from the Minnesota Future Resources Fund for Non-Point Source Pollution. The Governor is recommending a total of \$2,294,000 from this funding source for Non-point Source Pollution. The remainder of this proposal is being recommended in the Administration and Financial Assistance Program.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE

ACTIVITY RESOURCE ALLOCATION:	Est.			FY 1994			FY 1995		
	FY 1991	FY 1992	FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
AGRONOMY SERVICES	4,894	5,123	8,695	8,462	8,035	8,220	8,462	7,663	7,646
PLANT PROTECTION	3,151	3,185	2,642	2,591	2,910	2,508	2,591	2,555	2,508
GRAIN INSPECTION	4,575	4,506	4,790	4,790	4,691	4,691	4,790	4,691	4,691
FOOD INSPECTION	1,912	2,088	2,220	2,228	2,172	2,124	2,228	2,172	2,124
DAIRY & LIVESTOCK	2,043	2,092	2,305	2,407	2,362	2,345	2,442	2,397	2,380
LABORATORY SERVICES	2,453	3,176	2,897	2,853	2,830	2,795	2,853	2,830	2,795
GRAIN LICENSING & AUDITING	617	560	755	755	755	755	755	755	755
TOTAL EXPENDITURES BY ACTIVITY	19,645	20,730	24,304	24,086	23,755	23,438	24,121	23,063	22,899
GOV'S INITIATIVES:			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<727>			
(A) NON-POINT SOURCE POLLUTION - LCMR PROJECTS			MNR			574			
(A) SALARY PLANNING ESTIMATES			GEN			<157>			<157>
(A) SALARY PLANNING ESTIMATES			ENV			<7>			<7>
TOTAL GOV'S INITIATIVES						<317>			<164>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		592	58						
GENERAL	6,284	6,339	6,298	6,324	5,916	5,759	6,324	5,916	5,759
MN RESOURCES	379	159	256		727	574			
ENVIRONMENTAL	110	129	279	279	279	272	279	279	272
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	11,624	11,603	15,212	15,277	15,277	15,277	15,312	15,312	15,312
FEDERAL	1,127	1,305	1,539	1,555	1,555	1,555	1,555	1,555	1,555
ENVIRONMENTAL	66	142	650	650			650		
AGENCY	4	445	1	1	1	1	1	1	1
GIFTS AND DEPOSITS	51	16	11						
TOTAL FINANCING	19,645	20,730	24,304	24,086	23,755	23,438	24,121	23,063	22,899

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
ENVIRONMENT TRUST		1.0	1.0						
GENERAL	122.9	131.9	130.9	124.8	123.8	123.8	124.8	123.8	123.8
MN RESOURCES	1.0	1.0	1.0		1.0			1.0	
SPECIAL REVENUE	284.7	284.5	283.5	283.5	283.5	283.5	283.5	283.5	283.5
FEDERAL	24.3	24.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
ENVIRONMENTAL	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
=====									
TOTAL POSITIONS	434.9	444.4	447.4	439.3	439.3	438.3	439.3	439.3	438.3

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BUDGET ACTIVITY: Agronomy Services
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this division is to serve the agricultural community and the general public by administering responsibilities in public health, environmental protection, and economic protection of buyers of agricultural inputs. Important functions include establishing and promoting voluntary measures and enforcing regulations to provide for increased efficiency of agricultural production and environmental protection, a benefit for all citizens of the state. Statutory authority for regulatory and service functions is found in 6 related activity areas: 1) Pesticide; 2) Fertilizer, 3) Environment and Water Quality, 4) Commercial Feed, 5) Seed, and 6) Noxious Weed. These fee supported programs have been changing from fundamental truth-in-labeling consumer protection concepts to high tech public health and environmental protection efforts. Still basic to these functions, however, are educating clientele, facility inspections and product sampling.

The state cooperates with the federal government in enforcing the Federal Insecticide, Fungicide, and Rodenticide Act, the Federal Seed Act and the Food, Drug and Cosmetic Act. In cooperation with local government, the division assists in enforcement of the Noxious Weed Law. The county agricultural inspector is a unique feature in Minnesota government agency services and is vitally important to these regulatory programs.

Major changes in Minnesota pesticide and fertilizer policy resulted from the Comprehensive Ground Water Protection Act of 1989. New programs, rules and dramatic changes that affect agriculture and urban pesticide and fertilizer use address the responsibility to protect water resources from agricultural chemical contamination and to strive towards preventing degradation.

Pesticide and fertilizer mixing, loading and storage sites have been identified as significant sources of ground water contamination. To minimize and prevent future accidents, the Minnesota Department of Agriculture (MDA) has adopted modern, effective secondary containment and rinse pad rules. All licensed bulk pesticide facilities in Minnesota are required to construct pollution prevention structures.

Responses to agricultural chemical incidents and clean-up of contaminated sites involve a major effort that must be continued and expanded to meet and increasing workload in number of incidents reported. The MDA administers the only program in the United States that provides reimbursement for clean-up of pesticide and fertilizer spills or incidents. Known as the Agricultural Chemical Response and Reimbursement Account (ACRRA), this account uses surcharges on pesticide and fertilizer licenses and registration to support a fund that can provide reimbursement for clean-up costs up to \$189,000 per incident. A 5 member board, comprised of agricultural and state representatives, authorizes reimbursement. Clean-ups are conducted with MDA oversight. Some contaminated sites qualify for use of superfund (Minnesota Environmental Response and Liability Act).

Programs for the pick-up of waste pesticide and for pesticide container recycling were developed as mandated by the Ground Water Act. The project for pesticide container recycling developed widespread support within local communities as well as national recognition. The Waste Pesticide Pick-up Program developed rules and procedures as well as began removal of waste pesticides from Minnesota. These efforts must be continued for several more years.

Enforcement of state rules and statutes plays an important role in the "carrot and stick" approach to the legal use of pesticides in Minnesota. The MDA investigates illegal use of pesticides and complaints from the public in rural and urban areas.

Concern regarding the impact of nitrates and atrazine on Minnesota's ground water led to the development of statutes that requiring the development of Best Management Practices (BMPs). The voluntary practices consider economics and the environment. Voluntary BMPs were developed and adopted by the agency for nitrogen fertilizer and atrazine based on monitoring data and studies that substantiated the concern. Promotion of BMPs and their adoption by agricultural producers and urban homeowners must be continued with cooperative efforts of the agri-chemical industry, other agencies, and extension and research at the University of Minnesota.

Anhydrous ammonia safety and agricultural chemical storage facility environmental protective measures remain high priorities.

The Feed Regulatory Program remains a stable function of the division. Of concern in recent years is the occurrence of drug residues in human food produced by animals. Most illegal drug residues have been traced to producer-made feeds or to feeding practices in violation of label directions. An educational program, with authority to investigate drug residues at the animal producer level, should be considered.

Programs involving inspection of seed, feed and fertilizer distributors will continue to impact firms for compliance with good manufacturing practices. These also involve sampling products for quality and verification of claims to assure a fair marketplace and to protect all purchasers.

BUDGET ISSUES:

Funding for agricultural chemical site remediation is provided by a surcharge on pesticide registration, fertilizer tonnage, licenses and permits. These surcharges are set and collected by the MDA as mandated by the legislature. Reimbursement for clean-up is made by the ACRRA Board. Surcharges on large and small facilities are equal even though risks are substantially different creating an economic strain on smaller facilities. In addition, since the number and cost of clean-ups is high, it is anticipated the surcharges will have to be increased in the upcoming biennium.

EFFICIENCY MEASURES:

The Minnesota Pesticide Law (M.S. chapters 18B and 18D), Minnesota Environmental Response and Liability Act (MERLA), and the Agricultural Chemical Response & Reimbursement Account (ACRRA) jointly offer authority and financing for addressing Minnesota sites contaminated with agricultural chemicals. The MDA has an Incident Response Program specifically designed to manage site investigations and remediations.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Superfund sites listed	6	6	8	12
Superfund sites remediated	1	2	3	5
Ag chemical sites identified	100	110	150	170
Ag chemical sites remediated	10	20	50	70

Water quality monitoring provides information on the current trend of agricultural impacts on ground and surface water. This information is utilized to guide regulatory actions to protect Minnesota's surface, ground and drinking water. The water quality monitoring program identifies areas and chemicals of concern, serves to inform and educate and tracks effectiveness of activities to alleviate impacts.

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BUDGET ACTIVITY: Agronomy Services
PROGRAM: Protection Service
AGENCY: Agriculture, Department of
 (Continuation)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Percent of state assessed for water quality:				
Ground water	16%	20%	25%	30%
Surface water	1%	3%	7%	10%

Unused pesticides, if not properly stored and disposed, represent a hazard to land, air, surface and ground water resources. The Waste Pesticide Collection Program provides for proper disposal at low cost to the participant and prevents costly contamination clean-ups. There are an estimated 3.5 million pounds of unused waste pesticides currently stored in Minnesota.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Percent of known waste pesticide properly disposed	3%	5%	7%	10%

Proper pesticide, fertilizer and feed facility management requires adherence to environmental, human safety and quality assurance factors and compliance with state and federal standards.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Percent facilities in compliance:				
Bulk pesticide	10%	95%	95%	95%
Bulk liquid fertilizer	20%	25%	30%	95%
Anhydrous ammonia	50%	75%	80%	100%
Medicated feed	60%	70%	80%	90%

REVENUE:

This activity generates dedicated and non-dedicated revenue. Dedicated revenue include the following accounts: Seed Inspection, Waste Pesticide Collection, Fertilizer Inspection, ACCRA, Feed Inspection Fund and Pesticide Regulatory.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Non-dedicated - Gen'l	\$2	\$46	\$60	\$60	\$60
Dedicated - Special	4,853	6,435	7,710	7,710	7,710
Dedicated - Federal	<u>300</u>	<u>1,380</u>	<u>910</u>	<u>910</u>	<u>910</u>
TOTAL REVENUE	\$5,155	\$7,861	\$8,680	\$8,680	\$8,680

LCMR RECOMMENDATIONS

Developing Soil Specific Nitrogen Management As A BMP

Variable Rate Technology (VRT) is now available to apply different rates of fertilizers across variable soil conditions in any given field resulting in immediate energy, fertilizer, and economic savings as well as reduced environmental risk. Existing methods for nitrogen management are inadequate for maximizing the potential benefits of VRT, which has been used predominantly for phosphorous and potassium applications. The overall goal of this project is to enhance existing VRT for improved nitrogen fertilizer use efficiency. This will be accomplished by better defining factors which influence field-scale nitrogen availability and fine tuning fertilizer rates. (\$294,000 Oil Overcharge.)

Nutrient Availability from Land-Applied Manure

The goal of this project is to develop analytical tools to both measure and predict the availability of nutrients, primarily nitrogen (N), from animal manures applied to soils. Precision rates of dairy and hog manure will be applied over a wide array of soil, crop, and hydrogeologic conditions in southern Minnesota. Nitrogen availability from the manure/soil systems will be assessed using a variety of N tests and sampling schemes. Tile water from drainage plots at Waseca will also be obtained to measure potential nitrate movement to ground and surface waters. Hog producers from south-central Minnesota will be surveyed to determine current and anticipated future manure handling systems and utilization practices. (\$280,000 Future Resources Fund.)

G2-5 Women in Agriculture, Pesticides, Health and Reproductive Health

This study will survey the reproductive health, general health and pesticide exposure of the wives and families of the applicators (90 percent male) stratified by pesticide use class. (The study follows a recent survey of 1,000 randomly selected state certified pesticide applicators, stratified by pesticide use class.) The exposure status of the applier and the spouse of the applier, singly and together, will be tested against defined adverse reproductive outcomes in this same population (N = 1,000). Chromosome damage in women exposed to pesticides will be evaluated. It is expected that these data will begin to provide a picture of reproductive health for families in agriculture who are significantly exposed to pesticides. (\$92,000 Future Resources Fund.)

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRONOMY SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,238	3,388	5,424	5,392	5,396	5,389	5,392	5,392	5,375
EXPENSES/CONTRACTUAL SRVCS	806	791	1,513	1,322	1,035	1,221	1,322	669	669
MISC OPERATING EXPENSES	340	555	1,303	1,296	1,156	1,160	1,296	1,155	1,155
SUPPLIES/MATERIALS/PARTS	103	67	106	103	99	101	103	98	98
CAPITAL EQUIPMENT	109	60	17	17	17	17	17	17	17
OTHER	243	202	217	217	217	217	217	217	217
SUBTOTAL STATE OPERATIONS	4,839	5,063	8,580	8,347	7,920	8,105	8,347	7,548	7,531
LOCAL ASSISTANCE	55	60	115	115	115	115	115	115	115
TOTAL EXPENDITURES	4,894	5,123	8,695	8,462	8,035	8,220	8,462	7,663	7,646
GOV'S INITIATIVES:									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING									
(A) NON-POINT SOURCE POLLUTION - LCMR PROJECTS									
(A) SALARY PLANNING ESTIMATES									
(A) SALARY PLANNING ESTIMATES									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	731	618	616	618	469	459	618	469	459
MN RESOURCES	58	149	251	372	372	574	279	279	272
ENVIRONMENTAL	110	129	279	279	279	272	279	279	272
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,565	3,599	6,167	6,167	6,167	6,167	6,167	6,167	6,167
FEDERAL	364	486	732	748	748	748	748	748	748
ENVIRONMENTAL	66	142	650	650			650		

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRONOMY SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	4,894	5,123	8,695	8,462	8,035	8,220	8,462	7,663	7,646
POSITIONS BY FUND:									
GENERAL	9.8	9.8	9.8	7.4	7.4	7.4	7.4	7.4	7.4
MN RESOURCES	1.0	1.0	1.0						
SPECIAL REVENUE	97.5	94.0	92.5	92.5	92.5	92.5	92.5	92.5	92.5
FEDERAL	6.0	6.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
ENVIRONMENTAL	2.0	2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL POSITIONS	116.3	112.8	116.3	112.9	112.9	112.9	112.9	112.9	112.9

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1994-95 Biennial Budget

BUDGET ACTIVITY: Plant Protection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to provide for the orderly movement of raw agricultural commodities into intrastate and foreign commerce, reduce or control the economic and environmental impact of endemic plant pests and prevent accidental introduction and establishment of exotic plant pests.

This activity provides a broad range of inspection, certification, and pest control services as authorized by 11 state laws. These services are essential to prevent the accidental introduction of plant pests, to reduce or control the economic impact of endemic pests or diseases, and to provide for the orderly movement of commodities into intrastate, interstate, and foreign commerce. This is accomplished by inspecting crops, grading commodities, approving municipal pest control programs, inspecting facilities, bonding dealers, licensing and issuing of certificates, surveying for pests, and performing laboratory, greenhouse and plot testing.

Customers for this activity include producers, exporters, agri-businesses, municipalities, and the general public.

Authority for this activity is found in M.S. Sections 17.23, 18.021-18.022, 18.023-18.024, 18.041-18.161, 18.331-18.335, 18.44-18.61, 19.50-19.65, 21.01-21.22, 27.001-27.20, 30.003-30.201, and 473.716.

BUDGET ISSUES:

The activity will be refocusing some of the regulatory activities to an as-needed basis, emphasizing service and improved educational efforts. Savings will be made through the implementation of efficiency measures and salary savings through attrition. We do not anticipate any reduction in required delivery of services. Some change in M.S. Chapter 19, Apiary will be recommended to implement some of the cost saving measures.

EFFICIENCY MEASURES:

	F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Fruit and vegetable inspection				
overtime hours	751	740	720	700
Total market inspections	4,539	4,600	4,700	4,700
Surveillance for gypsy moth				
Number of traps deployed	7,052	7,498	7,700	7,700
Plant pest regulatory services				
Number of phytosanitary certificates issued	2,600	2,650	2,700	2,750
Total number nursery inspections	1,100	1,150	1,200	1,250
		(est.)	(est.)	(est.)
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Apiary inspection				
Apiaries inspected	871	800	800	800
Cost per colony	\$3.21	\$3.25	\$2.75*	\$2.55*

*If statutes are changed to allow a cost recovery for interstate inspections and the elimination

of mandatory inspections.

REVENUE:

This activity generates non-dedicated revenue from nursery certification, phytosanitary certification, apiary inspection, fruit and vegetative inspections and wholesale produce bonding and licensing. Dedicated revenues include the following accounts: Seed Potato Inspections and Terminal Market Fruit and Vegetable Inspection Fund.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	\$473	\$568	\$568	\$568	\$568
Dedicated - Special	929	928	1,046	1,046	1,046
Dedicated - Federal	85	11	44	44	44
TOTAL REVENUE	\$1,487	\$1,507	\$1,658	\$1,658	\$1,658

LCMR RECOMMENDATIONS:

Biological Control of Plant and Animal Pests

Biological control of plant and animal pests in Minnesota is a coordinated multidisciplinary approach to develop, test and implement biological control agents aimed at effective pest control with a potential reduction in chemical use and energy costs. This is accomplished by introducing parasites, predators, pathogens, plant disease-suppressive organisms and improved formulation and application technology. The complexity of biological control requires a research strategy based on cooperative interaction and inter-dependence of the University of Minnesota and the Minnesota Department of Agriculture (MDA). (\$880,000 Oil Overcharge.)

Ecological Impacts of Releasing Genetically Engineered Fishes

This appropriation is to the commissioner of agriculture in cooperation with the commissioner of natural resources for a contract with the University of Minnesota to assess impacts of the release of genetically engineered fish on Minnesota's gamefish and aquatic ecosystems and formulate recommendations to reduce detrimental impacts through measurement of key traits. (\$175,000 Future Resources Fund.)

Integrated Pest management of Purple Loosestrife

This appropriation is to the commissioner of agriculture in cooperation with the commissioner of natural resources to determine the effectiveness of Integrated Pest Management (IPM) for control or eradication of infestations of purple loosestrife in watersheds located in Houston, Freeborn, Wabasha, Goodhue, Winona, and Rice Counties. (\$180,000 Future Resources Fund.)

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: PLANT PROTECTION

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,049	2,005	2,009	1,964	2,044	1,991	1,964	1,964	1,917
EXPENSES/CONTRACTUAL SRVCS	665	839	309	308	543	198	308	308	308
MISC OPERATING EXPENSES	237	236	225	225	213	209	225	189	189
SUPPLIES/MATERIALS/PARTS	43	48	41	36	42	42	36	36	36
CAPITAL EQUIPMENT	4	35	25	25	35	35	25	25	25
OTHER	22	22	33	33	33	33	33	33	33
SUBTOTAL STATE OPERATIONS	3,020	3,185	2,642	2,591	2,910	2,508	2,591	2,555	2,508
LOCAL ASSISTANCE	131								
TOTAL EXPENDITURES	3,151	3,185	2,642	2,591	2,910	2,508	2,591	2,555	2,508
GOV'S INITIATIVES:									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<355>			
(A) SALARY PLANNING ESTIMATES						<47>			<47>
TOTAL GOV'S INITIATIVES						<402>			<47>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		592	58						
GENERAL	1,990	1,682	1,717	1,724	1,688	1,641	1,724	1,688	1,641
MN RESOURCES	321				355				
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	797	900	823	823	823	823	823	823	823
FEDERAL	43	11	44	44	44	44	44	44	44
TOTAL FINANCING	3,151	3,185	2,642	2,591	2,910	2,508	2,591	2,555	2,508

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: PLANT PROTECTION

ACTIVITY SUMMARY				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

ENVIRONMENT TRUST	.0	1.0	1.0	.0	.0	.0	.0	.0	.0
GENERAL	35.3	35.3	35.3	34.0	34.0	34.0	34.0	34.0	34.0
MN RESOURCES	.0	.0	.0	.0	1.0	.0	.0	1.0	.0
SPECIAL REVENUE	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	45.6	46.6	46.6	44.3	45.3	44.3	44.3	45.3	44.3

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1994-95 Biennial Budget

BUDGET ACTIVITY: Grain Inspection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to facilitate the fair and equitable marketing of grain by providing official grain grades and factors based on the U.S. Grain Standards Act. A secondary mission is to monitor the accuracy of grain quality measuring equipment used to determine moisture, protein, test weight, and/or dockage.

The grain inspection services provided include sampling, weighing, inspection and grading along with protein, oil and moisture analysis. Customers include producers, country shippers, terminal elevators, other grain shippers, and commission traders. While inspection is required to certify the grade and weight of all grain moving directly into foreign commerce, all other domestic commerce is inspected by voluntary request. The required export inspections comprise less than 10% of our business activity. The division also provides a binding grain quality arbitration functions where both parties mutually agree to submit the disputed sample. A portion of the activity involves the development of samples for use by firms utilizing grain quality measuring equipment. These samples determine the accuracy of equipment used to determine the value of incoming grain.

The customers for this activity includes producers, traders, exporters, grain firms, grain processing firms and the general public.

Authority is found in M.S. Chapter 17. Additional authority derives from the United States Department of Agriculture's (USDA's) Grain Inspection Division by the delegation and designation of this activity as the official grain inspection agency in Minnesota.

BUDGET ISSUES:

This dedicated fee funded activity is operated by authority of the Federal Grain Inspection Service, USDA. All work must be in conformance with their rule, law and policy to ensure that all grains are uniformly graded throughout the national system ensuring an equitable basis for trade. This designation regulates the fees charged customers for service and requires availability for all service requests.

The agency is not seeking General Fund revenues to support this activity in F.Y. 1994 and F.Y. 1995. The function will continue on an emergency demand basis only. Program redesign in the past years and future will focus on both further decentralization of employees to non-metro areas and continued work method and equipment improvement. The specific added budget element is the introduction of a streamlined, less customer-costly factor inspection process (Official Commercial) directed primarily to smaller operations, manufacturers and producers. Fees and work quality are subject to federal review and oversight.

EFFICIENCY MEASURES:

These measures have not formally been used in the past, hence, there is not historical data on them.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Official Sample - Lot Inspection				
Customers receiving grain grade results by the next business day after the sample is taken	0	0	100%	100%
Customers receiving grain grade results same day sample taken for official sample lot inspection	0	0	75%	75%
Results upheld after customer appeal of divisions grades to federal appeal process	0	0	77%	0%

Continue being designated as the official Grain Inspection Agency for Minnesota.

Continue being delegated as the Official Inspection Agency for export in the state.

These results will be achieved on activity levels as described below.

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Volume of vessels & barges					
inspected (in 1,000 bu)	334,725	383,623	395,132	395,132	403,034
Submitted samples inspected	36,852	32,076	33,679	35,362	36,622
Protein analyses conducted	72,915	48,021	52,823	54,407	56,039

REVENUE:

This activity generates dedicated revenue. The grain inspection activity generates all of the Dedicated-Special revenues. Approximately 10% of these revenues are paid as a result of mandatory sampling, weighing, and inspection of grain going directly into export markets. The remainder is collected for the same voluntary services as they are paid by customers who request and receive the same sampling, weighing, and inspection services.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Dedicated - Special	\$4,505	\$4,112	\$4,495	\$4,495	\$4,495
TOTAL REVENUE	\$4,505	\$4,112	\$4,495	\$4,495	\$4,495

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: GRAIN INSPECTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,748	3,758	3,962	3,962	3,868	3,868	3,962	3,868	3,868
EXPENSES/CONTRACTUAL SRVCS	323	325	359	359	359	359	359	359	359
MISC OPERATING EXPENSES	234	234	248	248	243	243	248	243	243
SUPPLIES/MATERIALS/PARTS	53	47	50	50	50	50	50	50	50
CAPITAL EQUIPMENT	63	10							
OTHER	154	132	171	171	171	171	171	171	171
SUBTOTAL STATE OPERATIONS	4,575	4,506	4,790	4,790	4,691	4,691	4,790	4,691	4,691
TOTAL EXPENDITURES	4,575	4,506	4,790	4,790	4,691	4,691	4,790	4,691	4,691
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	42	72	99	99			99		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,533	4,434	4,691	4,691	4,691	4,691	4,691	4,691	4,691
TOTAL FINANCING	4,575	4,506	4,790	4,790	4,691	4,691	4,790	4,691	4,691
POSITIONS BY FUND:									
GENERAL	2.0	2.0	1.0	1.0			1.0		
SPECIAL REVENUE	105.3	110.3	109.3	109.3	109.3	109.3	109.3	109.3	109.3
TOTAL POSITIONS	107.3	112.3	110.3	110.3	109.3	109.3	110.3	109.3	109.3

1994-95 Biennial Budget

BUDGET ACTIVITY: Food Inspection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

	F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Pounds of products removed from sale	632,043	750,000	750,000	750,000
Number of informational/educational contacts made with food handlers and food-related trade associations	NA*	NA*	1,000	1,250

* NA: Not Available

ACTIVITY DESCRIPTION:

The mission of this activity is to administer state laws and regulations designed to protect consumers from substandard food products and to allow for the movement of food products processed within Minnesota to enter interstate and foreign markets. Qualified inspectors conduct surveillance inspections on facilities, equipment, food handling practices and products in approximately 8,500 state licensed food, meat, fish, poultry and beverage establishments. Samples of food, meat, fish, poultry and beverage products are submitted to the department's laboratory for examination to assure compliance with state and federal standards. Action is taken on all consumer complaints relating to substandard quality, condition, and advertising of food and other potentially illegal operations. Responsibilities are coordinated with federal and state agencies, counties, and municipalities through official contracts and cooperative agreements. This food safety activity results in immediate corrective action being taken on substandard conditions and food products and assures Minnesota consumers of safe food products.

Customers for this activity include retail and wholesale food handlers, food processors, federal, state and local food regulatory agencies and the general public.

Authority for this activity is found in M.S. Chapters 17, 28, 28A, 29, 30, 31, 31A, 33, 34.

BUDGET ISSUES:

This activity will be enhanced by the use of computers during inspections. This conversion from written to automated reports will increase the quality of the inspections and allow for more frequent inspections of marginal food facilities. Inspection frequency guidelines will be reassessed to reduce the number of inspections on non-hazardous firms in order to provide the resources to make more frequent inspections of marginal food facilities.

The division will increase its efforts to provide food handlers and consumers with informational and educational materials to foster the safe and sanitary handling of food. Through these efforts the division hopes to increase the percentage of food handlers passing inspections.

EFFICIENCY MEASURES:

	F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Number of food safety inspections/investigations	17,212	19,500	19,500	19,500
% of firms that passed inspection	-	-	95%	95%
Total number of food samples collected for analysis	6,373	8,500	8,500	8,500
% of violative food samples effectively dealt with	100%	100%	100%	100%
Number of consumer complaints effectively resolved	681	750	750	750
Unsatisfactory sanitation conditions corrected	7,888	8,500	8,000	7,800

REVENUE:

This activity generates non-dedicated revenue from licenses required of retail, wholesale, manufacture and processing food handlers. Federal contracts generate dedicated revenue from inspections of poultry and egg, meat, fish, wholesale warehouses and processors, beverage plants, canning plants and retail plan reviews. The following accounts are included: Food Handler Plan Review, Beverage Inspection Fund, Egg Law Inspection Fund, and Commercial Canning Inspection.

	Dollars in Thousands				
Type of Revenue:	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated - Gen'l	\$1,279	\$1,856	\$1,898	\$1,898	\$1,898
Dedicated - Special	132	181	184	184	\$184
Dedicated - Federal	<u>315</u>	<u>403</u>	<u>369</u>	<u>369</u>	<u>\$369</u>
TOTAL REVENUE	\$1,726	\$2,440	\$2,451	\$2,451	\$2,451

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: FOOD INSPECTION

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,593	1,675	1,811	1,819	1,819	1,771	1,819	1,819	1,771
EXPENSES/CONTRACTUAL SRVCS	84	97	116	116	116	116	116	116	116
MISC OPERATING EXPENSES	182	218	194	194	138	138	194	138	138
SUPPLIES/MATERIALS/PARTS	19	33	34	34	34	34	34	34	34
CAPITAL EQUIPMENT	3	35	22	22	22	22	22	22	22
OTHER	31	30	43	43	43	43	43	43	43
SUBTOTAL STATE OPERATIONS	1,912	2,088	2,220	2,228	2,172	2,124	2,228	2,172	2,124
TOTAL EXPENDITURES	1,912	2,088	2,220	2,228	2,172	2,124	2,228	2,172	2,124
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
GEN									
TOTAL GOV'S INITIATIVES									
<48>									
<48>									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,436	1,718	1,703	1,711	1,655	1,607	1,711	1,655	1,607
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	145	109	189	189	189	189	189	189	189
FEDERAL	331	261	328	328	328	328	328	328	328
TOTAL FINANCING	1,912	2,088	2,220	2,228	2,172	2,124	2,228	2,172	2,124
POSITIONS BY FUND:									
GENERAL									
GENERAL	36.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2
SPECIAL REVENUE	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: FOOD INSPECTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
TOTAL POSITIONS	47.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0	52.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Dairy and Livestock
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

	(est.) F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Percent of plants in compliance	100%	100%	100%	100%
Percent of milksheds meeting FDA compliance	85%	89%	92%	95%

ACTIVITY DESCRIPTION:

The mission of this activity is to provide for safe and wholesome milk and dairy products which meet state and federal standards to assure acceptability by local, national and world markets, facilitate the orderly marketing of dairy products and pricing of raw milk, and ensure financial protection for livestock producers and marketers of live cattle.

This activity inspects, permits or certifies all dairy farms and processing plants in accordance with state statute and/or federally recommended standards. It also conducts the Interstate Milk Shippers Certification program to assure unrestricted interstate movement of dairy products and to avoid duplicate inspections by other states and agencies. Dairy trade practices are monitored to prevent unfair or predatory practices which could affect the orderly marketing of selected dairy products. The livestock activity assures financial responsibility and fair trade practices in livestock dealing and marketing through market, dealer and agent bonding and licensing. It also provides a weighing service to packers to assure accurate and impartial weights for livestock they purchase from producers or dealers.

Authority for this activity is found in M.S. Chapters 17A, 32, 32A and 33.

BUDGET ISSUES:

This activity is required by state and federal law to carry out all inspection and certification programs so Minnesota milk can move in interstate commerce. A reduction in General Funds will mean a larger burden of the cost will be placed on service fees. As the number of farms decrease, this also lowers the fees available to this activity. Steps will be taken to increase efficiency and reduce the workforce to meet the requirements of our laws. More of the budget burden for assuring that milk is safe and wholesome will have to be placed on consumers through inspection fees assessed to processors of Class I milk. However, the services provided by this activity directly affect the profitability and protect the future of the dairy and livestock industry in Minnesota which, because of its size, has the largest economic impact on the rural economy of this state.

EFFICIENCY MEASURES:

	(est.) F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Dairy Inspection				
Dairy farms in Minnesota (Grade A & B)	15,016	14,207	13,700	13,300
Cost per farm inspection	\$50	\$52	\$54	\$56
Cost per plant inspection	\$200	\$210	\$218	\$226
Inspections required by law	23,875	22,800	22,000	21,600
Percent inspections completed	105%	107%	107%	107%
Percent of farms in compliance (Grade A)	92%	93%	95%	95%
Percent of farms in compliance (Grade B)	92%	92%	95%	95%

Livestock:

Livestock produced in Minnesota	7,990,000	8,500,000	8,800,000	9,000,000
Livestock weighed by state	2,159,000	2,500,000	2,800,000	3,000,000
Weight certificates issued	80,074	89,000	92,000	95,000

REVENUE:

This activity generates dedicated funds from dairy farm and plant inspection fees, receiving and transfer station licenses, pasteurizer fees, processor fees, and per head livestock weighing fees. It also generates some non-dedicated revenue from license fees of dairy plants. Dedicated accounts involve the following: Milk Inspection Services, Dairy Industry Unfair Trade Fund, and the Livestock Weighing Fund.

	Dollars in Thousands				
Type of Revenue:	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Non-dedicated - Gen'l	\$185	\$226	\$242	\$242	\$242
Dedicated - Special	<u>1,287</u>	<u>1,657</u>	<u>1,822</u>	<u>1,822</u>	<u>1,822</u>
TOTAL REVENUE	\$1,472	\$1,883	\$2,064	\$2,064	\$2,064

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: DAIRY & LIVESTOCK

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,670	1,689	1,939	2,041	2,041	2,024	2,076	2,076	2,059
EXPENSES/CONTRACTUAL SRVCS	75	99	60	60	60	60	60	60	60
MISC OPERATING EXPENSES	220	233	239	239	194	194	239	194	194
SUPPLIES/MATERIALS/PARTS	12	20	12	12	12	12	12	12	12
CAPITAL EQUIPMENT		5							
OTHER	39	46	55	55	55	55	55	55	55
SUBTOTAL STATE OPERATIONS	2,016	2,092	2,305	2,407	2,362	2,345	2,442	2,397	2,380
LOCAL ASSISTANCE	27								
TOTAL EXPENDITURES	2,043	2,092	2,305	2,407	2,362	2,345	2,442	2,397	2,380
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
GEN									
						<17>			<17>
TOTAL GOV'S INITIATIVES									
						<17>			<17>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	659	623	595	599	554	537	599	554	537
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,366	1,469	1,710	1,808	1,808	1,808	1,843	1,843	1,843
GIFTS AND DEPOSITS	18								
TOTAL FINANCING	2,043	2,092	2,305	2,407	2,362	2,345	2,442	2,397	2,380

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: DAIRY & LIVESTOCK

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
POSITIONS BY FUND:									

GENERAL	15.6	14.6	14.6	12.2	12.2	12.2	12.2	12.2	12.2
SPECIAL REVENUE	36.9	34.9	35.9	35.9	35.9	35.9	35.9	35.9	35.9
=====									
TOTAL POSITIONS	52.5	49.5	50.5	48.1	48.1	48.1	48.1	48.1	48.1

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1994-95 Biennial Budget

BUDGET ACTIVITY: Laboratory Service
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to provide prompt, objective and accurate analysis, information, and technical leadership in cooperation with department programs and applicable laws and regulations which protect Minnesota's agriculture, environment and food chain.

The Laboratory Services Division provides comprehensive laboratory testing of samples submitted in support of inspection activities and service programs of the regulatory divisions. Chemical, microbiological and physical analysis are performed on samples of food, dairy, beverages, water, fertilizer, lime, feed, seed, plant material, pesticides, pesticide residues, grain and other agricultural products. These tests determine quality and conformance to state and federal laws and regulations. Additionally, Laboratory Services performs analyses to fulfill contracts and cooperative agreements with the United States Department of Agriculture (USDA), Federal Drug Administration (FDA), Environmental Protection Agency (EPA) and other federal and state agencies. Another service provided includes the certification of other laboratories that test dairy products for Grade A labeling in order to maintain consistent standards throughout the state. The laboratory maintains a technically competent staff through professional development and provides scientific expertise and technical knowledge for the department as a whole.

These analytical activities support the department in protection of consumers, farmers, processors and the environment through the elimination of fraud and error in the production, processing, marketing and use of agricultural/food products.

BUDGET ISSUES:

Expanding requests for Laboratory Services will be reconciled with budget constraints through department program prioritization and increased efforts in measuring and improving internal and external factors that affect laboratory efficiencies. These efforts will have to consider the following issues in projecting future laboratory capabilities.

1. Required implementation and integration of federal guidelines for Good Laboratory Practices (GLP) will place a significant time demand on staff for additional documentation and quality control (QC) samples to bring Laboratory Services into total compliance. Federal estimates recommend planning for a 5-15% increase above current Full-Time-Equivalent levels to meet requirements. The challenge will be to improve efficiencies to meet these requirements without negatively affecting current analytical output.
2. Current laboratory capital equipment funding is inadequate to meet demands of new technology/regulatory changes and to deal with outdated equipment for which service parts are no longer available. Reconciling these constraints with demands for additional laboratory services will require significant planning and establishing analytical priorities at a department level.
3. Certification of non-federal/state laboratories is practically non-existent for most of the parameters tested by the department's Laboratory Services. As increased demand for food safety and environmental testing forces more participation from private sector and municipal laboratories, a significant improvement in monitoring other laboratories will have to occur in order to ensure that quality analyses are performed for uniformity of data interpretation.

4. Current information systems are inadequate for sharing data that will improve scheduling and planning of sampling programs within the department and between agencies for improved testing efficiencies. To prevent creation of added inefficient paperwork, most of the quality and efficiency indicators essential to measuring laboratory performance will need a commitment to implementing computer systems of measurement.

EFFICIENCY MEASURES:

Lab Production Efficiency	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Calculated as a factor of value of analysis produced (established with federal guidelines and competitive commercial pricing) divided by total laboratory costs.	No Data	No Data	80%	90%

Internally, these costs will be tracked and reported on a work unit level

Program Efficiency of Sample Submission and Laboratory Utilization	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
This indicator is a compilation of several measurements weighted for relative impact on laboratory including: 1. % of samples submitted as scheduled. 2. % of samples submitted verses number projected. 3. % of samples not submitted as rush/emergency. 4. % of samples correctly submitted.	No Data	No Data	80%	90%

Laboratory Quality Performance and Efficiency	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
This indicator is a weighted combination of several measurements that indicate the quality of analysis performed including: 1. % of analyses with acceptable QC 2. % of analyses performed in accordance with GLP 3. % of samples performed by GLP trained analysts.	No Data	No Data	80%	90%

EFFECTIVENESS MEASURES

% of samples meeting projected turnaround.	No Data	No Data	80%	90%
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REVENUE:

This activity generates dedicated revenue from the Laboratory Service Account and federal contracts.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Dedicated - Special	\$64	\$33	\$20	\$18	\$18
Dedicated - Federal	290	114	85	85	85
TOTAL REVENUE	\$354	\$147	\$105	\$103	\$103

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: LABORATORY SERVICES

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,578	1,622	1,902	1,882	1,882	1,847	1,882	1,882	1,847
EXPENSES/CONTRACTUAL SRVCS	472	571	520	520	520	520	520	520	520
MISC OPERATING EXPENSES	29	36	40	39	31	31	39	31	31
SUPPLIES/MATERIALS/PARTS	188	306	232	219	204	204	219	204	204
CAPITAL EQUIPMENT	163	618	183	174	174	174	174	174	174
OTHER	23	23	20	19	19	19	19	19	19
SUBTOTAL STATE OPERATIONS	2,453	3,176	2,897	2,853	2,830	2,795	2,853	2,830	2,795
TOTAL EXPENDITURES	2,453	3,176	2,897	2,853	2,830	2,795	2,853	2,830	2,795
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
GEN									
<35>									
TOTAL GOV'S INITIATIVES									
<35>									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,426	1,626	1,568	1,573	1,550	1,515	1,573	1,550	1,515
MN RESOURCES		10	5						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	744	668	1,047	1,014	1,014	1,014	1,014	1,014	1,014
FEDERAL	250	411	266	266	266	266	266	266	266
AGENCY		445							
GIFTS AND DEPOSITS	33	16	11						
TOTAL FINANCING	2,453	3,176	2,897	2,853	2,830	2,795	2,853	2,830	2,795

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: LABORATORY SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
POSITIONS BY FUND:									

GENERAL	24.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0
SPECIAL REVENUE	15.5	16.5	18.0	18.0	18.0	18.0	18.0	18.0	18.0
FEDERAL	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
=====									
TOTAL POSITIONS	43.5	49.5	51.0	51.0	51.0	51.0	51.0	51.0	51.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Grain Licensing and Auditing
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to reduce marketing risks for producers and sellers of grain from the activities of buyers and storers of grain and to assure the customers of general merchandise warehouses that their goods are being stored in a safe manner and at rates that are uniformly applied.

This activity issues licenses to public grain storage warehouse operators, grain buyers, grain bank operators and general merchandise warehouse operators. This allows producers of grain the freedom to sell grain to or store grain with any licensed operator so that the producer can make marketing decisions more based on market conditions alone. The storers of general merchandise can store their items at warehouses where the storage rates are public information and uniformly applied.

The field staff perform examinations of the above licensed operators to determine compliance with applicable statutes and laws and investigate claims of unlicensed and/or unlawful activities in regard to the storing, buying and banking of grain and the storing of general merchandise. These examinations determine, in part, if goods stored are being held and safeguarded by the licensee, and that liquidity requirements for certain credit transactions are being maintained.

As the applicable statutes governing these operators require the licensees to have bonds, this activity monitors and requires that all applicable bonds be maintained at a level (as provided in the statutes) that affords the public the greatest amount of protection. This activity also determines the validity of claims made against these bonds.

Clientele for this activity include grain producers, grain elevator operators, grain buyers, general merchandise warehouse operators, the federal government and the general public.

Authority for this activity is found in M.S. Chapters 223, 231, 232 and 236.

BUDGET ISSUES:

This activity is funded through fees collected from licensees and reimbursement for services performed under contract to the United States Department of Agriculture (USDA). All funds are deposited in dedicated accounts.

Due to consolidations and attrition in the grain industry in recent years, the number of licenses issued have declined, with an accompanying decline in fee collections from licensees and reimbursement amounts from USDA.

To compensate for reduced revenues this unit has implemented savings measures that have reduced costs by not filling vacated positions, by implementing a field computerization program that improves productivity of field staff and by delaying the purchase of equipment.

While measures such as these delay when funds from income sources and our reserve will not meet expenditures, fee restructuring may be needed by the end of the next biennium.

EFFICIENCY MEASURES:

	(est.) F.Y. 1992	(est.) F.Y. 1993	(est.) F.Y. 1994	(est.) F.Y. 1995
Number of examinations of grain storage warehouses, grain buyers and general merchandise warehouses performed each year.	650	675	700	700
Percentage of examinations that determine that action level violations have occurred.	1.1%	0.0%	0.0%	0.0%
Number of bond claims filed.	3	0	0	0
Claims determined valid.	2	0	0	0
Percent of losses covered.	56%	100%	100%	100%

REVENUE:

This activity generates dedicated revenues from license and examination fees, and from fees received from the USDA for the performance of contracted services. Dedicated accounts include the Warehouse Buyer and Storage Fund.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	\$432	\$415	\$430	\$430	\$430
Dedicated - Federal	<u>105</u>	<u>169</u>	<u>169</u>	<u>169</u>	<u>169</u>
TOTAL REVENUE	\$537	\$584	\$599	\$599	\$599

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: GRAIN LICENSING & AUDITING

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	440	403	563	563	563	563	563	563	563
EXPENSES/CONTRACTUAL SRVCS	29	44	43	43	43	43	43	43	43
MISC OPERATING EXPENSES	83	80	113	113	113	113	113	113	113
SUPPLIES/MATERIALS/PARTS	31	7	10	10	10	10	10	10	10
CAPITAL EQUIPMENT	13	9	6	6	6	6	6	6	6
OTHER	21	17	20	20	20	20	20	20	20
SUBTOTAL STATE OPERATIONS	617	560	755	755	755	755	755	755	755
TOTAL EXPENDITURES	617	560	755	755	755	755	755	755	755
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	474	424	585	585	585	585	585	585	585
FEDERAL	139	136	169	169	169	169	169	169	169
AGENCY	4		1	1	1	1	1	1	1
TOTAL FINANCING	617	560	755	755	755	755	755	755	755
POSITIONS BY FUND:									
SPECIAL REVENUE	15.7	15.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
FEDERAL	7.0	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
TOTAL POSITIONS	22.7	21.7	20.7	20.7	20.7	20.7	20.7	20.7	20.7

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1994-95 Biennial Budget

PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of

PROGRAM PURPOSE:

The mission of this program is to improve, expand, or develop markets or uses for the products of Minnesota agriculture, and increase consumer awareness of Minnesota agriculture.

The activities of this program include the Minnesota Grown program; processed food promotion programs; market research; administering the Commodities Promotion Act; the Agriculture in the Classroom Program; and value-added agricultural development initiatives, such as expanding ethanol, livestock and aquaculture production.

The activities covered by this program touch on several Minnesota Milestones Indicators which are listed under OUTCOMES/INDICATORS.

The operational goals of the program are to:

- Link Minnesota producers with potential buyers.
- Identify and quantify market niches (windows of opportunity) for existing or potential Minnesota products.
- Help producers to market products profitably by providing market information and analysis, assist with collective marketing (i.e. farmers' markets, cooperatives, etc.).
- Encourage Minnesota consumers and public sector institutions to buy more Minnesota products.
- Provide administrative services to promotion councils consistent with statutory responsibilities.
- Assist new industry through policy and technology development, and market establishment.
- Cooperate with the Minnesota Department of Trade and Economic Development (DTED) in areas of foreign trade and investment.
- Help students, teachers and the general public to understand agriculture and its relevancy to everyone's daily life.

Customers include individual producers/firms, associations of producers/manufacturers, educators and school districts, and interested public parties such as Agriculture Utilization Research Institute, University of Minnesota, DTED, Department of Natural Resources and the Minnesota Pollution Control Agency.

The activities of this program are carried out by employees of the Market Development and Agricultural Promotion divisions.

PROSPECTS:

DEMOGRAPHIC AND ECONOMIC TRENDS:

- As Minnesota's population continues to urbanize, the majority of citizens will be consumers and not producers of agricultural products. In the next few years, upwards of 60% of students will be in the 7 county metro area. It's important for them to receive education regarding agriculture.

COMMODITY PRODUCTION AND USE:

- Value-added opportunities exist in both food processing and industrial uses, such as ethanol, soy-based ink, etc. While the food and kindred products industry has declined slightly, it still represents the second largest segment of Minnesota's manufacturing sector, employing over 45,000 persons while producing about \$9.5 billion annually in value of shipments. Given Minnesota's research and development capability, along with its productive capacity, there is a broad base of support to expand this sector.
- In addition to the growing domestic market for ethanol as a renewable fuel, there is also a growing consumer demand for other renewable and biodegradable products. Technological developments have created commercial opportunities in the areas of soy diesel fuel and starch based polymers (substitutes for petroleum based plastics, chemical solvents and lubricants). The state should encourage commercialization of these technologies to create demand for agricultural products and new manufacturing employment.
- Minnesota agriculture depends heavily upon 6 major commodities - corn, wheat, soybeans, beef, pork and dairy. They account for over 80% of all cash farm receipts. There are opportunities for diversifying Minnesota's agricultural base in several ways. It can occur in products (i.e., crops) produced, new markets, or new uses. Among the opportunities, there are 2 that hold immediate or short range opportunities. These lie in: a) fresh fruits and vegetable production; and b) aquaculture.

Minnesota growers produce only 20% of the fresh fruits and vegetables consumed in the state. Encouraging fruit and vegetable production would lead to greater diversity and decrease dollar-flow out of the state through the substitution of Minnesota grown product.

A 1989 feasibility study concluded that the development of the aquaculture industry would have the potential to generate \$34 million in direct revenue and 151 new jobs in rural Minnesota within 7 years. Growth in demand for fish or seafood is part of an on-going trend; 99% of the fish and seafood consumed in the state is currently imported.

AGRICULTURE TRADE AND COMMERCE:

- Minnesota producers of livestock and livestock products depend heavily upon domestic trade. A study completed in 1988 estimated that only a small proportion of the production of each of these products could be consumed by Minnesotans. The remaining production had to be sent to markets elsewhere. In addition, industry experts felt that a major proportion of those products were processed outside the state.

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PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of
 (Continuation)

- Approximately 1/4 of Minnesota's farm cash receipts are derived from foreign export, mostly from the export of bulk commodities. Future growth in international agricultural trade will be primarily in processed products. By relying on the sale of bulk commodities, the state forgoes the investment and employment associated with value added processing.

AGRICULTURE DEVELOPMENT:

- The market as well as consumer acceptance of ethanol is growing. Federal and state legislation will stimulate usage even more. International events could spur even greater demand or use, should events affect the price or availability of oil. Consumer acceptance is expected to remain strong, provided price does not become a factor.
- The Blandin Foundation conducted an inquiry into the potential for agricultural value-added processing in Minnesota. The major conclusion drawn, based upon personal interview, was that there is a strong belief that a substantial unrealized potential exists for value-added processing in Minnesota, a potential that could have a significant impact upon the state's future economy.
- Aquaculture is one of the fastest growing agricultural enterprises in the nation. Most consumer fish products are harvested from the wild. As overfishing depletes fish populations, consumer demand for fish products increase, and environmental contamination becomes more evident, aquaculture will be called upon to provide a safe, reliable, low cost source of fish products.

The department is developing technology that will minimize the environmental impact of aquacultural activity. In addition, the state should continue to support aquaculture through targeted research, demonstration projects and facilitation of the permitting process.

- The Farmers' Market Coupon Program has enjoyed success during the 3 years of implementation. It provides fresh fruits and vegetables to nutritionally and economically at-risk mothers and children, while concurrently encouraging the marketing of higher value crops.

FEDERAL, STATE AND LOCAL LEGISLATIVE AND POLICY ISSUES:

- Congress will renegotiate federal farm policy for the 1995 Farm Bill. These discussions will have dramatic impact on Minnesota agriculture.
- The negotiation of new international trade agreements (North America Free Trade Agreement, and General Agreement on Trade and Tariffs) will significantly affect foreign markets for Minnesota agricultural products.
- Implementation of the Federal Clean Air Act will increase the domestic market for ethanol. Minnesota stands to gain through increases in market prices for corn, and the manufacturing jobs associated with corn processing. To realize these benefits, Minnesota must aggressively

encourage the development of the corn processing industry in this state. This development represents a great economic opportunity for rural Minnesota.

OUTCOMES/INDICATORS:

COMMODITY PRODUCTION AND USE: Activities relate to the following Minnesota Milestones Indicators:

- Number of counties outside metropolitan areas with population growth during the previous 10 years.
- Number of farmers who report farming as their principal occupation.

Key Outcomes/Indicators Regarding Commodity Production and Processing are:

Outcome: Working to expand and diversify agricultural products and markets. To increase the production, processing and marketing of specialty crops and non-traditional livestock.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicators:				
New fruit/vegetable sales generated by program activities (000s)	\$1,000	\$1,250	\$1,350	\$1,450
Licensed users of the Minnesota Grown Logo	289	280	300	320
New private investment/biennium in aquaculture facilities (000s)	N/A	\$8,500	N/A	\$8,000

AGRICULTURE TRADE AND COMMERCE: Activities relate to the following Minnesota Milestones Indicators:

- Number of person employed full-time per 1,000 adults over age 20.
- Number of persons who report farming as their primary occupation.

Outcome: Competitive and orderly marketing of Minnesota farm products. To provide consumers with direct access to Minnesota products through farmers' markets and direct-market outlets.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicators:				
Marketers/organizations participating in programs	350	380	400	425

AGRICULTURE DEVELOPMENT: Activities relate to the following Minnesota Milestones Indicators:

- Emissions of criteria air pollutants.
- Number of days that air quality standards are violated.

Key Outcomes/Indicators Relating to Agriculture Development are:

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PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of
 (Continuation)

Outcome: Expanding livestock enterprises and value-added processing. To increase the production of livestock and value-added food and industrial products.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicators:				
Market share of ethanol	27%	40%	50%	60%
State ethanol production capacity (gallons per year) (000)	22,000	35,000	45,000	55,000
Bushels of corn processed for industrial products (000)	19,000	30,000	40,000	50,000
Responses to requests for assistance from processed food producers, sellers	220	300	350	400
Regional/national trade shows coordinated	7	6	7	8

Outcome: Increasing participation in the Farmers' Market Coupon Program.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Indicators:				
Percent coupons redeemed	56%	55%	60%	60%

OBJECTIVES:

The major mission related objectives are for the coming biennium:

1. **DEMOGRAPHIC AND ECONOMIC TRENDS.** Continuing to inform the public about agriculture and its role in society by:
 - Providing classroom resources and opportunities for teachers to integrate agriculture into curriculums.
 - Sponsoring educational events for the general public, such as Farm-City Week.
2. **COMMODITY USE AND PRODUCTION.** Working to diversify agricultural products and markets by:
 - Conducting a feasibility study to quantify the market opportunity for Minnesota-grown cool-season vegetables in the southeastern United States.
 - Conducting a feasibility study to quantify the market opportunity for processing Minnesota-grown herbs for the industrial/pharmaceutical industries.
 - Establishing an interagency task force to identify market opportunities and barriers for new high-value/value-added crops.

- Conducting research and demonstration projects to test new environmentally sound aquaculture production systems.
- Assisting interested producers in the formation of a specialty livestock producers association.
- Conducting oxyfuel and ethanol fuel programs to reduce carbon monoxide levels and comply with EPA and Clean Air Act of 1990.

3. **AGRICULTURE TRADE AND COMMERCE.** Working to diversify agricultural products and markets by:

- Conducting federally funded market research to identify cost-effective strategies for direct marketers, and updating educational materials for direct marketers.
- Continuing present efforts to publicize and promote to consumers the quality, diversity and availability of Minnesota agricultural products.

4. **AGRICULTURE DEVELOPMENT.** Expanding livestock enterprises and value-added processing by:

- Assisting the establishment of investment and marketing strategies for agricultural development.
- Assisting interested producers in building/attracting new processing plants for livestock, commodity and specialty crops.
- Promoting the increased domestic processing of agricultural commodities and by-products into industrial products such as starch, sweeteners and ethanol.
- Promoting the expansion of the state's livestock industry.
- Seeking federal funds to conduct research on the use of vegetable oils in the bio-diesel fuel and printing industry.
- Conducting research for water purification systems in aquacultural operations.
- Continuing efforts to assist small and mid-sized processed food companies through business assistance, marketer education, trade lead referral and trade show participation.
- Maintaining the Farmers' Market Coupon program.

5. **PUBLIC POLICY - FEDERAL, STATE AND LOCAL.**

- Continuing administration of the Commodities Promotion Act.
- Expediting aquaculture permitting process.

PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of
(Continuation)

PROGRAM PLAN:

The program will meet its budget challenge through specific base reductions and the absorption of inflation and increased compensation costs. Management decisions will concentrate financial and human resources to achieve objectives that result in the following outcomes for Minnesota agriculture:

- Greater diversification by identifying new market opportunities for producers and processors as well as new crop or livestock products.
- Quantification of market opportunities for Minnesota-grown vegetables within Minnesota as well as the southeastern United States.
- Expanded industrial/commercial uses of commodities, particularly uses having a direct environmental benefit, such as ethanol or oxyfuels.
- Greater value-added processing achieved through growth in the livestock industry and expansion of food processing.

Funding for objectives which achieve these priority outcomes will remain at or above F.Y. 1993 levels. Other activities will be decreased as necessary to shift resources to priority outcomes.

Specific details on how the program will meet its budget challenge are included in the agency brief.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Ethanol producer payments: The responsibility for ethanol producer payments is recommended to be transferred from the Department of Revenue to the Department of Agriculture. The Governor is also recommending a change in budget policy by proposing that the current statutory appropriation be eliminated and replaced by a direct appropriation.

LCMR Projects:

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING

ACTIVITY RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MARKET DEVELOPMENT	956	836	983	908	1,355	9,881	908	895	9,881
AGRICULTURAL PROMOTION	150	159	245	245	245	241	245	245	241
TOTAL EXPENDITURES BY ACTIVITY	1,106	995	1,228	1,153	1,600	10,122	1,153	1,140	10,122
GOV'S INITIATIVES:			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<460>			
(A) SALARY PLANNING ESTIMATES			GEN			<16>			<16>
(A) SALARY PLANNING ESTIMATES			SR			<2>			<2>
(B) ETHANOL PRODUCER SUBSIDY			GEN			9,000			9,000
TOTAL GOV'S INITIATIVES						8,522			8,982
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	980	763	741	743	730	9,714	743	730	9,714
MN RESOURCES		18	17		460				
SPECIAL REVENUE	93	102	185	185	185	183	185	185	183
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1	2	7	7	7	7	7	7	7
FEDERAL			177	177	177	177	177	177	177
GIFTS AND DEPOSITS	32	110	101	41	41	41	41	41	41
TOTAL FINANCING	1,106	995	1,228	1,153	1,600	10,122	1,153	1,140	10,122
POSITIONS BY FUND:									
GENERAL	14.0	14.0	14.0	13.0	13.0	13.0	13.0	13.0	13.0
MN RESOURCES	.0	.5	.5	.0	1.0	.0	.0	1.0	.0
SPECIAL REVENUE	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	16.0	16.5	17.5	16.0	17.0	16.0	16.0	17.0	16.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Market Development
PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to develop and diversify Minnesota's agricultural industries, markets, and products through market research, market information, education and technical assistance.

This activity carries out market development and market promotion in four major areas: Promotion of processed foods, development of markets for commodity-based industrial products (currently focused primarily on ethanol), development of wholesale and direct markets for fruits, vegetables and high value crops, and coordination and development of aquaculture production capacity. The activity fulfills its mission by providing producer education, coordination of regional and national trade shows, connecting potential buyers and sellers through trade lead referral, executing public awareness campaigns, and providing technical assistance and referral. Special emphasis is given to assisting small and mid-sized producers/firms increase sales/distribution.

Statutory authority for this activity is found in M.S. Sections 17.03, 17.101, 17.102 and 17.49.

BUDGET ISSUES:

This activity will refocus priorities as a result of staff vacancies. Remaining staff will be shifted among project areas and lower priority activities will be eliminated. Activity staff will continue to pursue federal and foundation grant funds and industry contributions to offset costs when possible. Change will be sought in M.S. Section 17.03, subdivision 7 to provide reporting on a biennial rather than annual basis.

EFFICIENCY MEASURES:

	(est.)	(est.)	(est.)	(est.)
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Responses to requests for assistance	220	300	350	400
Food shows coordinated	7	6	7	8
Fruit/vegetable sales generated by program (000s)	\$1,250	\$1,250	\$1,500	\$1,650
Licensed users of Minnesota Grown logo	289	280	300	320
Total new private investment in aquaculture facilities per biennium (000s)	—	\$8,500	—	\$8,000
Ethanol market share	27%	40%	50%	60%
Bushels of corn processed in state (000s)	19,000	30,000	40,000	50,000
Number coupons distributed	31,050	26,375	26,375	26,375
Percent coupons redeemed	56%	55%	60%	60%

REVENUE:

This activity generates dedicated revenue from its Advertising Revenue Account and Minnesota Grown Matching Gift Account.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Dedicated - Special	\$2	\$2	\$7	\$7	\$7
Dedicated - Federal	0	16	177	177	177
Dedicated - Gift	45	23	25	25	25
TOTAL REVENUE	\$47	\$41	\$209	\$209	\$209

GRANTS:

This activity has authority to make Agricultural Development Grants, but this authority is seldom utilized because of limited funding.

LCMR RECOMMENDATIONS:

Alternative Aquaculture Methods

This appropriation is to the Commissioner of Agriculture to develop and evaluate alternative methods of raising fish, focusing on water conservation through waste removal and collection involving recirculating aquaculture systems. Grant requests to supplement this appropriation must be submitted to the United States Department of Agriculture (USDA) and the National Sea Grant Program, and the results reported to the Legislative Commission on Minnesota Resources. (\$230,000 Future Resources Fund.)

Minnesota Aquaculture Development Program

This appropriation is to the Commissioner of Agriculture to conduct a grant program for the evaluation and development of environmentally sound aquaculture systems. (\$230,000 Future Resources Fund.)

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: MARKET DEVELOPMENT

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	487	490	505	478	582	464	478	478	464
EXPENSES/CONTRACTUAL SRVCS	232	218	223	188	412	184	188	184	184
MISC OPERATING EXPENSES	79	53	76	68	79	59	68	59	59
SUPPLIES/MATERIALS/PARTS	53	14	25	21	79	21	21	21	21
CAPITAL EQUIPMENT	30	4	1		50				
OTHER			10	10	10	10	10	10	10
SUBTOTAL STATE OPERATIONS	881	779	840	765	1,212	738	765	752	738
AIDS TO INDIVIDUALS	51	52	143	143	143	143	143	143	143
LOCAL ASSISTANCE	24	5				9,000			9,000
TOTAL EXPENDITURES	956	836	983	908	1,355	9,881	908	895	9,881
GOV'S INITIATIVES:									
			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<460>			
(A) SALARY PLANNING ESTIMATES			GEN			<14>			<14>
(B) ETHANOL PRODUCER SUBSIDY			GEN			9,000			9,000
TOTAL GOV'S INITIATIVES						8,526			8,986
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	923	716	692	694	681	9,667	694	681	9,667
MN RESOURCES		18	17		460				
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1	2	7	7	7	7	7	7	7
FEDERAL			177	177	177	177	177	177	177
GIFTS AND DEPOSITS	32	100	90	30	30	30	30	30	30

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: MARKET DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	956	836	983	908	1,355	9,881	908	895	9,881
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
MN RESOURCES	.0	.5	.5	.0	1.0	.0	.0	1.0	.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	13.0	13.5	13.5	12.0	13.0	12.0	12.0	13.0	12.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Promotion and Marketing
ACTIVITY: Market Development

ITEM TITLE: Market Development - Ethanol

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund	\$9,000	\$9,000	\$9,000	\$9,000

Statutory Change? Yes X No _____

If yes, statute affected: M.S. 41A.09

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$9,000,000 each year for supporting the domestic production of ethanol in Minnesota. This is an increase of \$9,450,000 over the 1992-93 biennial appropriation which was capped at \$8,550,000. He further recommends that the funding for ethanol development in Minnesota be direct appropriated to the Commissioner of Agriculture to promote the development of ethanol production in Minnesota. This recommendation transfers the responsibility for making quarterly payments to ethanol producers from the Commissioner of Revenue to the Commissioner of Agriculture. It also changes the nature of the appropriation from a standing appropriation authorized in M.S. 41A.09 to a direct appropriation. It is further recommended that any unencumbered balance in the first year shall be available in the second year of the biennium.

The Department of Agriculture has statutory responsibility (M.S. 17.101) for promotional activities including expanding, improving, and developing the markets for products of Minnesota Agriculture. Through such programs as the Ethanol Answer Man, the department has been actively engaged in promoting and encouraging the use of ethanol and providing product information to the consumer. A high priority of the agency is value-added processing of Minnesota grown commodities which yields benefits to the rural areas of Minnesota by providing additional markets for corn and sugar beets, creating additional employment both from the construction of additional production facilities and the ongoing benefits of permanent jobs.

PROGRAM OUTCOMES:

This increased appropriation will provide the stimulus for additional domestic production of ethanol so that current production of about 30 million gallons of production in 1992 will grow to well over 40 million gallons by 1994. This added production creates new, local markets and reduces shipping costs of raw product to market in addition to creating employment at production facilities throughout the state.

LONG-TERM IMPACT:

The long-term impact is the benefit of assisting the ethanol industry grow in Minnesota and reach a critical mass within the next few years to the point where sufficient production capacity is developed and the industry is sustainable long-term without the continued benefits of production subsidies. The current law sunsets these payments 7-1-2000.

1994-95 Biennial Budget

BUDGET ACTIVITY: Agricultural Promotion
PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to administer the Commodities Promotion Act (M.S. Sections 17.51-17.69).

The department is required to conduct research and promotion council elections and referendums, and to certify eligibility of applicants who wish to have checkoff money refunded. A related responsibility is to monitor basic operations of councils as well as to provide technical assistance. The activity presently serves 11 councils (dairy, turkey, potato councils I and II, soybean, wheat, wild rice, barley, corn, beef, and dry edible bean). All expenditures under this activity are reimbursed by the councils through administrative agreements.

Authority for the research and promotion activity is found in M.S. Sections 17.51-17.69.

The Minnesota Agriculture in the Classroom program is part of this activity. It is an example of the department's commitment to actively promoting and supporting the needs and concerns of Minnesota agriculture at all levels of society. The program has become an effective public/private partnership, with the department providing administrative support and the private sector funding school programs. A vast network of agriculture and education-based organizations is in place to support key program initiatives. The Agriculture in the Classroom mission is to be a resource to K-12 students, educators and resource specialists and the general public in helping to better understand the many facets of agriculture and the role and impact it has on Minnesota's economy and society. It is estimated that this activity impacts well in excess of 60,000 students annually.

BUDGET ISSUES:

EFFICIENCY MEASURES:

		(est.)	(est.)	(est.)
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1. Refund applications processed	8,881	12,000	12,500	13,000
2. Private sector dollars raised (000s)	\$87	\$95	\$100	\$110
3. Number of private sector funders	83	90	97	102
4. Schools receiving student AgMagazine and other educational resources	1,050	1,150	1,200	1,250
5. Number unsolicited requests for information	2,300	2,700	3,000	3,200

REVENUE:

This activity generates dedicated revenue from the Promotion Councils Account which is a direct appropriated special revenue account.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Dedicated - Special (Dir.)	\$105	\$116	\$185	\$185	\$185
TOTAL REVENUE	\$105	\$116	\$185	\$185	\$185

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: AGRICULTURAL PROMOTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	108	118	107	107	107	103	107	107	103
EXPENSES/CONTRACTUAL SRVCS	16	26	68	68	68	68	68	68	68
MISC OPERATING EXPENSES	14	10	60	60	60	60	60	60	60
SUPPLIES/MATERIALS/PARTS	1	4	4	4	4	4	4	4	4
OTHER	1	1	6	6	6	6	6	6	6
SUBTOTAL STATE OPERATIONS	140	159	245	245	245	241	245	245	241
LOCAL ASSISTANCE	10								
TOTAL EXPENDITURES	150	159	245	245	245	241	245	245	241
GOV'S INITIATIVES:									
			FUND						
(A) SALARY PLANNING ESTIMATES			GEN			<2>			<2>
(A) SALARY PLANNING ESTIMATES			SR			<2>			<2>
TOTAL GOV'S INITIATIVES						<4>			<4>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	57	47	49	49	49	47	49	49	47
SPECIAL REVENUE	93	102	185	185	185	183	185	185	183
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS		10	11	11	11	11	11	11	11
TOTAL FINANCING	150	159	245	245	245	241	245	245	241

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: AGRICULTURAL PROMOTION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SPECIAL REVENUE	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

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1994-95 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

PROGRAM PURPOSE:

The mission of this program is to provide overall policy direction and supervision of departmental programs, administer a variety of agricultural assistance programs, and to provide support services for the department.

The activities of this program enhance Minnesota agricultural production and processing capacity by creating programs that provide financial assistance to beginning farmers and agricultural businesses. The program also provides centralized administrative, planning, personnel, employee safety, office management, information support and processing, and accounting services to those departmental activities that work directly with producers and the support industry. Activities include making various grants, loans, payments, reimbursements and other forms of financial support to agriculture or to preserve and develop the state's agricultural resources.

The activities of this program touch on several Minnesota Milestones Indicators which are listed under OUTCOMES/INDICATORS.

The operational goals of this program are to:

- Give policy and administrative direction to departmental programs so as to fulfill statutory mandates within budgetary limits.
- Assist departmental activities regarding administration, information services, planning, personnel, employee safety, office management, and accounting.
- Administer land stewardship programs that encourage environmentally sound land use policies and sustainable farming practices.
- Administer grants to agricultural societies and associations and reimburse farmers for timber wolf-caused livestock losses.
- Provide affordable financing to farmers and small agribusinesses.
- Produce Minnesota Agricultural data for use by farmers, agribusinesses and others.

These activities are carried out by the employees of the following divisions: Financial Administration; Personnel and Office Management; Agricultural Planning and Development; Information Services; Rural Financing; and the Commissioner's Office.

PROSPECTS:

DEMOGRAPHIC AND ECONOMIC TRENDS:

- A high percentage of family farmers are at the age of retirement. The Rural Finance Authority (RFA) provides a data base list to connect entering and retiring farmers called the Minnesota Farm Connection. In this program, the RFA works in cooperation with the Land Stewardship Project, the University of Minnesota Extension Service, Communicating for Agriculture and other interested agricultural groups to assist with counseling and educational classes to provide a successful land transfer.
- The substantial reduction in number of farms during the 1980's was due, in part, to a reduction in the rate of new farm formation. The number of people entering farming as a vocation during the 1982-87 period fell by 40% from the 1978-82 period, according to a recent study by United States Department of Agriculture (USDA).
- Thirteen farm advocates worked with 285 farmers (July 1 - September 30, 1992) in the many stages of financial stress - net recover buy-out, restructure, debt settlement, mediation, bankruptcy, and liquidation. With 285 farmer clients the first quarter, the client load through the fourth quarter is projected to over 1,000 farmers. The majority of these farmers are between 55-60 years of age, but included are some in their 30-40's, also being caught in the recession and laid-off their off-farm jobs. Dairy and grain/livestock farms are leading in the profile. Fifteen to 20% of these farm families are at or near poverty level.
- The lingering effects of the 1980's financial crisis coupled with a decrease in net farm income will deter a healthy financial recovery for some Minnesota farmers. Farmers' Home Administration and Farm Credit Services are both sending out delinquent notices to Minnesota farmers. The demand for Farmer Lender Mediation has been fairly consistent over the past 3 years, with debtor requests averaging about 500 per year since 1990. The demand during F.Y. 1993 is expected to be between 400 to 550 cases.

SOIL AND WATER USE AND STEWARDSHIP

- The demand for sustainable agriculture demonstrations grants continues to exceed the amount of funds available by a factor of about 10. Likewise, the demand for loans is expected to increase as farmers try to make investments that will decrease the cost-of-production and enhance environmental protection.
- The 1989 cost of sprawl study shows that in the rural area the cost of providing public services to a housing unit exceeds the taxes generated by the same housing unit. Given growth patterns, significant opportunities exist for helping rural counties reduce cost of public services by providing assistance in agricultural land use planning.
- The RFA offers real estate loans to entering farmers. The Agricultural Development Bond Program allows farmers to erect check dams, seed water ways and make other environmental improvements that would maintain erosion control on highly erodible lands.
- Soil loss continues at levels well above the ideal. In many areas of the state, erosion rates exceed "T." The National Resources Inventory (USDA) for 1987 estimated that wind erosion on cropland in Minnesota averaged 4.6 tons per acre.

1994-95 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
 (Continuation)

- The 1989 Groundwater Protection Act mandated the promotion and use of Integrated Pest Management (IPM) on the part of public institutions. IPM was seen as a method for moving public institutions toward environmentally benign managements practices regarding properties.
- There will be an enhanced need to demonstrate practices that reduce purchased input costs while providing for a more economic and environmentally "sustainable" farming system.

AGRICULTURE PRODUCTION AND DEVELOPMENT:

- A Dairy Leaders Roundtable was established to identify trends impacting the dairy industry, and develop strategies to offset a general decline in that industry. The effort is expected to result in several recommendations for policy and financial initiatives.
- Technologies are emerging out of genetic engineering activities which have the potential to greatly affect agriculture.
- Minnesota is 1 of 5 states that still allows manufacturing Grade "B" milk to be processed. As of 3-6-92, there were 4,705 of these dairy operations and 2,804 wells on these farms which were considered unsafe. Low interest loans would allow those farmers to make improvements to their dairy facilities to upgrade to Grade "A" which will make them more profitable.

SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT:

- Technology in the computer field is changing at an ever increasing rate. And more programs and activities of Minnesota Department of Agriculture (MDA) are using computers to manage their data and serve their customers. As a result, Information Services (IS) will be required to provide ever more computer support. Additionally, the amount and variety of requests for other services such as duplicating, word processing, graphic arts, forms, mapping, and desktop publishing are expected to increase. The conversion of older, manual systems to micro computer network will require IS to provide more programming, cabling, and data management. By F.Y. 1995, we will be providing over 75,000 licenses, certificates and permits for the other divisions. The department anticipates continued growth in the number and capability of network personal computers, but will standardize on IBM microchannel and Macintosh machines.
- An anticipated issue is how to provide more services with current staff; costs of training and equipment are expected to rise. Another is how to provide needed fast computer access to other state departments, especially upon completion of the new State System.

PUBLIC POLICY - FEDERAL, STATE AND LOCAL:

- Federal legislation allows the state through the RFA to utilize a tax exempt bond program to assist beginning farmers in purchasing real estate, breeding stock and machinery. Agricultural business enterprises in communities of 5,000 or less may also participate. These borrowers will

have the advantage of below market interest rates.

- Reauthorization of the federal agricultural development bond program is being debated. Reauthorization would provide agriculture with a substantial tool for assisting farmers and agribusinesses.
- Adequate federal funding for sustainable agriculture research is necessary to meet research needs.
- The decline of the livestock industry will continue unless key investments are made. There will be need to assess both issues and opportunities and develop a blueprint to address both the production and processing sectors.

PERSONNEL/WORK PLACE:

- The cost of Worker's Compensation is increasing for most activities within the department. A major challenge is to reduce costs by implementing an Employee Safety Program.
- The department is responsible for the Ingestion Pathway phase of a Nuclear Preparedness Program to mitigate agriculture-related problems in the event of accidental off-site releases of radioactive materials from one or both of Minnesota's 2 nuclear power plants. There are 31 Minnesota counties that could be directly affected by a nuclear power plants emergency, including the Twin Cities metro area.

OUTCOMES/INDICATORS:

1. **LAND AND WATER USE AND STEWARDSHIP.** The program administers activities which support the following Minnesota Milestones Indicators:

- Tons of soil loss.
- Amount of wetlands.
- Percentage of assessed river miles and lake acres that do not support fishable or swimmable goals.
- Amount of forest land.
- Average annual energy use by each person.

Key Outcomes/Indicators for Land and Water Use and Stewardship are:

Outcome: Increase the number of producers exposed to educational opportunities regarding sustainable management practices.

Indicators:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Number of field days	40	40	40	40
Number of farmers attending field days	4,900	4,300	4,000	4,000

1994-95 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
 (Continuation)

Major achievements during the F.Y. 1992-93 biennium will or are expected to be:

- Information/technical assistance on land stewardship planning to 30 counties.
- Successful completion of 80 sustainable agriculture field days.
- Completed and submitted legislative reports on sustainable agriculture and IPM.

2. AGRICULTURE PRODUCTION AND DEVELOPMENT. These activities support the following Minnesota Milestones Indicators:

- Number of farmers who report farming as their principal occupation.
- Percentage of families between 50 and 150% of Minnesota median family income.

Key Outcomes/Indicators relating to Agriculture Production and Development are:

Outcome: Strengthening the family farm system by assisting beginning farmers and agriculture related small processors.

Indicators:	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
RFA Loans to New Farmers	75	137	150	150
Ag Improvement Loans Made	N/A	20	20	50

Major achievements that have or are expected to happen during the biennium include:

- Complete an Agricultural Development Framework plan in F.Y. 1993.
- Successful transfer of RFA from the Department of Finance to the department; and establishment of the Agricultural Development Bond program in F.Y. 1992.
- Forms, procedures and rules were completed to implement the Agricultural Improvement Loan Program to upgrade manufacturing grade dairy farms to Grade A.
- Closed 75 loans to young farmers in F.Y. 1992. Thirty-eight farmers purchased farmland through the RFA affordable interest participation program. Total investment exceeded \$1.1 million. Thirty-seven beginning farmers purchased land, breeding livestock and machinery totalling over \$4.1 million of investment through the Agricultural Development Bond program.
- Close 137 farm loans in F.Y. 1993 if the Agricultural Development Bond Program is reauthorized by January 1993. Establishing young farm families in rural Minnesota with

affordable interest rates will help to revitalize those communities.

- Twenty manufacturing grade milk producers will be assisted by the RFA in F.Y. 1993 to upgrade their facilities resulting in improved profitability of at least \$5,000 per farm.
- Facilitate three agribusiness loans in F.Y. 1993 through the Agricultural Development Bond Program which will create 60 jobs in communities of 5,000 or less (if the program is reauthorized by January 1993).
- Established "Minnesota Farm Connection" to link entering and retiring farmers. Through the data base, 5 beginning farmers in F.Y. 1993 will have the opportunity to become full-time farmers through a connection with retiring farmers.

3. DEMOGRAPHIC AND ECONOMIC TRENDS. These activities support the following Minnesota Milestones Goals:

- People who need help providing for themselves will receive the help they need.

Key Outcomes/Indicators relating to demographic and economic trends involve providing Farm Crisis Assistance services to farmers and their families who are in need.

Indicator:	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Net cost per client	\$256	\$128	\$128	\$128

Major achievements during the F.Y. 1992-93 biennium are expected to be:

- Providing services to approximately 2,000 farmers and their families.

4. PUBLIC POLICY - FEDERAL, STATE AND LOCAL. These activities support the Minnesota Milestones goals that government in Minnesota will be cost-efficient, and that services will be designed to meet the needs of the people who use them.

There are specific no Outcomes/Indicators relating to efficient government and constituent service and empowerment.

Major achievements during the F.Y. 1992-93 biennium will or are expected to be:

- Quicker response to citations by inspectors by using portable computers which transfer data via the electronic Bulletin Board System (BBS).
- Data is more secure and accessible to MDA staff. High amount of data and storage for staff. Easily accessible from the Local Area Network (LAN).
- An Information Services staff capable of performing the many diverse jobs needed by MDA. More and different services provided to the department.
- Participated in the Dairy Leaders Roundtable.
- Providing MDAs Food Inspection, Plant Protection, Agronomy, Dairy and Livestock, and

1994-95 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
(Continuation)

the Laboratory with automated systems to aid their work.

- Facilitated customer participation in Minnesota Milestones, CORE and other policy efforts of state government.
- Downsized the old State-Wide Licensing system to a micro computer Local Area Network, and began processing the licenses needed by other divisions.
- Inaugurated an electronic bulletin board (BBS) to allow quicker response to citations by inspectors with portable computers.
- Established Advisory Task Forces to advise the department on agricultural policy and sustainable agriculture.
- Revised the Standard Operating Procedures for Nuclear Power Plant Emergencies has been revised and updated so that we are in compliance with current Federal Emergency Management Agency (FEMA) guidelines.

OBJECTIVES:

The major mission related objectives for F.Y. 1994-95 are to:

1. DEMOGRAPHIC AND ECONOMIC TRENDS:

- Assist 152 applicants to enter farming as a vocation through the Agricultural Development Bond Program.
- One-hundred-eighty-one farmers will receive affordable interest rate loans to purchase farmland through the loan participation programs administered in cooperation with local lenders.
- Connect 24 retiring farmers to deserving young farmers so that their operations will remain viable full-time family units.

2. LAND AND WATER USE AND STEWARDSHIP:

- Develop and administer environmental programs that protect and enhance production agriculture, including agricultural land preservation and energy and sustainable agriculture.
- Conduct and coordinate the environmental review and planning for the department.
- Increase farm profitability through demonstrating low input practices at 80 sustainable agriculture field days.

- Make 70 low-interest agriculture improvement loans to upgrade farm operations so that erosion control measures can be implemented.
- Investigate policy implications and possible uses for lands emerging from the Conservation Reserve Program (CRP).
- Provide land stewardship planning technical assistance and information to 40 counties.
- Play an active role in non-point efforts in the Minnesota River Valley Watershed by empowering producers and agribusiness involvement in planning implementation efforts.
- Complete statewide strategies for agricultural environmental initiatives regarding sustainable agriculture and IPM.
- Complete a statewide strategy and framework for state and federal agencies regarding livestock waste utilization.

3. AGRICULTURE DEVELOPMENT:

- Create 180 jobs in communities of 5,000 or less. The RFA will facilitate below market interest rate loans on nine agribusinesses through the Federal Bond Agricultural Business Enterprise Loan Program.
- Offer a direct loan program at an affordable interest rate to build manure handling facilities which help protect lakes, rivers and streams.

4. PUBLIC POLICY - FEDERAL, STATE AND LOCAL:

- Maintain involvement in and support the Dairy Leaders Roundtable.
- Develop and suggest to the Governor and the legislature state policies and initiatives needed to assure the growth and development of agriculture in Minnesota.
- Develop and present the department's legislative initiatives and budget requests to the Governor and the legislature.
- Monitor the Federal Farm Bill and consult with constituents.
- Investigate and report on the status of Minnesota agriculture, including an annual farm financial report and other studies on significant current issues or topics.
- Support economic stability in rural Minnesota by providing Farm Crisis Assistance services to about 800 farmers and rural families each year who need counseling services along with information and education on financial and business management problems.
- Maintain adequate levels of support services for the department.

1994-95 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
(Continuation)

5. PERSONNEL/WORK PLACE:

- Implement an Employee Safety Program to reduce future workers' compensation costs and reduce the number of person hours/days lost due to accident and injury.
- Provide services to the agency for duplicating, word processing, graphics, forms, mapping and desktop publishing.
- Develop and administer the department's computer network, and provides agency-wide programming assistance.
- Administer the accounting, budgeting and auditing functions of the department, including processing appropriations for agricultural societies and timber wolf caused livestock losses.
- Collect, compile and publish Minnesota agricultural statistics and data for use by farmers, consumers, government and the private sector.
- Demonstrate successfully the department's ability to comply with Federal Ingestion Pathway Regulations in order to protect the food supply in the event of an accidental release of radioactive material from either the Monticello or Prairie Island Nuclear Power Plant.

PROGRAM PLAN:

The program will meet its challenge through base reductions and absorbing inflation and increases in compensation costs. Key management decisions will concentrate resources to achieve the following priority outcomes:

- Helping people enter farming as a vocation through financial assistance.
- Implementing programs that enable producers to protect the environment (particularly water resources), such as affordable interest loans for manure handling facilities or erosion control measures, and demonstrations of or information on low-input practices, etc.
- Empowering producers and agri-businesses to participate in the policy efforts of state government, particularly non-point source pollution initiatives in the Minnesota River Valley Watershed.
- Fostering employee safety programs that reduce the number of employee hours/days lost due to accident or injury, as well as mitigate worker's compensation costs.
- Further developing the department's data processing or computer capabilities.

Funding for objectives which achieve these priority outcomes will remain at or above F.Y. 1993

levels. Other activities will be decreased as resources are shifted to priority outcomes.

Specific details on how the program will meet its budget challenge are included in the agency brief.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates. In addition, the Governor recommends \$38,000 of the proposed agency reduction to county agricultural societies be restored.

LCMR Projects:

The Governor acknowledges the process and allocations of the Legislative Commission on Minnesota Resources; Commission recommendations are reflected in agency plans. However, the Governor encourages the Legislature to review allocations of LCMR funds within the context of the overall budget. The Governor has prepared alternative recommendations that build upon the Commission's allocations in areas that coincide with the Governor's environmental priorities. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of Commission recommendations with the Governor's proposals. In this program, the Governor recommends \$1,720,000 from the Minnesota Future Resources Fund for Non-Point Source Pollution. The Governor is recommending a total of \$2,294,000 from this funding source for Non-Point Source Pollution. The remainder of this proposal is being recommended in the Protection Service Program.

Linked to the above Non-Point Source Pollution Proposal, is a General Fund recommendation that will be coordinated with the LCMR funded proposal. The major focus is on the Minnesota River Basin.

In support of promoting economic growth and creating tomorrow's jobs, the Governor also recommends an initiative to improve state efforts in value-added processing of agricultural commodities.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST

ACTIVITY RESOURCE ALLOCATION:	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FINANCIAL ADMINISTRATION	1,661	1,640	1,946	1,882	1,855	1,852	1,895	1,868	1,865
PERSONNEL & OFFICE MGMT	362	375	327	329	329	319	329	329	319
AGRIC PLANNING & DEVELOPMENT	2,919	2,598	3,851	3,946	5,660	6,098	3,233	3,077	3,520
INFORMATION SERVICES	640	719	670	673	673	657	673	673	657
RURAL FINANCING		315	332	333	332	324	333	332	324
COMMISSIONERS OFFICE	1,192	1,179	1,274	767	758	744	767	758	744
TOTAL EXPENDITURES BY ACTIVITY	6,774	6,826	8,400	7,930	9,607	9,994	7,230	7,037	7,429
GOV'S INITIATIVES:			FUND						
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING			MNR			<1,870>			
(A) NON-POINT SOURCE POLLUTION - LCMR PROJECTS			MNR			1,720			
(A) SALARY PLANNING ESTIMATES			GEN			<95>			<95>
(B) NON-POINT SOURCE POLLUTION & PREVENTION			GEN			563			418
(B) IMPROVING STATE EFFORTS IN VALUE-ADDED PROCESSING			GEN			50			50
(B) RESTORE AGENCY REDUCTION - COUNTY AG SOCIETIES			GEN			19			19
TOTAL GOV'S INITIATIVES						387			392
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,186	5,539	5,756	5,209	5,016	5,553	5,222	5,029	5,421
MN RESOURCES		127	153		1,870	1,720			
STATUTORY APPROPRIATIONS:									
GENERAL		26							
SPECIAL REVENUE	1,462	1,047	2,375	2,616	2,616	2,616	1,903	1,903	1,903
FEDERAL	84	91	100	100	100	100	100	100	100
GIFTS AND DEPOSITS	16	22	16	5	5	5	5	5	5
TOTAL FINANCING	6,774	6,826	8,400	7,930	9,607	9,994	7,230	7,037	7,429

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST

ACTIVITY RESOURCE ALLOCATION:	FY 1993			FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	71.9	77.1	78.1	73.5	73.5	78.5	73.5	73.5	78.5
MN RESOURCES	.0	1.5	1.5	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	6.0	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
TOTAL POSITIONS	77.9	85.1	86.1	80.0	80.0	85.0	80.0	80.0	85.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Financial Administration
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

This activity provides accounting, finance, budgeting, and auditing services to the department. It also distributes state funds to county and district agricultural societies and associations and makes grant payments and processes claims under the livestock and elk compensation programs. The activity also processes and pays all invoices from vendors, employee expense reimbursements, and payroll for the agency; maintains the inventory of fixed assets for the department; processes all department purchase orders and materials requisitions; deposits and records all revenue received by the agency from all sources; and assists with the license renewal functions for the various divisions using the department's computer licensing system.

BUDGET ISSUES:

Grants and claims contained in this activity have been funded as 95% of the General Fund base.

EFFICIENCY MEASURES:

	F.Y. 1991	F.Y. 1992	F.Y. 1993
Number of appropriation accounts	105	102	100
Number of account identifiers	175	192	210
Supplemental budgets processed	785	716	750
Requisitions and purchase orders	3,161	2,911	3,150
Livestock compensation claims	53	78	95

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	\$56	\$2	\$2	\$2	\$2
Dedicated - Special (Indirect Costs)	<u>394</u>	<u>365</u>	<u>366</u>	<u>366</u>	<u>366</u>
	\$450	\$367	\$368	\$368	\$368

GRANTS:

1. Grants to Agricultural Societies and Associations:

Statutory Reference: M.S. Sections 17.07 and 38.02

Grants are made to county and district agricultural societies and associations to promote agricultural development and pay premium cash awards to exhibitors for meritorious exhibits of livestock products, grains, fruits, flowers, vegetables, articles of domestic science, handicrafts, hobbies, fine arts, and articles made by school pupils. Cash awards are paid to the merit winner of events such as 4-H Club or Future Farmer contests, etc. Recipients of the state appropriations are county and district agricultural societies, poultry associations, and agricultural associations as authorized by law.

Eligibility criteria are as follows: 1) Filing of statement of the premium allocations, records, and/or payments; 2) financial statement reviewed by the department; and 3) allocations and distributions are made in accordance with the law or specific appropriation provided the association. Agricultural societies are required to submit annual reports to the commissioner.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
County and District Ag. Societies	\$349,000	\$349,000	\$331,500	\$331,550
Livestock Premiums Boys & Girls	3,700	3,700	3,515	3,515
Red River Valley Livestock Assn.	5,900	5,900	5,605	5,605
Northeast MN Junior Livestock Show Assn.	1,200	1,200	1,140	1,140
Red Lake Band of Chippewa Indians	900	900	855	855
Poultry Association	1,800	1,800	1,710	1,710
Minnesota Poultry Association	800	800	760	760
Northern Poultry Association	100	100	95	95
Red River Valley Dairymen's Association	1,200	1,200	1,140	1,140
Minnesota Livestock Breeders Assn.	19,000	19,000	18,050	18,050
Northern Sheep Growers Association	<u>1,000</u>	<u>1,000</u>	<u>950</u>	<u>950</u>
TOTAL	\$384,600	\$384,600	\$365,370	\$365,370

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Grants By Fund:				
General	\$385	\$385	\$365	\$365
TOTAL	\$385	\$385	\$365	\$365

2. Livestock Compensation and Crop Damage Claims:

Statutory Reference: M.S. Sections 3.737 and 3.7371

This claim program is intended to compensate livestock owners whose livestock was destroyed, or crippled so that it had to be destroyed, by an animal classified as endangered under the federal Endangered Species Act of 1973. Claims are approved for livestock killed by the Eastern Timberwolf and American Bald Eagle. The owner's compensation is limited to the actual fair market value of the destroyed livestock, not to exceed \$400 per animal less any insurance coverage. Fair market value is established by the county extension director.

Recipients of compensation are livestock owners mainly from northern Minnesota. Eligibility

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BUDGET ACTIVITY: Financial Administration
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
 (Continuation)

criteria are as follows: 1) livestock loss must be caused by an endangered species with livestock being defined to mean cattle, sheep, poultry, swine, horses, mules, and goats; 2) the local conservation officer must make a determination that the loss was caused by an endangered species; 3) the local county extension director determines the fair market value of the livestock destroyed; and 4) the department reviews the determinations made and the information contained in the claim and pays in accordance with the law.

Claims are also processed for crop damage caused by elk under a formula contained in the law.

<u>Claims By Fund:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General - Livestock	\$40	\$40	\$38	\$38
General - Elk	<u>1</u>	<u>8</u>	<u>5</u>	<u>5</u>
TOTAL	\$41	\$48	\$43	\$43

3. Northern Crops Institute:

Statutory Reference: M.S. Sections 17.03 and 17.101

The Northern Crops Institute (NCI) is an international marketing and learning center located at North Dakota State University. The 2 primary functions are hosting foreign trade teams and offering short courses targeting on the availability and uses of northern crops. The NCI benefits Minnesota growers by its promotional and educational activities.

<u>Grants By Fund:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General	<u>\$70</u>	<u>\$70</u>	<u>\$66</u>	<u>\$66</u>
TOTAL	\$70	\$70	\$66	\$66

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: FINANCIAL ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	572	579	637	640	640	618	640	640	618
EXPENSES/CONTRACTUAL SRVCS	201	240	514	451	451	451	464	464	464
MISC OPERATING EXPENSES	52	76	69	65	63	63	65	63	63
SUPPLIES/MATERIALS/PARTS	55	28	23	23	23	23	23	23	23
CAPITAL EQUIPMENT	51	18	3	3	3	3	3	3	3
OTHER	209	209	210	210	210	210	210	210	210
SUBTOTAL STATE OPERATIONS	1,140	1,150	1,456	1,392	1,390	1,368	1,405	1,403	1,381
LOCAL ASSISTANCE	521	490	490	490	465	484	490	465	484
TOTAL EXPENDITURES	1,661	1,640	1,946	1,882	1,855	1,852	1,895	1,868	1,865
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									<22>
(B) RESTORE AGENCY REDUCTION - COUNTY AG SOCIETIES									19
TOTAL GOV'S INITIATIVES									<3>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,250	1,268	1,569	1,505	1,478	1,475	1,518	1,491	1,488
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	411	372	377	377	377	377	377	377	377
TOTAL FINANCING	1,661	1,640	1,946	1,882	1,855	1,852	1,895	1,868	1,865

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: FINANCIAL ADMINISTRATION

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
POSITIONS BY FUND:									
GENERAL	17.4	17.6	17.6	16.0	16.0	16.0	16.0	16.0	16.0
SPECIAL REVENUE	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	19.4	19.6	18.6	17.0	17.0	17.0	17.0	17.0	17.0

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1994-95 Biennial Budget

BUDGET ACTIVITY: Personnel and Office Management
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to provide each division within the agency with qualified employees and sufficient supplies and materials to allow them to accomplish their assigned missions.

This activity provides supportive personnel services for the department which includes labor relations, employee performance appraisal, affirmative action, employee benefits, employee training, recruitment and placement and the maintenance of personnel records. This activity also includes an employee safety program which reviews all accidents and personal injuries to find causes and eliminate hazards. In addition, this activity also provides office management services for the department by providing mail distribution, central supplies, messenger services, clerical overload, space allocation and Occupational Safety and Health Administration (OSHA) reporting.

Clientele for this activity include all managers, supervisors and employees of the department, and the general public.

BUDGET ISSUES:

This activity has over the last decade assumed more delegated responsibility from the Department of Employee Relations. For example, last year 16 examinations were administered by the personnel section. This activity has also assumed responsibility for 9 job classifications under Department of Employee Relations (DOER) classification authority. Additionally, this activity processed 420 insurance applications and discussed 150 insurance problems with employees as part of the Departmental Designated Insurance Representative program. This was all accomplished with 2½ persons. Any increase in these programmatic areas will have a definite impact upon the level of service provided to clientele.

EFFICIENCY MEASURES:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Personnel documents processed	5,100	5,200	5,300	5,400
Number of new hires	46	42	46	48
Number of promotions	42	45	48	50
Positions established or reclassified	48	50	55	58
Hours counseling	700	750	800	850
Reduce the number of work related injuries:				
Number of injuries	63	60	55	50
Average number of man hours lost	208	190	175	160
Reduce workers' compensation costs:				
Claims filed	12	10	8	6
Cost per claim	\$2,300	\$2,100	\$1,900	\$1,700

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Dedicated - Special	<u>\$0</u>	<u>\$37</u>	<u>\$41</u>	<u>\$41</u>	<u>\$41</u>
TOTAL REVENUE	\$0	\$37	\$41	\$41	\$41

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: PERSONNEL & OFFICE MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	351	371	321	323	323	313	323	323	313
EXPENSES/CONTRACTUAL SRVCS	26	28	30	30	30	30	30	30	30
MISC OPERATING EXPENSES	6	11	10	10	10	10	10	10	10
SUPPLIES/MATERIALS/PARTS	13	3	7	7	7	7	7	7	7
CAPITAL EQUIPMENT	10	6	3	3	3	3	3	3	3
OTHER	<44>	<44>	<44>	<44>	<44>	<44>	<44>	<44>	<44>
SUBTOTAL STATE OPERATIONS	362	375	327	329	329	319	329	329	319
TOTAL EXPENDITURES	362	375	327	329	329	319	329	329	319
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES									
GEN									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	310	343	287	289	289	279	289	289	279
STATUTORY APPROPRIATIONS:									
GENERAL	26								
SPECIAL REVENUE	26	32	40	40	40	40	40	40	40
TOTAL FINANCING	362	375	327	329	329	319	329	329	319
POSITIONS BY FUND:									
GENERAL	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
SPECIAL REVENUE	.0	.5	.5	.5	.5	.5	.5	.5	.5

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: PERSONNEL & OFFICE MGMT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	11.0	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5

1994-95 Biennial Budget

BUDGET ACTIVITY: Agriculture Planning and Development
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to improve the efficiency and effectiveness of the department by providing planning and administrative support services. The activity also develops and implements new programs and conducts surveys of Minnesota farmers and agricultural industries.

The activity provides staff support services regarding environmental review; identification and analysis of issues affecting agriculture; preparation of administrative rules, legislation, budgets; strategic and long-range planning; and supplies Minnesota farmers, agri-businesses, governments and other institutions with statistics on Minnesota agriculture.

The activity is assigned the administration of the following programs and statutory responsibilities: 1982 Agricultural Land Protection and 1984 State Agricultural Land Preservation and Conservation Acts; the Energy and Sustainable Agriculture and Integrated Pest Management Programs; and the Family Farm Security Program and Alien and Corporate Farm Acts.

The Agricultural Statistics division is part of this activity. It provides estimates of crop acreage and yield, livestock inventories, farm prices/expenses/income, weekly crop-weather conditions, and exports as well as a broad information series. The major goals are to: 1) Help farmers and agri-businesses make planning and marketing decisions, 2) determine volume and value of agricultural products, 3) assist agri-businesses in locating farm related industries, 4) provide data to institutions and government, and 5) provide statistical expertise and sampling frames needed to conduct special surveys related to agriculture or rural areas.

Authority for this activity is found in M.S. Sections 17.03, 17.80-17.84, 42.01-42.14, 41.51-41.65, and 500.221-500.24; Laws of 1984, Chapter 654, Section 31-47, and Laws of 1988, Chapter 688, Article 15.

BUDGET ISSUES:

Major budget issues are lack of funding to fully carry out the integrated pest management and sustainable agriculture functions mandated in the 1989 Ground Water Protection Act. Current resources are inadequate to meet requests for assistance and participation. Lack of funding for the Agricultural Land Preservation and Conservation grant program and adequate technical assistance prevents the department from capitalizing on interest in cost-effective, environmentally sound approaches to protecting agricultural land.

EFFICIENCY MEASURES:

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Environmental documents reviewed	153	150	150	150
Counties requesting assistance/information	17	20	20	20
Number of actions/plans commented on	21	25	25	25

F.Y. 1992 F.Y. 1993 F.Y. 1994 F.Y. 1995

Surveys conducted	290	285	280	280
Number of crops for which county estimates produced	24	24	24	24
Number of livestock/dairy/poultry estimates produced	8	8	7	7
Agriculture statistical bulletins published	4,500	4,000	4,000	4,000
Requests/statistical sampling assistance	26	28	30	30
Sustainable agriculture field days				
Number sponsored	40	40	40	40
Number attending	4,900	4,300	4,000	4,000
Active participants/end of year	173	163	158	153
Loan guarantees in force	238	218	208	198
Participant early withdrawals	0	20	10	10

REVENUE:

This activity generates non-dedicated and dedicated revenue. Dedicated accounts include: Statistical Services, Agricultural Energy Audit, Family Farm Loan Guarantee Fund, and the Sustainable Agriculture Loan.

	Dollars in Thousands				
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Type of Revenue:					
Non-dedicated - Gen'l	\$81	\$143	\$143	\$143	\$143
Dedicated - Special	523	429	339	268	268
Dedicated - Federal	85	172	100	100	100
TOTAL REVENUE	\$689	\$744	\$582	\$511	\$511

GRANTS:

Title: Sustainable Agriculture Loan and Grant Program

Statutory Authority: Laws of 1988, Chapter 688, Article 15, Sections 1 and 2

Purpose:

The goal is to: 1) demonstrate and publicize agricultural practices that are energy efficient, protect the environment, and lower production costs; and 2) provide low interest loans to farmers as an incentive to adopt or implement such practices. Loans are provided to purchase new or used machinery, install equipment or implement practices that reduce or make more efficient farm energy use. Eligible recipients must be residents of Minnesota who are engaged in farming. Loans may not exceed \$15,000 per individual, or \$75,000 for loans to 5 or more individuals on joint projects.

The grants are made for on-farm demonstrations that show how to reduce off-farm inputs, use energy more efficiently, or produce usable on-farm energy. Grantees are only farmers, educational institutions, or non-profit organizations residing or located in the state. Grant awards may not

1994-95 Biennial Budget

BUDGET ACTIVITY: Agriculture Planning and Development
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
(Continuation)

exceed \$50,000. If project cost is above \$25,000, the amount above \$25,000 must be cost-shared at a ratio of one to one. Priority must be given to projects involving multiple parties.

Statistics:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Loan Program				
Number of loan applications	66	50	50	50
Number of loans made	28	20	18	18
Amount loans requested	\$1,146	\$1,000	\$1,000	\$1,000
Amount loans made	\$321	\$200	\$180	\$180
Grant Program				
Number of grant applications	51	50	50	50
Number of grants made	16	8	8	8
Amount grants requested	\$854	\$750	\$500	\$500
Amount grant assistance	\$178	\$70	\$60	\$60

Grants By Fund:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General - Demonstration Grants	60	60	57	57
TOTAL	60	60	57	57

Title: Family Farm Security Program

Statutory Reference: M.S. 41.51-41.61

Purpose:

The purpose of the program was to help beginning farmers obtain credit to acquire farm real estate by guaranteeing loans and lessening the burden of high interest rates through an interest adjustment payment made to the lender on the participants behalf. (The payment is equivalent to 4% of the outstanding balance of the loan at the beginning of each year). No new applications have been taken since December, 1985. Customers include 237 participants who remain in the program.

LCMR RECOMMENDATIONS:

Cover Crops in a Corn and Soybean Rotation

This project will develop economic management strategies for using cover crops in corn and soybean rotations to reduce wind and water soil erosion, nitrate leaching, and the use of persistent synthetic

herbicides. The intent is to develop strategies to: 1) scavenge residual soil nitrogen to reduce potential nitrate leaching; 2) reduce use of persistent herbicides by taking advantage of cover crop competition, allelopathy, and postemergence herbicides which have little soil residue; and 3) reduce wind and water erosion of soil. (\$150,000 Future Resources Fund.)

Increasing Utilization of Federal Cost Share Feedlot Funds

This project will provide technical assistance to develop animal waste control facility designs for the rehabilitation of approximately 110 feedlots with water quality concerns. Assistance will be targeted toward geographic areas chosen on the basis of concentrations of existing feedlots, types of livestock enterprises and potential pollution problems. (\$480,000 Future Resources Fund.)

Managing Agricultural Environments of North-Central Minnesota Sandy Soils

This project will address water quality concerns by developing improved management strategies for water, nitrogen, and herbicide use in corn and potato production on sandy soils in north-central Minnesota. The primary goal is to help provide farmers with improved nitrogen management options that maintain profitability but reduce the potential for contamination of groundwater with nitrate from agricultural sources. (\$480,000 Future Resources Fund.)

Effective Manure Management in Conservation Tillage Systems for Karst Areas

This project will investigate controllable and uncontrollable factors that influence losses of contaminants from agricultural activities to surface and ground water. The emphasis will be on water and manure management in the context of the soils, landscapes, and cropping systems in southeastern Minnesota. (\$500,000 Future Resources Fund.)

Nutrient Recycling Through Plants and Animals

This project will improve methods to use animal manure in west central Minnesota more efficiently and prevent nitrogen (N) and phosphorous (P) losses to the environment. This will be done by improving techniques to predict N mineralization from applied manure, assessing the N carryover from previously applied manure, and measuring tillage effects on N and P losses from manured sloping land during the growing season and snowmelt periods. Soil and climatic parameters will be measured to characterize their effect on soil N changes. Nitrogen mineralization rates will be calculated and ultimately integrated into existing computer models. An estimate of changes in income due to manure management changes will help in developing a risk assessment model. (\$260,000 Future Resources Fund.)

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: AGRIC PLANNING & DEVELOPMENT

ACTIVITY SUMMARY	FY 1994			FY 1995					
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	871	834	869	870	982	1,147	870	870	1,035
EXPENSES/CONTRACTUAL SRVCS	398	418	446	321	2,039	2,239	321	321	512
MISC OPERATING EXPENSES	125	117	266	254	281	306	254	253	274
SUPPLIES/MATERIALS/PARTS	33	19	31	27	39	47	27	27	33
CAPITAL EQUIPMENT	32	10	11	1	1	1	1	1	1
OTHER	1,425	900	2,106	2,378	2,228	2,228	1,665	1,515	1,515
SUBTOTAL STATE OPERATIONS	2,884	2,298	3,729	3,851	5,570	5,968	3,138	2,987	3,370
AIDS TO INDIVIDUALS	35	159	95	95	90	130	95	90	150
LOCAL ASSISTANCE		141	27						
TOTAL EXPENDITURES	2,919	2,598	3,851	3,946	5,660	6,098	3,233	3,077	3,520
GOV'S INITIATIVES:									
(A) GOVERNOR'S LCMR ALTERNATIVE FUNDING						<1,870>			
(A) NON-POINT SOURCE POLLUTION - LCMR PROJECTS						1,720			
(A) SALARY PLANNING ESTIMATES						<25>			<25>
(B) NON-POINT SOURCE POLLUTION & PREVENTION						563			418
(B) IMPROVING STATE EFFORTS IN VALUE-ADDED PROCESSING						50			50
TOTAL GOV'S INITIATIVES						438			443
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,812	1,806	1,724	1,681	1,525	2,113	1,681	1,525	1,968
MN RESOURCES		127	153		1,870	1,720			
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,023	574	1,874	2,165	2,165	2,165	1,452	1,452	1,452
FEDERAL	84	91	100	100	100	100	100	100	100

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: AGRIC PLANNING & DEVELOPMENT

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	2,919	2,598	3,851	3,946	5,660	6,098	3,233	3,077	3,520
POSITIONS BY FUND:									
GENERAL	19.0	19.0	18.0	16.0	16.0	21.0	16.0	16.0	21.0
MN RESOURCES	.0	1.5	1.5	.0	.0	.0	.0	.0	.0
SPECIAL REVENUE	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL POSITIONS	23.0	24.5	24.5	21.0	21.0	26.0	21.0	21.0	26.0

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Agriculture, Department of
 PROGRAM: Administration and Financial Assistance
 ACTIVITY: Agriculture Planning and Development

ITEM TITLE: Non-Point Source Pollution Reduction and Prevention

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$523	\$358	\$160	\$160
- Grants	\$40	\$60	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$981,000 for non-point source pollution reduction and prevention activities in the Minnesota Department of Agriculture. This General Fund agriculture environmental initiative, coordinated with the LCMR funded initiative, is the agriculture component of the Governor's interagency non-point source pollution proposal.

The primary focus of this initiative is immediate action to inform farmers of non-point source pollution (NSP) problems, and to empower them through participation in developing responses to agriculturally related sources of NSP.

Non-point source pollution from various sources is degrading the quality of Minnesota's lakes, streams and groundwater. Agriculture, as a major land user, is one of several significant contributors to this problem. The purpose of this initiative is to help the agriculture sector become a participant in identifying and solving existing or potential non-point pollution problems. The initiative has two major goals:

- Prevent NSP pollution through informed private decision-making.
- Strengthen the economic base of agriculture while providing for long-term environmental sustainability.

Landowner Participation. The challenge of addressing non-point pollution from agriculture sources will involve approximately 88,000 individual producers with varying resources and management styles making decisions independent of one another. Moreover, the diverse nature of agricultural enterprises, climates, landscapes and soil types make the challenge even more difficult. If agricultural issues are to be solved effectively, strategies must be developed to involve farmers in both problem identification and implementation. Farmers are more likely to support remedial and preventive efforts if they fully understand the nature of the problems and help design the responses to such problems.

The activities and programs of state, federal and local agriculture-related agencies must be coordinated to provide the resources and focused efforts necessary to help producers meet the challenges before them. These institutions have both technical and financial resources that can assist farmers and others to understand NSP and design management options to address the problem of NSP.

The Minnesota River is a resource of great concern. The Minnesota Pollution Control Agency has conducted an assessment program (the Minnesota River Assessment Program or MnRAP) since July of 1989. It will be completed during the summer or fall of 1993. A major finding of MnRAP was that non-point pollution from agriculture runoff is one of the significant contributors to contamination of the river. The focus will soon shift to developing an implementation plan to address non-point and other sources of pollution (i.e., Minnesota River Implementation Program or MnRIP).

Agriculture has a large stake in any remedial or preventive efforts undertaken in the watershed. Counties that lie entirely or partly in the watershed include about 35% of all land in farms and 28,000 farms. These farms account for 50% of the crop receipts and 20% of the livestock receipts paid to Minnesota farmers.

Conservation Reserve Program. The fate of land currently enrolled in the Conservation Reserve Program (CRP) is another NSP issue. The CRP arranges contracts with landowners to take highly erodible land out of production for 10 years. This federal initiative has markedly reduced soil erosion, its primary objective, as well as reduced off-site effects of agriculture (especially sedimentation), improved water quality, enhanced fish and wildlife habitat, etc. Minnesota currently has approximately 1.9 million acres enrolled in the CRP.

The first CRP contracts will expire in 1996. In a national survey, contract holders indicated that farm income will be the prime determinant in what they do with their CRP acres when the contracts expire. A sizable proportion of respondents intend to return their acres to annual crop production. Moreover, the experience of the Soil Bank Program of the 1956 Agricultural Act would seem to indicate a strong probability that the majority of contracted land will be returned to previous management practices and a resumption of related environmental problems.

An unknown portion of the CRP lands in Minnesota are of critical importance to preserving soil and water resources as determined by criteria such as land capability classification, erodibility level, and location (adjacent to stream, river, lake). This initiative would identify those lands of critical significance in addressing non-point source pollution as well as examine options for landowners.

Livestock Waste. Runoff from and poor collection or storage of livestock manure is another NSP concern with major economic implications. The livestock sector of Minnesota's agriculture is a major source of income for farmers and raw materials for the agri-processing industry. Producers received \$3.76 billion in cash receipts in 1990, which represented 53.6% of Minnesota's total farm cash receipts for that year. The "waste" from the industry has an economic and agronomic benefit if it is handled, stored and applied properly. Minnesota's livestock generate about 223,000 ton of manure nitrogen each year with an estimated value of \$80 to \$85 million per year. (This amount of livestock manure nitrogen generated is equivalent to 77 million people.) The department's nitrogen management study estimates that 50% of the nitrogen in manure is lost in storage and distribution, never reaching the cropping system. This represents a significant loss of economic and agronomic resources.

The state has approximately 50,000 feedlots. Current state and federal technical and cost-share programs available for livestock waste systems have several drawbacks. First, the access to federal cost-share funds to rehabilitate priority feedlots requires the completion of an approved facility design. If technical assistance is not available from federal or state agencies, producers are left with the option of paying for the designs themselves (which are quite expensive) or delaying the

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Agriculture Planning and Development

ITEM TITLE: Non-Point Source Pollution Reduction and Prevention
(Continuation)

rehabilitation of the feedlot. Second, substantial public and private expenditures would be required to rehabilitate just polluting feedlots (an estimated 10 to 15% of all feedlots) with current approaches. Current federal and private spending is about \$3 million per year; the costs of rehabilitating problem feedlots would be \$150 million to \$225 million. Third, the focus of scarce technical and cost-share assistance and research efforts toward problem feedlots diminishes efforts to help prevent problems with the remaining feedlots.

The livestock portion of this initiative has several objectives. It will identify and evaluate cost-effective alternatives for animal waste facilities that can be implemented by all livestock producers. The results will be published for technical personnel as a supplement to current manuals. In addition, studies will be conducted in two Minnesota counties to determine the economic and social feasibility of establishing countywide animal waste processing facilities. (This will include analyzing the inclusion of appropriate urban solid waste, such as newsprint, etc.) A third objective is to produce and distribute a general guidebook for producers on regulatory and technical matters, such as siting new facilities or expanding or upgrading existing facilities, state regulations, etc.

This initiative builds upon past investments and current resources available in higher education and agencies at all levels. It would ensure producer and agriculture community involvement in decisions and activities of the MnRIP and other NSP initiatives. Producer participation will be enhanced through on-farm demonstrations of sustainable agriculture systems and technologies, best management practices, manure management systems, etc., with the cooperation of farmers and agriculture professionals.

PROGRAM OUTCOMES:

- Empowering producers with knowledge and involvement in MnRIP and other NSP initiatives, including helping develop solutions to the NSP challenge.
 - Joint strategic planning among agriculture-related agencies to focus resources and efforts on agricultural NSP problems with emphasis on the MN River watershed.
 - Accelerating the transfer of information and technological options to producers on how to address the NSP challenge.
 - Identifying CRP lands with the greatest potential for NSP impact, assessing contract holder intentions, and examining the economic and social feasibility of alternative land uses that extend the natural resource benefits of CRP.
 - Providing information for public policy development on the vulnerability and fate of lands coming out of CRP enrollment. Education about alternatives and options emphasizing improved management of CRP lands during the life of the contract.
- A supplemental manual for technical assistance personnel on alternative facility design technologies for animal waste control facilities to address the costs and practicality of animal waste facilities.
 - A guidebook for livestock producers on permitting regulations, animal waste facility design and siting criteria, livestock waste BMPs, etc.
 - Determining economic and social feasibility of countywide animal waste processing facilities in areas with high livestock concentrations.

LONG-TERM IMPACT:

- Reduction of agriculture's contribution of NSP pollution to the MN River. Preventing of future NSP degradation and remedial costs attributable to agriculture.
- Protection of the economic base of agriculture and related industries through remedial and preventive action.
- Enhanced relationships among all agriculture-related agencies, as well as between farm and producer groups and natural resource management agencies.
- Enhanced awareness of producers on environmental matters regarding the Minnesota River and contributing watersheds.
- Avoidance of future regulatory costs through early intervention and prevention strategies.
- Accelerated adoption of management practices that will decrease NSP loading of the Minnesota River.
- Farmers and agricultural community contributions to the solutions for NSP.
- Continuation of the CRP's environmental and soil productivity benefits. Information obtained to facilitate development of public policy regarding fate of lands coming out of CRP.
- Shift responsibility for natural resource conservation from state and federal programs to individual landowners by identifying alternative economic uses for marginal/highly erodible land.
- Perpetuation of the soil and water resource benefits and preservation of the CRP investment.
- Acceleration of remedial efforts regarding problem feedlots as well as movement toward prevention of water quality problems from all feedlots.
- Decrease in future federal, state and private expenditures on feedlot pollution problems, while moving toward capturing the full economic and agronomic value of manure.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administrative and Financial Assistance
ACTIVITY: Agriculture Planning and Development

ITEM TITLE: Improving State Efforts in Value-Added Processing

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$50	\$50	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$50,000 each year for a value-added processing initiative to identify needs for agriculture business development, develop strategies and provide technical information to assist farmers and other entrepreneurs develop businesses which provide value-added processing to Minnesota's agricultural commodities.

Of Minnesota's 6 major agriculture commodities (dairy, beef, hogs, corn, soybeans, wheat), accounted for 81% of all farm receipts in 1990. It is estimated that a majority of this production is exported in unprocessed form. Relying primarily on the export of bulk commodities, the state forgoes the economic benefits of a more diversified agricultural base, and the manufacturing, distribution and infrastructure jobs associated with value-added processing, moreover there are several governmental entities currently involved in value-added processing/agriculture diversification include the University of Minnesota (basic research), the Agricultural Utilization and Research Institute (applied research), Department of Trade and Economic Development (community development, business loan programs, foreign market development) and Department of Agriculture (domestic market development, promotion, agriculture enterprise development loans).

This project is intended to identify current programs relating to agriculture business development, identify unmet needs of clientele, and develop a blueprint to guide future state efforts involving each agency toward common goals developed in concert with the clients of these programs. An advisory committee will be formed consisting of state agencies involved in agriculture development, economic development and business ventures.

Second, this initiative will develop the technical information to assist farmers and other entrepreneurs establish producer-owned cooperatives as business structures for agricultural value-added processing and diversification ventures. Cooperative business structures are a proven and effective method for farmers to pool resources, capture a greater return for their product, reduce cost and compete for

markets. This project will deliver the information to interested parties through educational seminars and one to one consultations. Private and public sector financial support will be identified. Third, this initiative will sponsor a process to examine opportunities and obstacles for future agricultural business enterprises. The results will be used for policy formulation and program implementation.

PROGRAM OUTCOMES:

This project will result in 1) memorandum of agreements between agencies to assure comprehensive and integrated programs to diversify and add value to Minnesota agricultural products; 2) provide resource material and information to help producers create producer-owned cooperatives; and 3) identify other agriculture development opportunities for producers.

LONG-TERM IMPACT:

This initiative is intended to increase Minnesota's value-added processing and agricultural diversification opportunities. The long-term impact of this initiative will be: to 1) significantly improve the states management and the productivity of resources expended on these efforts; 2) an increase in producer-owned cooperatives adding value to agricultural commodities and creating jobs in rural Minnesota; 3) recommendations for future agricultural enterprise direction; and 4) establish a process to allow client participation in the development of state value-added activities.

1994-95 Biennial Budget

BUDGET ACTIVITY: Information Services
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of the Information Services (IS) Division is to provide information support and services to the divisions and staff of the Minnesota Department of Agriculture (MDA), and to the public.

This budget activity exists to improve the efficiency and effectiveness of the department by providing information to the public (news releases, newsletters, brochures, computer data lists), and services and support to other divisions in the form of duplicating services (xerox copying, binding, and laminating), word processing (rough and final draft, envelopes, labels and list processing), creative services (forms production, scanning, transparencies, slides, mapping, graphic arts), and computer services (programming, cabling, Local Area Network (LAN) administration, and data security). In addition, IS produces the licenses, certificates, permits, and application and renewal forms for other divisions using the department micro computers and the LAN.

BUDGET ISSUES:

- Use current personnel to produce a greater variety of services.
- More effectively use micro computers, the LAN, and software.
- Provide better security for computer data.
- Provide more computer data storage.

EFFICIENCY MEASURES:

		(est.)	(est.)	(est.)
	<u>F.Y. 1992</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>
Duplicating:				
Information Services copy cost/impression	\$.08	\$.05	\$.05	
Administrative cost/impression	.03-.06	.03-.06	.04-.06	
Other Services:				
Information Services cost/hour	NA	\$20.00	\$20.00	
Administrative and consultant cost/hour	\$50.00	50.00	50.00	
Licenses/Certificates/Permits/Application Forms:				
Information Services generated	None	75,000	75,000	
Administrative generated	10,300	None	None	
Computer Data Lists:				
IS minimum charge	NA	\$70.00	\$70.00	
Administrative minimum charge	\$182.50	182.50	182.50	

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Dedicated - Special	\$0	\$1	\$6	\$6	\$6
TOTAL REVENUE	\$0	\$1	\$6	\$6	\$6

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: INFORMATION SERVICES

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	481	491	480	483	483	467	483	483	467
EXPENSES/CONTRACTUAL SRVCS	5	48	143	143	143	143	143	143	143
MISC OPERATING EXPENSES	5	8	4	4	4	4	4	4	4
SUPPLIES/MATERIALS/PARTS	65	53	8	8	8	8	8	8	8
CAPITAL EQUIPMENT	84	119	35	35	35	35	35	35	35
SUBTOTAL STATE OPERATIONS	640	719	670	673	673	657	673	673	657
TOTAL EXPENDITURES	640	719	670	673	673	657	673	673	657
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES							GEN		
TOTAL GOV'S INITIATIVES							<16>		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	638	701	664	667	667	651	667	667	651
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2	18	6	6	6	6	6	6	6
TOTAL FINANCING	640	719	670	673	673	657	673	673	657
POSITIONS BY FUND:									
GENERAL									
TOTAL POSITIONS	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Rural Financing
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to enhance Minnesota agricultural production and processing capacity by creating programs that provide financial assistance to beginning farmers and agricultural resource businesses.

This activity provides 5 different loan programs to preserve and develop the state's agricultural resources. These programs are essential to provide affordable credit to farmers and rural agriculture-related businesses. This will revitalize small towns through increased economic activity. Loans can be used for farm purchases, breeding livestock and machinery, proper manure storage and other environmental protection projects. This is accomplished through participation with community banks, other local lending institutions and farmland owners.

One program is designed to assist the 4,705 manufacturing Grade "B" farms in the state as of 3-6-92. The Rural Finance Authority (RFA) offers a direct \$20,000 loan program at a low interest rate to allow those farmers to make improvements to their dairy facilities which will make them eligible to upgrade to Grade "A" milk. A higher premium is paid for Grade "A" milk. There are 2,804 wells on these dairy farms that need to be replaced in order to ensure safe drinking water. This program also allows these farmers to drill new wells.

In 1994, the RFA will offer a direct loan program at an affordable interest rate to build manure handling facilities and improve livestock production facilities, which will help protect lakes, rivers and streams.

A high percentage of family farmers are at the age of retirement. The RFA does provide a data base list to connect entering and retiring farmers. This program is called the "Minnesota Farm Connection." In this program, the RFA works in cooperation with The Land Stewardship, the University of Minnesota Extension Service, Communicating for Agriculture and other interested agricultural groups to assist with counseling and educational classes to provide a successful land transfer.

Clientele for this activity include entering farmers, retiring farmers, manufacturing Grade "B" dairy farmers, agri businesses, bankers and other lending institutions.

Authority for this activity is found in M.S. Sections 41B.01 - 41B.23 and 41C.01 - 41C.13.

BUDGET ISSUES:

Currently, the department collects an application as well as a loan origination fee on 3 of the 5 programs. Fees from the Agricultural Improvement Loan Program are dedicated to support that program. Fees collected from the Agricultural Development Bond and the Farmer and Agricultural Enterprise Loan Program go to the General Fund.

Authorization is needed to charge an application fee and loan origination fee on the Basic Beginning and Seller-Sponsored loan programs.

Savings will be made by utilizing teleconference capabilities for board meetings and increased computerization of division activities.

Legislation will be introduced to provide for participation with local lenders in the Agricultural Improvement Loan Program to reduce administrative costs.

EFFICIENCY MEASURES:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
People attending speeches and workshops	10,200	10,600	10,600	10,200
Packets, correspondence mailed	9,000	9,000	9,000	9,000
News releases issued	29	30	30	30
Participating banks	168	193	213	233
Loans closed	75	160	184	228
Dollars dispersed to rural communities	\$5,305	\$10,480	\$12,040	\$15,470

REVENUE:

This activity generates non-dedicated revenue from the Agricultural Development Bond Program application fees and loan origination fees. Dedicated revenues are generated from interest charges and principal repayment on loans, loan application and loan origination fees for the Agricultural Improvement Loan Program, and on Agricultural Development Bond Program volume cap allocation fees.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Non-dedicated - Gen'l	\$-0-	\$53	\$150	\$150	\$150
Dedicated - Special	-0-	-0-	28	28	28
TOTAL REVENUE	\$-0-	\$53	\$178	\$178	\$178

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: RURAL FINANCING

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES		210	243	244	244	236	244	244	236
EXPENSES/CONTRACTUAL SRVCS		60	35	35	35	35	35	35	35
MISC OPERATING EXPENSES		25	47	47	46	46	47	46	46
SUPPLIES/MATERIALS/PARTS		8	5	5	5	5	5	5	5
CAPITAL EQUIPMENT		12	2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS		315	332	333	332	324	333	332	324
TOTAL EXPENDITURES		315	332	333	332	324	333	332	324
GOV'S INITIATIVES: FUND									
(A) SALARY PLANNING ESTIMATES			GEN			<8>			<8>
TOTAL GOV'S INITIATIVES						<8>			<8>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		315	304	305	304	296	305	304	296
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			28	28	28	28	28	28	28
TOTAL FINANCING		315	332	333	332	324	333	332	324
POSITIONS BY FUND:									
GENERAL		.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL POSITIONS		.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

1994-95 Biennial Budget

BUDGET ACTIVITY: Commissioner's Office
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to meet all statutory obligations within budgetary limitations and to promote and support the needs and concerns of Minnesota agriculture.

The commissioner's office is responsible for the overall management of departmental responsibilities and authorities. Major responsibilities include enforcing statutes and rules assigned to the department; maintaining cooperation with federal, state, and local agricultural agencies; promoting agriculture in cooperation with private organizations; establishing department objectives and policies; integrating activities organizationally for effective and efficient operations; and developing legislation and regulations.

The Farm Crisis Assistance Program is part of this activity. It provides a statewide network of farm advocates who provide financial counseling and related assistance directly to farm families, as well as referrals to other agencies or resources for specialized services. Thirteen farm advocates are located throughout the state to provide geographic distribution of services. The department gives administrative direction and provides training in financial management, agricultural law and other informational areas.

The Farm Crisis Assistance Program provides a one-on-one service for farmers and rural families who need assistance with foreclosure, lender negotiations, mediations, financial statements, farm and home plans, social service needs, legal referrals and support during stressful times. A major function has been to provide assistance to farmers in mediation (Laws of Minnesota 1986, Chapter 398). Assistance helps farmers either to continue farming or to make the transition to an alternative career.

Customers for Farm Crisis Assistance services are farmers and rural families and rural families in need of financial planning, assistance on debt restructuring, options to foreclosure, obtaining operating capital and assistance during farm credit mediation.

The F.Y. 1994-95 program objective is to work closely with lenders, farm groups, and other service providers to identify possible financial problems prior to the need for crisis intervention. With early intervention, families may avoid the overwhelming stress of pending foreclosure or bankruptcy and the need for long term social services. The Farm Advocate Program networks with and receives referrals from lenders, attorneys, Minnesota Extension Service, legislators, social services, clergy and others.

BUDGET ISSUES:

The major issue of this program involves adequate funding. The lingering effects of the 1980s financial crisis, coupled with a decrease in government subsidies and commodity prices and an increase in costs for inputs, has created a decrease in net farm income - deterring a healthy financial recovery for some Minnesota farmers. The number of farm advocates was reduced for F.Y. 1992

from 20 to 13 advocates. If demands for services increase, the requests will exceed the present level of resources.

EFFICIENCY MEASURES:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Farm crisis assistance				
Number of advocates	13	13	13	13
Number of clients per advocate per year	76	76	60	60
Number of clients per year	1,000	1,000	780	780

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Type of Revenue:					
Non-dedicated - Gen'l	\$-0-	\$-0-	\$100	\$100	\$100
Dedicated - Gift	<u>21</u>	<u>124</u>	<u>50</u>	<u>47</u>	<u>47</u>
TOTAL REVENUE	\$21	\$124	\$150	\$147	\$147

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: COMMISSIONERS OFFICE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	536	614	457	461	461	447	461	461	447
EXPENSES/CONTRACTUAL SRVCS	408	365	440	248	248	248	248	248	248
MISC OPERATING EXPENSES	77	102	119	111	106	106	111	106	106
SUPPLIES/MATERIALS/PARTS	68	31	40	31	31	31	31	31	31
CAPITAL EQUIPMENT	14	1	2						
OTHER	<164>	<164>	<164>	<164>	<164>	<164>	<164>	<164>	<164>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	939	949	894	687	682	668	687	682	668
AIDS TO INDIVIDUALS			50						
LOCAL ASSISTANCE	253	230	330	80	76	76	80	76	76
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,192	1,179	1,274	767	758	744	767	758	744
GOV'S INITIATIVES:									
===== FUND									
(A) SALARY PLANNING ESTIMATES			GEN			<14>			<14>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES						<14>			<14>
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	1,176	1,106	1,208	762	753	739	762	753	739
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		51	50						
GIFTS AND DEPOSITS	16	22	16	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,192	1,179	1,274	767	758	744	767	758	744

1994-1995 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

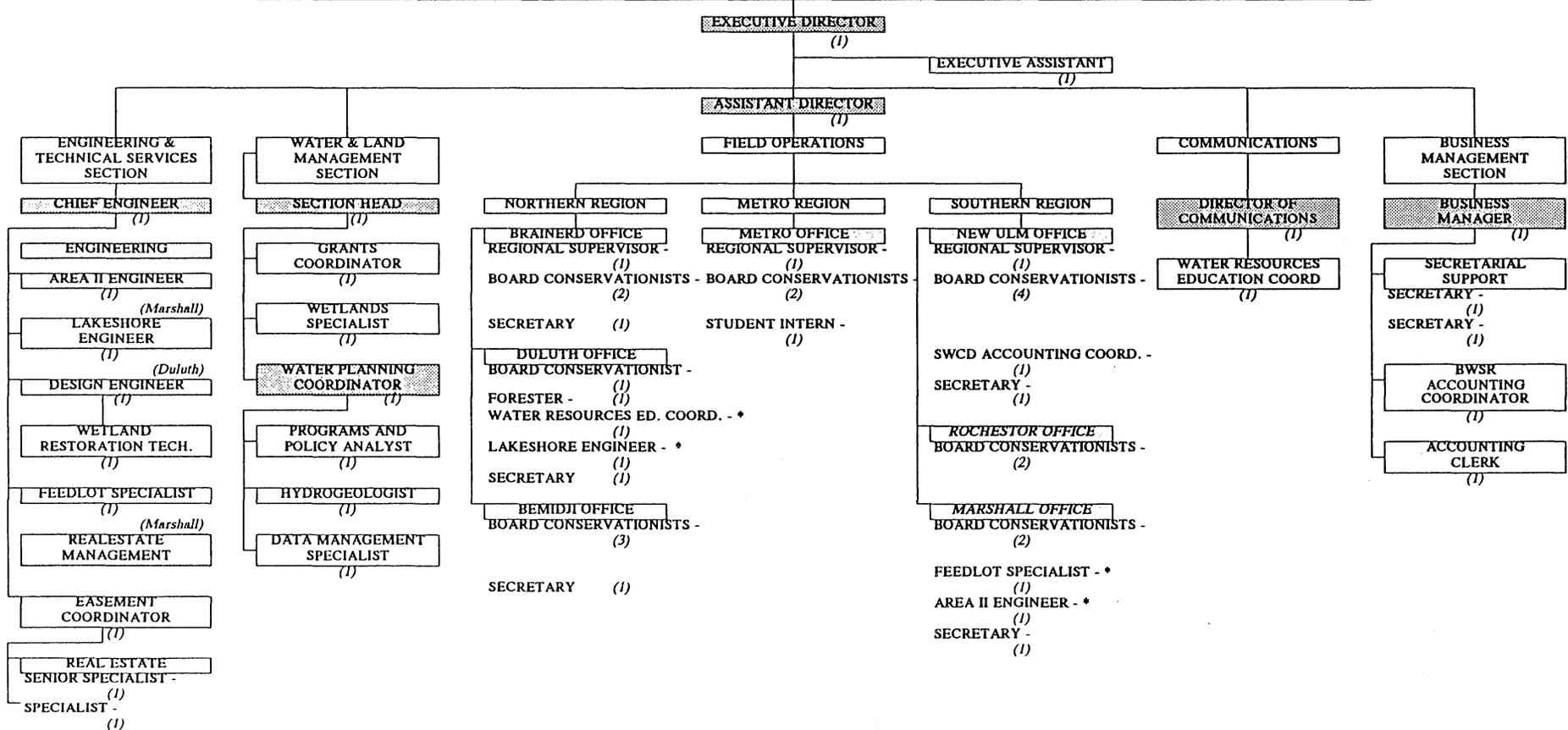
AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: COMMISSIONERS OFFICE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
POSITIONS BY FUND:									

GENERAL	10.5	10.5	12.5	11.5	11.5	11.5	11.5	11.5	11.5
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	10.5	10.5	12.5	11.5	11.5	11.5	11.5	11.5	11.5

MINNESOTA BOARD OF WATER AND SOIL RESOURCES

County Commissioners	SWCD Supervisors	Watershed Representative	Citizens	Agencies
(3)	(3)	(3)	(3)	Department of Natural Resources Pollution Control Agency Department of Agriculture University of Minnesota Department of Health



* Specialists located in field offices but supervised by central office staff.

**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Water and Soil Resources, Board of (BWSR)

Fund: General

1. Summary of Agency Actions:	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$8,742	\$8,742	\$17,484
Forecast Adjustment	<u>370</u>	<u>370</u>	<u>740</u>
AGENCY BASE	\$9,112	\$9,112	\$18,224
Inflation Cost Increases	101	206	307
Agency Management Decisions			
Agency Operations:			
Hold Positions Vacant	(94)	(130)	(224)
Restructuring:	(7)	(14)	(21)
Increase Productivity by doing more combined multi purpose meetings, telephone conferences, possibly including travel moratoriums, thus, less travel expense.			
Across the Board:			
Printing	-0-	(10)	(10)
Professional/Technical Services	-0-	(20)	(20)
Equipment	-0-	(15)	(15)
Outstate Travel	-0-	(17)	(17)
Grants:			
Reduction of General Fund			
RIM Services Grant	\$(456)	\$(456)	\$ (912)
Subtotal	<u>\$(557)</u>	<u>\$(662)</u>	<u>\$(1,219)</u>
TOTAL AGENCY PLAN	\$8,656	\$8,656	\$17,312
Governor's Initiatives			
Restore RIM Reductions	\$456	\$456	\$912
Lakeshore Engineering Staff	68	70	138
Minnesota River Erosion Control Grants	600	600	1,200
Natural Resources Block Grant	2,518	2,518	5,036
Salary Planning Estimates	<u>(74)</u>	<u>(74)</u>	<u>(148)</u>
GOVERNOR'S RECOMMENDATION:	<u>\$12,224</u>	<u>\$12,226</u>	<u>\$24,450</u>

Brief Explanation of Agency's Overall Actions: The agency's targeted reduction will be met by reducing the \$750,000 General Fund grant to SWCDs for RIM services by \$456,000. Historically the RIM Reserve easement program has not received consistent funding. It has varied from \$16,000,000 per biennium to \$1,000,000 per biennium. Funding sources have varied from bonding to LCMR to general fund to combinations of these. Rather than funding the grant (professional services) portion of the easement acquisition and wetland restoration programs strictly from general

funds, efficiency and savings would be achieved by tying the services to a percentage of the appropriation for RIM Reserve. It appears that the future of RIM Reserve funding will be bonding and/or LCMR; therefore, it is our intention to meet the general fund base level reduction by transferring the grant (professional services) expenditure to those appropriations. The inflationary cost projection (\$307,888) will be managed in F.Y. 1994 by maintaining a vacant section administrator position and a vacant clerical position coupled with reductions to travel. The F.Y. 1995 inflationary projection will be managed by continuing the F.Y. 1994 actions and by management of future vacancies; further limits on out-of-state travel, equipment purchases, printing, consultant service contracts, and a reduction of board meetings and related travel, and continued integration of grants administration. If inflationary projections exceed those estimated, we would need to seriously consider elimination of specific programs as staff reductions would leave us unable to provide a reasonable level of service for all our program responsibilities.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
2. Impact on Staffing:			
Positions left Vacant or Eliminated	2.25 FTE	3.25 FTE	
3. Impact on Revenue Generation:			
None.	\$-0-	\$-0-	\$-0-
4. Affected Statutes: None.			

5. Governor's Recommendation: The Governor concurs with the agency plan, but recommends a biennial increase of \$912,000 to restore the reduction proposed for the RIM services grant. The recommendation also incorporates initiatives of \$5,036,000 to consolidate Shoreland Management, Wetlands Conservation Act, implementation grants and local water planning funds into a single water resources block grant to counties. This amount includes sufficient new funding to assist local government in implementing the Wetlands Act. This block grant is part of the administration's environmental initiative.

An additional component of the environmental initiative is a major effort to attack non-point pollution sources in the state, with emphasis on the Minnesota River watershed. Two related investment initiatives are recommend for BWSR: \$1.2 million for the biennium for erosion control cost-shore grants in the Minnesota River watershed, and \$138 thousand for the biennium for a Lakeshore engineer position to provide technical assistance on projects in the Lake Superior Watershed and to leverage federal cost-share funds.

A final component of the Governor's environmental initiative is to provide additional funding of \$5 million for the biennium from the Environmental Trust Fund for the Reinvest in Minnesota (RIM) Reserve program. RIM purchases conservation easements from landowners to retire marginal land from production and subsidize conservation practices on that land to preserve wetlands, prevent erosion, create wildlife habitat, etc.

The Governor recommends agency salary savings of \$148,000 for the biennium, due to revised salary planning estimates.

1994-1995 B I E N N I A L B U D G E T
 INVESTMENT INITIATIVES
 (DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESRCS BD

ITEM DESCRIPTION:	FUND	EXPENDITURES			REVENUES		
		FY 1994	FY 1995	BIENNIUM	FY 1994	FY 1995	BIENNIUM
(A) CONSERVATION EASEMENT ACQUISITIONS	MET	5,000		5,000			
(A) GOVERNORS LCMR ALTERNATIVE FUNDING	MET	<500>		<500>			
(A) LAKESHORE ENGINEERING STAFF	GEN	68	70	138			
(A) MN RIVER WATER/SOIL MGMT GRANTS TO SWCDS	GEN	600	600	1,200			
(A) NATURAL RESOURCES BLOCK GRANT	GEN	2,518	2,518	5,036			
(A) RESTORE AGENCY PLAN RIM REDUCTIONS	GEN	456	456	912			
(A) SALARY PLANNING ESTIMATES	GEN	<74>	<74>	<148>			
TOTAL BY FUND	GEN	3,568	3,570	7,138			
	MET	4,500		4,500			
TOTAL INVESTMENT INITIATIVES		8,068	3,570	11,638			

AGENCY: Water and Soil Resources, Board of

MISSION STATEMENT:

The mission of the Board of Water and Soil Resources is to provide leadership enabling local governments to properly manage water and soil resources and to help all citizens be stewards of our irreplaceable natural resources.

Although other agencies are involved in resource management, the BWSR is unique in that it is the only agency that accomplishes its goals through increasing the capabilities of local government units. This approach makes sense for a number of reasons.

First, local ownership of resource management activities is an important component of the success of efforts. Rather than resentment at a state mandate that local personnel perceive they are being forced to carry out, a state-local partnership fosters feelings of pride and local responsibility.

Second, since resource management is primarily a land use issue, and local government is the land use authority in Minnesota, it makes sense to focus resource management assistance at the local level. Local governments, through their widespread planning and zoning authorities, make the vast majority of land use decisions. Sound land use management at the local level will protect soil, lakes, rivers, and streams, and sustain agriculture, forestry and development.

Finally, as we enter a time of increased environmental awareness—but dwindling resources to address these concerns—partnerships and strong working relationships are an effective way of leveraging our talents, resources, and finances to achieve the greatest results.

Recognizing the advantages of local resource management, the Legislature in 1987 created the BWSR to facilitate local government effort and to ensure coordination of state, local, federal and private resource management initiatives. To accomplish this, the membership of the BWSR includes representatives from local government, citizens, 4 state agencies and the University of Minnesota Extension Service. This composition provides a unique opportunity for communication of issues and concerns, policy discussions on resource management, and generally enhancing state/local/private partnerships.

To reach these objectives, the BWSR:

- promotes communication and partnerships among state, local, and federal governments, as well as private organizations;
- administers a number of grant programs providing funding to local governments for resource management;
- conducts training sessions and provides technical assistance to local units of government;
- and coordinates state government activities as they affect local governments.

MINNESOTA MILESTONES:

Protecting and improving our natural resources relates directly to the Milestone theme "our surroundings." BWSR's work to improve the capabilities of local governments to manage their environment addresses 4 Milestone goals: "Minnesotans will act to protect and enhance their environment"; "we will improve the quality of the air, water, and earth"; "Minnesotans environment will support a rich diversity of plant and animal life"; "Minnesotans will have the opportunity to enjoy the state's natural resources."

MILESTONE GOAL: We will improve the quality of the air, water and earth.

Indicators: BWSR programs assist local governments in decreasing the "percentage of assessed river miles and lake acres that do not support fishable and swimmable goals;" and decreasing the "tons of soil loss." BWSR's strategic plan promotes "T" by 2000, an objective that will sustain soil productivity and enhance water quality.

MILESTONE GOAL: Minnesota's environment will support a rich diversity of plant and animal life.

Indicators: BWSR programs assist local governments in increasing the "amount of wetlands;" decreasing the "number of threatened, endangered or extinct native wildlife and plant species;" and increasing the "amount of forestland."

MILESTONE GOAL: Minnesotans will have the opportunity to enjoy the state's natural resources.

Indicators: BWSR programs assist local governments in increasing the "land area in natural resource related public ownership." These programs focus on landowner stewardship of our natural resources.

In addition, the BWSR's unique approach to resource management (i.e. through local governments) moves the state toward the Milestone goal "people will participate in government and politics."

MILESTONE GOAL: Government in Minnesota will be cost-effective and services will be designed to meet the needs of the public who use them.

Indicators: The decrease in duplicative services resulting from BWSR coordination between state and local agencies results in more efficient government. Local government as clearinghouse for wetlands information.

Government decisions made at the local, rather than state or federal level, clearly help promote decentralization and community participation. BWSR has 7 field offices with field staff trained and empowered to make decisions. BWSR facilitation of state/local communication has led to formal cooperative agreements.

CLIMATE:

The following trends are shaping the development of policies and programs at the BWSR:

1. *Reduced state and federal government funding for local governments, and increased expectations of local responsibilities.* Both the federal and state governments have cut local government aid. As more of the financial and administrative burdens of resource management fall on local governments, they need to increase their capability to handle the myriad demands of those responsibilities.
2. *Increased awareness among the general public, including landowners, of resource problems, and increased willingness to make reasonable sacrifices to accomplish resource conservation.* More Minnesotans are becoming concerned about our environment, particularly water quality—many people have noticed deteriorating conditions in their favorite lakes or fishing streams. As these concerns surface, more people are willing to make reasonable sacrifices to protect and improve their environment.
3. *Increased local government capabilities.* Because of increased expectations and BWSR assistance, some local government capabilities in resource management have grown over the past few years. Local governments now need a wider variety of training and assistance, from the

AGENCY: Water and Soil Resources, Board of
(Continuation)

most basic level to advanced areas such as technical skills, leadership, and management. The BWSR must adjust its assistance to ensure that each local government meets a base level of capability, while those who need a higher level of training receive it.

4. *Movement from planning to implementation phase of non-point source strategy.* As Minnesota moves from the planning to the implementation stage of its non-point source strategy, BWSR's local government network increases in importance as a means of disseminating financial and technical aid to local governments. The BWSR has the structure and the relationships needed to address non-point concerns at the local level.
5. *Federal actions.* Federal actions continue to affect BWSR and local government programs and planning in a wide variety of ways. In order for the BWSR to meet the "no net loss" goal laid out in the Wetland Conservation Act, the federal agencies involved in wetland protection (EPA, Army Corps of Engineers, and the Soil Conservation Service) must be willing to work toward the "one stop shopping" concept. In addition, the recent funding cuts for the Conservation Reserve Program and the Wetland Reserve Program will mean an increased demand for state set-aside dollars; the BWSR must take this into consideration as it anticipates funding, programmatic and staffing needs over the next bienniums. Finally, the upcoming reauthorization of the Clean Water Act and the 1995 Farm Bill will determine conservation standards and how they are implemented; it is imperative that the BWSR ensure that local and state government in Minnesota have input into this process.

PROSPECTS:

1. Local Water Resource Protection and Management

- Because many different and interrelated factors (rainfall, lake levels, wetlands, septic systems, soil erosion, etc.) affect water quality and quantity, an overall, holistic approach is the only way to effectively manage water resources. One of major stumbling blocks to a holistic water management approach has been the parochialism and "turf protection" behavior exhibited by local governments and state agencies when dealing with water; every entity wants to manage its own little part of the resource, rather than taking an overall watershed approach.
- The primary purpose of Local Water Resource Protection and Management is to break this gridlock and encourage all public and private entities involved in resource management to work together to develop and implement comprehensive and coordinated plans to manage surface and groundwater. It also aims to foster state-local-federal-private partnerships to increase the efficiency in the delivery and implementation of all levels of natural resource programs.
- This program provides technical and financial assistance to eligible counties and their partners throughout Minnesota to implement their water plans. This local approach allows a local government partnership to take advantage of the strengths of each government member, and to focus activities toward the highest priorities. Grant money may be used for a variety of activities, including mapping of drained wetlands, hiring necessary technical expertise, and lake and river restoration.

2. Water Quality Cost-share Program

- This program is designed to combat the single greatest threat to Minnesota's water quality--soil erosion. Often, installing conservation practices is prohibitively expensive, meaning that financial constraints prevent some landowners from installing such practices. The cost-share program is a "buffer" for landowners and provides the needed incentive for them to move forward with these practices. The program provides funding to soil and water conservation districts (SWCDs) to cost-share with landowners on projects directly putting conservation on the land.
- Eligible projects include practices designed to reduce soil erosion to a level that sustains agricultural and productivity and protects water quality (called the tolerable level, or "T"); forestry practices that improve the quality of Minnesota's private non-industrial forestland; feedlot management; and special projects, such as the LCMR-funded sinkhole project, which provides funds to landowners in southeastern Minnesota to divert water from sinkhole sites.
- The 1984 Soil Loss Act has not been very successful to date. BWSR began meetings with interested groups from local government, agriculture, state and federal government, conservation groups to frame new state policy and program for achieving soil conservation "T" by 2000. As wetlands was the issue of the 80's, soil conservation NEEDS to be the issue of the 90's.

3. Abandoned Well Sealing and Inventory Cost-Share Program

- Abandoned wells provide 1 of the most direct and potentially damaging conduits for contaminants to enter directly into groundwater. This program provides funding to counties to allow them to conduct an inventory of abandoned wells--thereby enabling them to identify the highest priority wells--and to cost-share with landowners to seal high priority wells.
- The cost of sealing wells is often prohibitive and leads to unsealed and unreported abandoned wells.
- Although it is impossible to accurately identify the number of abandoned wells in Minnesota, estimates range from 800,000--1,500,000.

4. Wetland Conservation Act

- Since the mid-1800s, Minnesota has lost about 11.1 million acres of wetlands, representing a 60% loss.
- Wetlands provide a number of important public benefits, including improving water quality by serving as nature's biological filter, holding sediment and absorbing nutrients before they enter lakes, rivers, or groundwater. Other benefits are groundwater recharge, fish and wildlife habitat, and recreation.
- Recognizing these important functions, the Legislature passed the Wetland Conservation Act (WCA) in 1991. The goal of the act is to achieve "no net loss" of wetlands.
- The law prohibits draining or filling of non-exempt wetlands without replacement and creates 3 new wetland restoration and protection programs. The BWSR is charged with the responsibility of writing rules to carry out the regulatory provisions of the WCA. These rules are scheduled to be completed by 1-1-93.

AGENCY: Water and Soil Resources, Board of
(Continuation)

- Realizing the importance of local involvement in wetlands protection and restoration, the Legislature gave responsibility for administering the WCA to a variety of local governments. Many of these local governments have limited staffs and technical knowledge of wetlands. The BWSR began a series of training programs for local government personnel during 1992; continued and enhanced technical and financial assistance is critical to the success of the program.
- One of the new programs created in the law, the Permanent Wetland Preserves Program, has been operational since 7-24-92, with SWCDs authorized to conduct sign-ups in conjunction with RIM Reserve sign-ups. The Program allows owners of types 1, 2, or 3 undrained wetlands to enroll them under permanent conservation easements.

5. Reinvest in Minnesota (RIM) Reserve

- The RIM Reserve Program aims to improve water quality and enhance fish and wildlife habitat through encouraging farmers to retire certain marginal lands from agricultural production. The program provides the incentive that many farmers need to stop farming marginal or sensitive land and place it in a permanent conservation easement.
- The program is administered locally by soil and water conservation districts. Eligible types of land include drained wetlands for restoration, riparian land, highly erodible lands, and sensitive groundwater areas. Landowners are compensated at a percentage of the value of their land.
- The program has had more demand than funding could meet every year since it began in 1987.
- The program has leveraged significant dollars in partnership with local conservation groups (Pheasants Forever, Minnesota Waterfowl Association, and Ducks Unlimited) and federal agencies.

OUTCOMES:

1. Local Water Resource Protection and Management

The overall goal of this program is to ensure water quality and quantity by fostering a holistic approach to water management. The program does this by providing a financial incentive and a structure to get all involved local units of government and state and federal agencies to the table. Because the ground and surface water plans produced through this program are developed by local task forces, with all concerned parties involved, the program allows local governments to work together to identify priorities and build on their strengths.

Of Minnesota's 87 counties, 85 are in some phase of development or implementation of a water plan. By the end of 1993, all counties in Greater Minnesota will have approved and locally adopted plans. In the Metro Area, 5 of the 7 counties will have completed groundwater plans by the end of 1994.

The success of this program is judged by how effectively these local and state units work

together to protect water resources, as measured through the numbers of formal working relationships established, amount of communication between involved parties, the number of shared goals contained in the plans, and the improvement of local capabilities to carry out the water management objectives outlined in the plans.

- 78 of 87 Minnesota Counties have developed and locally adopted water management plans
- In 77 counties, the local water planning task forces convened to develop the plans continue to meet despite the fact that the plans are already developed. All involved local, state and federal entities serve on these task forces.
- Seven joint powers boards have been formed for water planning purposes, composed of clusters of counties in different ecosystems in Minnesota. The joint powers are the Red River Valley, the Mississippi Headwaters Board, the West Central Water Planning Project, the Central Minnesota Water Planning Project, the Redwood-Cottonwood Rivers Control Area, the Southcentral Minnesota Water Planning Project, and the Root-Zumbro Rivers Joint Powers Board.
- Nine counties have established newsletters for those involved in water resource management to enhance both inter- and intra-county communication.
- In 1991, 52 base grants totaling \$1.638 million generated local revenue of \$2.238 million.
- 330 individual county initiatives/activities have been named under the program, with primary emphasis on groundwater, lakes, rivers, soils, and wetlands.

2. Water Quality Cost-Share Program

The overall goal of this program is to reduce soil erosion to improve water quality. To that end, the program in the 1992-1993 biennium provided \$1.461 million each year to soil and water conservation districts (SWCDs) to cost-share with landowners on priority erosion projects. These allocations are based on a formula that considers the number of feedlots, types of soil and soil erosion potential, miles of shoreland, and estimated conservation practice installation costs. SWCDs then determine the highest priority erosion control projects and focus the money on those projects.

Although the BWSR does not have specific numbers available on SWCD cost-share projects funded and completed, the agency is currently developing a data base and altering its reporting requirements to allow for the collection and manipulation of these numbers. Future effectiveness indicators will include:

- number of acres treated
- water quality improvement
- feet of shoreline treated

The goals for these indicators are outlined under the "objectives" section of this document.

In addition to cost-share funding going directly to SWCDs, 2 technical positions, a feedlot specialist and a north shore engineer, are funded through cost-share dollars.

- The north shore engineer anticipates working on 3 projects during the 1992-3 biennium, affecting about 3,400 feet of priority erosion shoreline with erosion rates of ½ foot-5 feet. After completion of the projects, the erosion control rate is expected to be 100%.

1994-95 Biennial Budget

AGENCY: Water and Soil Resources, Board of
(Continuation)

- The feedlot specialist, located in Marshall, expects to work on 6 feedlot designs during the F.Y. 1992-93 biennium. Each of these feedlots has phosphorous and chemical oxygen demand (COD) measures of 1,500-2,000 parts per million before pollution prevention measures are installed; following the installation, the phosphorous and COD are below 112 parts per million.
3. Abandoned Well Sealing and Inventory Cost-Share Program
- Funding from the last 2 biennia will ultimately result in the sealing of about 2,000 wells.
 - Approximately 30 counties participate in the program.
 - About 18 counties have started to take an inventory of their abandoned wells
 - Promotion of the program has led to approximately 15 counties pursuing inventories without funding
4. Wetland Conservation Act

In recognition of the general public benefits of wetlands, the 1991 Legislature approved the Wetland Conservation Act, the ultimate goal of which is to achieve a no net loss of wetlands. To ensure a local voice in the program, the legislation allowed, but did not mandate, any local unit with taxing authority to take control of the program within its own boundaries.

During the 1992-93 biennium:

- Approximately 200 local units of government, representing 95 % of Minnesota's area, have approved resolutions accepting responsibility for administering the WCA.
- Statewide, about 200 projects involving draining or filling wetlands have been approved ONLY after an acceptable replacement plan was agreed upon, resulting in no net loss.
- The best result of the program has been local government units' extraordinary successes in persuading landowners to avoid draining or filling wetlands. An estimated 4,000 activities that would have resulted in draining or filling a wetland have been revised to avoid wetland damage.
- In conjunction with the Minnesota Association of Soil and Water Conservation Districts, the BWSR conducted 25 training sessions for local governments on the WCA in spring 1992. These sessions were attended by about 1000 local government personnel and officials, as well as 300 DNR peace officers.
- In summer 1992, the BWSR conducted 4 technical wetland delineation training sessions. About 200 local government and state agency staff attended.
- The BWSR also worked to educate local government personnel and the public through various public relations activities, resulting in at least 40 newspaper, newsletter and broadcast news stories on the act. The BWSR also developed and printed a brochure on

the WCA for local governments to give to landowners and other interested parties.

- Throughout winter, spring and summer 1992, the BWSR worked with 2 committees, the Wetland Heritage Advisory Committee (WHAC) and the Rules Advisory Committee (RAC) to arrive at consensus on the rules governing the WCA. The WHAC met 11 times; the RAC met 10 times, resulting in an estimated 3,440 person-hours devoted to developing rules for the act.
- The BWSR approved the rules at its October 1 meeting. A series of public information meetings will be held throughout November and December. Official public information meetings will be held in December. The rules will be submitted to the Legislature by 3-1-93.
- The incentive program in the act that does not require rule development, the Permanent Wetland Preserves Program, is up and running. The first sign-up for landowners interested in protecting wetlands under the program began in late August. Although no numbers are official, it's been reported that interest is very high. The BWSR also developed and distributed to local governments a brochure for landowners on the program.

5. Reinvest in Minnesota (RIM) Reserve

The RIM Reserve Program is a land set-aside program designed to improve water quality and fish and wildlife habitat through removing marginal land from production and enrolling it under permanent easements.

So far, figures are only available for F.Y. 1992 (1991 sign-up); figures for F.Y. 1993 (1992 sign-up) will be available next year. During 1992:

- the program has enrolled 6,411 acres under perpetual conservation easements
 - 2,060 acres of restored wetland areas
 - 2,562 acres of riparian cropland areas
 - 1,789 acres of marginal agricultural lands
- demand exceeded funding by \$1 million.
- the program leveraged approximately \$365,000 in federal and private dollars.

OBJECTIVES:

1. Local Water Resource Protection and Management

(1992 and 1994-5 numbers represent totals since the program began in 1986.)

- Continued improvement in the coordination of water management efforts between local, state and federal units of government with the increased emphasis on joint planning by the BWSR in the annual local water planning grant program requirements.
- Local inventories and data collection programs will continue to accelerate as counties move from planning to plan implementation in the next biennium.
- All Greater Minnesota counties will have completed water plans by the end of the biennium.

1994-95 Biennial Budget

AGENCY: Water and Soil Resources, Board of
(Continuation)

- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 77 counties | 80 counties |
- All Metro Area counties will have completed groundwater plans by the end of the biennium.
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 1 county | 7 counties |
- Number of counties approving or revising local ordinances as a result of water planning.
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 12 counties | 24 counties |
- Counties conducting inventory and mapping activities as a result of water planning.
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 45 counties | 65 counties |
- Counties conducting monitoring and data collection activities as a result of local water planning.
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 43 counties | 70 counties |
- Increased numbers of local task forces continuing to meet.
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 77 | 80 |
- Increased commitment of local dollars. (1991)
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| \$2,300,000 | \$2,400,000 |
2. Water Quality Cost-Share Program
(1994-5 numbers represent objectives for that biennium only, NOT total numbers since the program began.)
- Increased integration of resource management by greater consolidation of the grants funding provided under the cost-share program. This will allow local units of government greater freedom in pursuing their priority projects. Further integration will take place by providing a linkage between the goals of the local water plan and the projects submitted for cost-share funds, ensuring that local units are working toward their stated priority objectives.
 - Completed cost-share projects in local water plans

- | | |
|---------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| not available | 87 projects |
- Acres treated for soil loss
- | | |
|---------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| not available | 770,000 acres |
- Percentage of farm acres in Minn. with tolerable soil loss
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 44% | 50% |
- Number of landowners helped by North Shore engineer
- | | |
|--------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 3 landowners | 2 landowners |
- Shoreline feet protected by North Shore engineer projects
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 3,400 feet | 3,400 feet |
- Number of landowners assisted with design or revision of feedlot by feedlot specialist
- | | |
|---------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 10 landowners | 20 landowners |
3. Abandoned Well Sealing and Inventory Cost-Share Program
(1994-5 numbers are grand totals including all years of the program.)
- Number of counties participating
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 30 counties | 40 counties |
- Number of counties conducting inventories (funded)
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 18 counties | 30 counties |
- Number of counties conducting inventories (unfunded)
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 15 counties | 22 counties |
- Number of wells sealed
- | | |
|-------------|---------------|
| <u>1992</u> | <u>1994-5</u> |
| 2,000 wells | 3,000 wells |
- Continued promotion of the program to increase rate of well sealing among those not receiving funds.

1994-95 Biennial Budget

AGENCY: Water and Soil Resources, Board of
(Continuation)

4. Wetland Conservation Act

(1994-5 numbers represent totals including 1992-3 biennium numbers.)

- To have every area of Minnesota covered by a local government accepting responsibility for the WCA by August 1993.

<u>1992</u>	<u>1994-5</u>
95%	100%

- To enable local governments to reach a level of capability where they are proficient in administering the act.

- To increase the number of wetland activities avoided

<u>1992</u>	<u>1994-5</u>
4,000 avoided	8,000 avoided

- Enroll additional acres under the wetland protection programs provided for in the legislation

<u>1992</u>	<u>1994-5</u>
not applicable	2,000 acres

5. Reinvest in Minnesota (RIM) Reserve

(1992 numbers represent 1991 sign-ups, which are currently being processed; numbers for 1992 sign-ups will be available in F.Y. 1993. F.Y. 1994-5 numbers represent only the target enrollment amounts for the biennium, NOT the total amount since the program began.)

- Amount of funding

<u>1992</u>	<u>1994-5</u>
\$9,000,000	\$7,500,000

- Total acres placed under conservation easements

<u>1992</u>	<u>1994-5</u>
6,411 acres	16,000 acres

- Acres of restored wetlands

<u>1992</u>	<u>1994-5</u>
2,060 acres	4,000 acres

- Acres of riparian areas (hillside and cropland)

<u>1992</u>	<u>1994-5</u>
2,562 acres	6,000 acres

- Acres of marginal ag land

<u>1992</u>	<u>1994-5</u>
1,789 acres	4,500 acres

- Acres of sensitive groundwater land

<u>1992</u>	<u>1994-5</u>
0 acres	1,500 acres

- Percentage of enrolled acres located within priority areas designated by the BWSR

<u>1992</u>	<u>1994-5</u>
not applicable	50%

- Amount by which demand exceeds funding

<u>1992</u>	<u>1994-5</u>
\$1,000,000	\$5,000,000

- Federal and private dollars leveraged

<u>1992</u>	<u>1994-5</u>
\$365,000	\$1,000,000

GRANTS:

- Local Water Management (Counties)

State	\$5,070,000
Local	\$13,000,000
Private	In-Kind
Federal	Not Available

- Cost-Share (SWCDs MFIP; SLR; special projects; soil and water conservation practices)

State	\$3,870,000
Local and Private	\$2,630,000
Federal	\$9,960,000 (a percentage of this is used for match; these funds are not passed through BWSR)

- General and RIM Services (SWCDs)

State	\$3,200,000
Local	\$10,000,000
Private	\$50,000 + significant in-kind services
Federal	\$160,000 + in-kind services

These services grants are the technical staff that drive the cost-share program funds and the RIM Reserve funds.

- Well Sealing (Counties)

State	\$950,000
Local	\$200,000 + significant in-kind services

1994-95 Biennial Budget

AGENCY: Water and Soil Resources, Board of
(Continuation)

Private	\$250,000
Federal	Not Available
■ Totals	
State	\$8,020,000
Local	\$10,200,000
Private	\$2,930,000
Federal	\$10,120,000

Not all the relationships reflect a matched leveraging of funds. In some instances there is a dependence on funds or technical services from another that forms a partnership between state/local/private/federal to make the effort a reality. These funds DO NOT reflect the grants of MPCA or DNR that go to local governments for similar activities (DNR, shoreland, rivers, Northshore Management Board, Mississippi Headwaters Board; PCA, Clean Water Partnership).

AGENCY BUDGET PLAN:

BWSR budget cuts will be partially met through maintaining position vacancies, including 2-half-time clerical positions and 1 hydrologist 4 position. The BWSR has reorganized its structure (as reflected in the organization chart) to try to prevent major cuts in service due to these position vacancies.

In addition, the BWSR intends to reduce RIM Reserve general administration grants to soil and water conservation districts by \$459,000 per year, from \$750,000 to \$291,000. The BWSR intends to offset this loss by changing the administrative funding for the program from a flat rate to a percentage of the total RIM Reserve bonding or LCMR appropriation. This percentage-based approach will allow administrative funding to be based on the amount of actual dollars available for the program and the amount of work those dollars will generate. In the past, the volatility of RIM Reserve funding has meant that the flat rate did not reflect the amount of easements funded through the program.

Each BWSR program area will be expected to absorb inflationary cost increases. This will be done through decreased board and staff travel (to be offset by increased phone meetings, more multi-purpose board and staff meetings, fewer on-site training sessions, using satellite link-up for communication, limited out-of-state travel) and decreased printing and equipment costs, and consolidating administrative grants processes. Although these cutbacks have the potential to adversely affect the BWSR's service to clientele, the agency hopes that increased communications and more specific targeting of our resources will result in more efficient and cost-effective delivery, thus resulting in maintaining our current level of service to our local government clientele.

Grants administration to local governments by BWSR and the other natural resource agencies, specifically DNR and PCA, provide opportunity to enhance efficiency and delivery. Historically our grants program have been administered independent of one another resulting in numerous grant applications, reviews and grant agreements. We have attempted to consolidate grants to SWCDs into 1 agreement and application process and county grants into 1 application and agreement. We have been partially successful to date. To fully optimize this approach there is a need to consolidate the appropriations relating to these local governments so that we have the flexibility to administer

in a more efficient manner and still meet legislative objectives. In addition consideration may be given to administering other agency grants that focus on local government for natural resources programs similar to the MFIP program. The agency retains the program oversight, however the grant is administered through BWSR as part of the other grants. This allows locals to integrate programs into 1 grant application, reflecting a comprehensive approach to management of their resources, and the agencies can coordinate review and allocation to ensure work program elements are incorporated, and then process 1 grant on behalf of the state. Since these other agencies are members of BWSR coordination should be readily achieved. Benefits are reduced time for writing grants; reduced state review; reduced state grants administration (staff of program agencies, Finance, Administration) and greater assurances that the local grants are coordinated and duplicating each other.

Maintaining position vacancies and absorbing inflationary increases are short-term solutions to the budget shortfall. If the need to continue these measures extends beyond the 1994-95 biennium, program eliminations and staff reductions will be necessary. BWSR's mission is to enable local government to be effective leaders in, and managers of, our natural resources. Local government commitment and capability can diminish quickly if the locals see the state withdraw from the partnership.

LCMR RECOMMENDATION

RIM Reserve Conservation Easements

This project will acquire perpetual conservation easements on certain marginal lands to protect and improve water quality, control erosion and sedimentation, and enhance fish and wildlife habitat. (\$500,000 Environmental and Natural Resources Trust Fund)

GOVERNOR'S RECOMMENDATION:

The Governor recommends an alternative funding level of \$24,450,000 in the General Fund, which restores the reduction contemplated in the agency plan for the RIM services grant. The recommendation also incorporates initiatives of \$5,036,000 to consolidate Shoreland Management, Wetlands Conservation Act, implementation grants and local water planning funds into a single water resources block grant to counties. The initiatives include sufficient new funding to assist local government in implementing the Wetlands Act. This block grant is part of the administration's environmental initiative.

An additional component of the environmental initiative is a major effort to attack non-point pollution sources in the state, with emphasis on the Minnesota River watershed. Two related investment initiatives are recommend for BWSR: \$1.2 million for the biennium for erosion control cost-shore grants in the Minnesota River watershed, and \$138,000 for the biennium for a Lakeshore engineer position to provide technical assistance on projects in the Lake Superior Watershed and to leverage federal cost-share funds.

A final component of the Governor's environmental initiative is to provide additional funding of \$5 million for the biennium from the Environmental Trust Fund for the Reinvest in Minnesota (RIM) Reserve program. RIM purchases conservation easements from landowners to retire marginal land from production and subsidize conservation practices on that land to preserve wetlands, prevent erosion, create wildlife habitat, etc. This recommendation builds upon the LCMR's allocations in an area that is an environmental priority for the Governor. See the LCMR section in the Environment and Natural Resources budget volume for overall comparison of the Commission's recommendations with the Governor's proposals.

The Governor recommends agency salary savings of \$148,000 for the biennium, due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESRCS BD
PROGRAM: WATER & SOIL RESRCS BD
ACTIVITY: WATER & SOIL RESRCS BD

ACTIVITY SUMMARY	FY 1993			FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,408	1,595	2,222	1,845	2,313	2,307	1,845	2,313	2,309
EXPENSES/CONTRACTUAL SRVCS	574	416	343	303	308	308	303	308	308
MISC OPERATING EXPENSES	209	250	355	284	332	332	284	332	332
SUPPLIES/MATERIALS/PARTS	52	59	74	57	89	89	57	89	89
CAPITAL EQUIPMENT	22	79	10	10	25	25	10	25	25
OTHER		77	1,015	245	1,106	5,606	245	851	851
SUBTOTAL STATE OPERATIONS	2,265	2,476	4,019	2,744	4,173	8,667	2,744	3,918	3,914
LOCAL ASSISTANCE	6,733	6,866	7,239	6,360	5,935	9,509	6,360	5,935	9,509
TOTAL EXPENDITURES	8,998	9,342	11,258	9,104	10,108	18,176	9,104	9,853	13,423
GOV'S INITIATIVES:									
			FUND						
(A) NATURAL RESOURCES BLOCK GRANT			GEN			2,518			2,518
(A) MN RIVER WATER/SOIL MGMT GRANTS TO SMCDS			GEN			600			600
(A) LAKESHORE ENGINEERING STAFF			GEN			68			70
(A) CONSERVATION EASEMENT ACQUISITIONS			MET			5,000			
(A) GOVERNORS LCMR ALTERNATIVE FUNDING			MET			<500>			
(A) RESTORE AGENCY PLAN RIM REDUCTIONS			GEN			456			456
(A) SALARY PLANNING ESTIMATES			GEN			<74>			<74>
TOTAL GOV'S INITIATIVES						8,068			3,570
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		880	1,180		500	5,000			
GENERAL	8,531	8,009	9,392	8,742	8,656	12,224	8,742	8,656	12,226
STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST		11	22						

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESRCS BD
PROGRAM: WATER & SOIL RESRCS BD
ACTIVITY: WATER & SOIL RESRCS BD

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	421	321	237	117			117		
FEDERAL	46	121	427	245	952	952	245	1,197	1,197
TOTAL FINANCING	8,998	9,342	11,258	9,104	10,108	18,176	9,104	9,853	13,423
POSITIONS BY FUND:									
ENVIRONMENT TRUST						1.0			1.0
GENERAL	28.0	46.0	46.0	46.0	46.0	47.0	46.0	46.0	47.0
FEDERAL	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL POSITIONS	29.0	49.0	49.0	49.0	49.0	51.0	49.0	49.0	51.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: WATER & SOIL RESRCS BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	11,258	11,258	9,629	9,629	1,202	1,202	427	427
TECHNICAL ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<960>	<960>	<778>	<778>			<182>	<182>
LCMR-FUNDED PROJECTS	<1,202>	<1,202>			<1,202>	<1,202>		
INSURANCE PREMIUM HOLIDAY	8	8	8	8				
SUBTOTAL TECH. ADJ.	<2,154>	<2,154>	<770>	<770>	<1,202>	<1,202>	<182>	<182>
CURRENT SPENDING	9,104	9,104	8,859	8,859			245	245
FORECAST ADJUSTMENTS								
ANNUALIZING NEW PROG COSTS	370	370	370	370				
FEDERAL RECEIPTS	707	952					707	952
DED STAT APPROP SPENDING	<117>	<117>	<117>	<117>				
SUBTOTAL FORECAST ADJ.	960	1,205	253	253			707	952
AGENCY BASE	10,064	10,309	9,112	9,112			952	1,197

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM:
ACTIVITY:

ITEM TITLE: Establish Permanent Lakeshore Engineering Staff Position

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
- State Operations	\$68	\$70	\$73	\$76

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for a permanent lakeshore engineering position to provide technical assistance on projects in the Lake Superior watershed and to leverage additional federal cost-share funds. This position is part of the non-point source pollution control component of the Governor's environmental initiative.

The need exists to provide continued technical support to Local Government Units (LGUs) (North Shore Management Board; SWCD; counties; cities, townships) and private landowners for the design and construction of innovative cost-effective lakeshore stabilization measures which reduce shoreline erosion, protect public and private property, and improve lake water quality. The existing BWSR pilot program for the Lake Superior watershed captured approximately \$165,000 of federal (EPA and GLC) funding for engineering design and construction cost-sharing in F.Y. 1993. It is anticipated that up to \$300,000 in federal cost-share funding can be obtained annually for lakeshore stabilization. Approximately \$100,000 of funding is available annually from the state cost-share program.

The agency has been advised by EPA that federal funding of engineering staff for Great Lakes lakeshore stabilization is not allowable after the existing pilot program. Because the necessary lakeshore engineering expertise is not readily available in this region of the country, it is important to maintain the BWSR capability to use state funds and leverage available federal, local government, and private funds. The effort helps address a priority resource issue identified in the North Shore Management Board's plan. The pilot program has enabled BWSR to utilize and consolidate expertise available from the U of M, U of W, Corps of Engineers, and affected LGUs. A permanent lakeshore engineering staff position would maintain the necessary specialized engineering expertise and associated program management capability to achieve these objectives.

PROGRAM OUTCOMES:

Continued implementation of lakeshore stabilization measures which reduce shoreline erosion, protect public and private property and improve lake water quality. Effective use of state technical expertise and funding to annually leverage approximately \$300,000 of federal and \$350,000 of local government and private funds. Expansion of the state's capability to serve Minnesota clientele with large lake erosion problems including Lake Superior.

LONG-TERM IMPACT:

The BWSR would continue to be an effective source and conduit of lakeshore engineering expertise and project cost-sharing, enabling LGUs to address a serious resource management problem. More innovative and cost-effective methods for lakeshore stabilization would be developed. *The state's eligibility for federal funds will be greatly diminished without this effort.*

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM:
ACTIVITY:

ITEM TITLE: Minnesota River Watershed Erosion Control Cost-Share Grants

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- Grants	\$600	\$600	\$600	\$600

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$600,000 per year in cost-share grants for erosion control projects in the Minnesota River watershed. This funding is part of the non-point source pollution control component of the Governor's environmental initiative.

The Erosion, Sedimentation and Water Quality Protection and Management Program was first funded with \$1.5 million per year in 1978. Since that time, there has been little change in the level of funding. During that time, inflation, higher land treatment costs, and reduced federal funding have significantly reduced the effectiveness of this program. Moreover, recent studies such as the Minnesota River Assessment has increased local awareness and commitment to solving pollution problems and has increased demands on this program. Local water management priorities are focusing on water quality enhancement by addressing feedlots; riparian lands; soil conservation; etc.

It is the intent of the Board of Water and Soil Resources (BWSR) to focus on identified problem areas, such as the Minnesota River watershed, which has been identified as a severely impacted water of state importance. This will further the commitment of local governments and landowners. The BWSR will also pursue the cooperation of the Metropolitan Wastewater Control Commission and the Met Council to provide additional funding for projects in the Minnesota River watershed.

PROGRAM OUTCOMES:

Through the participation of government entities such as Soil and Water Conservation Districts (SWCDs) and the Metropolitan Wastewater Control Commission, an increase in program funding will accelerate the installation of conservation measures such as conservation tillage, field windbreaks, grassed buffer strips, terraces, and feedlot management systems. These practices will contribute to improved water quality of the Minnesota River.

Local government in the Minnesota River Basin have established watershed management objectives and priorities for a 10 year period.

1. Priority feedlots;
2. Eliminating direct discharge of resident sewage to drainage tile which discharges to streams/lakes;
3. Achieving conversion of current tillage practices to those that achieve soil loss to levels that sustain the long term productivity of the land. Goal is 80% over a 10 year period; and
4. A partnership between the Metro area (i.e., Met Council and Metro Waste Control Commission) and local government watershed coalitions; state agencies; private organizations (i.e., Pheasant's Forever, Ducks Unlimited); private industry (i.e., implement companies, chemical companies) will be developed to contribute to the accomplishments of 1, 2, and 3.

LONG-TERM IMPACT:

Acceleration of conservation practices will contribute to preserving the long-term productivity of agricultural land, and reducing non-point source pollutants. The state will be able to achieve its 10 year objective for the Minnesota River. Creation of a long-term rural/urban and state/local/private partnership.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM:
ACTIVITY:

ITEM TITLE: Natural Resources Block Grants to Counties

	<u>1994-95 Biennium</u>		<u>1996-97 Biennium</u>	
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Expenditures: (\$000s)				
General Fund				
- Grants	\$2,518	\$2,518	\$2,518	\$2,518

Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the creation of a consolidated natural resources block grant to counties as part of his environmental initiative. This block grant would merge the current Local Water Resources protection grants, the DNR Shoreland Management grants, and the BWSR current Wetland Conservation Act grants. The Governor recognizes the increased burden on local government to implement the Wetlands Act, and therefore recommends an additional \$2 million per year to help support that local capability.

Currently the state provides environmental grants to local governments to build a local staffing capability to administer state mandated programs and to develop and implement a comprehensive land use management program that maintains, preserves and enhances the natural resources with in their jurisdiction. These grants are administered by the Department of Natural Resources (DNR) and BWSR. Due in large part to demands placed on counties to implement the Wetland Conservation Act, the Groundwater Protection Act, and the Minnesota River initiative, local staff capability is inadequate to meet the challenge. This proposal helps build that local capability by consolidating existing grants and adding significant new funding, while fostering administrative efficiency and cost savings in the grants process itself.

<u>Proposed Natural Resources Block Grant to Counties</u>	<u>Annual Amounts</u>
Shoreland Management BASE (from DNR)	\$518
Local Water Resource Protection BASE	\$2,535
Wetlands Conservation Act BASE	\$300
New Wetlands Funding	<u>\$2,000</u>
Total	\$5,353

The applications processes and timeframes for these grants are all currently different. The agencies conduct independent reviews and in most cases have individual grant agreements with the local

governments. This process is extremely cumbersome for local governments and agencies alike. There is duplication of funding for the same activities. There is a enormous amount of time spent by local governments in writing several grants per year, time spent by agencies in review, and 100's of grants agreements written. This initiative will reduce the effort on the part of the several agencies, the grantor, Finance, Administration, Attorney General, Auditor, and the local government fiscal and administrative offices.

This proposal would consolidate the grants application, review, agreement and reporting process for a \$5.3 million block grant within BWSR. Agencies having program responsibility would be part of the review and decision-making for the grants. This approach takes advantage of the structure of BWSR, which includes local governments and the environmental agencies (DNR, PCA, MDA, MDH) in the board membership, a structure unique in state government. Local units of government receiving the grants would have significant flexibility to apply the state funding to local needs, while continuing to be fully responsible for carrying out the existing state mandates in shoreland management, local water planning, and the Wetlands Conservation Act.

PROGRAM OUTCOMES:

Establishment of a local base capability for soil and water resource management. Reduced staff time, at the local and state level in writing, reviewing and administering grants, monitoring and reporting of grants. Creation of a financial partnership between local government and the state reflecting not only state mandates, but other necessary elements of comprehensive soil and water resource management. Grant agreements alone would be reduced by half. BWSR processes 87 county grants and 50 other local government grants each year. DNR through shoreland management processes about 100+ grants. An integrated and coordinated approach would reduce this from 300 to less than 125 grants processed. This will require the support of Finance, Administration and the Legislature. Any rule changes that may be required to achieve this effort will be identified once the Legislature has approved this concept.

LONG-TERM IMPACT:

Reduced duplication of state funding. Coordination between state agencies on grants review and administration, saving significant time and effort that can be expended on more customer service and responsiveness. Substantial time and effort saved by local governments on grant writing, administration and reporting. Coordination of local government efforts so that more resource management is achieved. Accomplish several of the main Carlson Administration objectives in this biennial budget process: consolidation of programs; avoid future costs; significantly improve program management, accountability and productivity at the state and local government; and provide better service to the public.

F.Y. 1994-95 INVESTMENT INITIATIVE

AGENCY: Water and Soil Resources, Board of
 PROGRAM:
 ACTIVITY:

ITEM TITLE: Conservation Easement Acquisitions

	1994-95 Biennium		1996-97 Biennium	
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
MN Environment & Natural Resources Trust Fund				
- Grants	\$5,000	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$5 million from the Environmental Trust Fund for the Reinvest in Minnesota (RIM) Reserve program as part of his environmental initiative.

The RIM Reserve Program was established by the Reinvest in Minnesota Resources Act of 1986. The initial program funding of \$9 million for F.Y. 1987-88 biennium was exclusively through bonding. To date, there has been no permanent dedicated funding source, or funding level identified for this program. SWCDs locally administer the RIM Reserve Program. The funding needs have been determined from the cumulative requests of landowners seeking participation in the program, and BWSRs strategic objectives for the program.

Requests far exceed recent appropriations. Private and public organizations like Pheasant's Forever, Minnesota Waterfowl Association, Izaak Walton League, Ducks Unlimited, local sportsmen groups, and the USFWS have provided significant funding for conservation practices applied on these easement areas. BWSR believes these funding sources will remain viable and committed to assisting the broader objectives of complementing and supplementing the RIM Reserve Program.

PROGRAM OUTCOMES:

The funds will be used to acquire easements, restore drained wetlands, and establish permanent vegetative cover on acres enrolled in the following categories: (a) sensitive groundwater areas, (b) riparian lands, (c) drained restorable wetlands, and (d) marginal agricultural lands. Half of the land acquisition funds will be for acquiring perpetual conservation easements and construction on restored wetlands.

BWSR has made a commitment to direct 1/2 of F.Y. 1993 RIM Reserve funds to further the objectives on the Minnesota River, that commitment will continue to further the Governor's 10 year management focus on the Minnesota River.

LONG-TERM IMPACT:

The principal public benefits resulting from the acquisition of the easements include: (a) prevention of groundwater contamination to surficial and bedrock aquifers through the retirement of cropland overlying thin, fragile soils or in the immediate proximity of sinkholes; (b) improvement in the quality of percolation water into groundwater aquifers due to the establishment of permanent vegetative cover on retired cropland lying within groundwater recharge areas; (c) prevention of further surface water quality degradation resulting from sedimentation due to excessive erosion through the retirement of riparian crop/pasturelands and selected marginal agricultural lands; (d) enhanced fish habitat and spawning areas, including trout streams, due to reductions in sediment loadings through the retirement of riparian crop/pasturelands; (e) enhanced upland wildlife habitat, including those for non-game species, due to increased acreage of permanent vegetative cover through the retirement of marginal agricultural lands, including those in riparian areas; and (f) infusion of public funds to stimulate construction activities by private contractors in conjunction with the restoration of wetlands and establishment of necessary soil conservation measures to protect the restored wetland basins.

A sustainable and consistent approach to achieving program objectives and ability to leverage federal and private funds for wetland restoration and wildlife habitat enhancement.

Leveraging of funds and services in *partnership* with:

- Ducks Unlimited \$75,000
- Pheasants Forever \$30,000 and in-kind services
- USFWS \$1,300,000 for wetlands
- North American Wetland Conservation Council Request Pending
- Trout Unlimited In-kind services
- Izaak Walton League \$500 and in-kind services

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Board of Animal Health

Position and Employee Status Information

Position Reconciliation:

<u>Authority</u>	<u>Current F.Y. 1993</u>	<u>Requested for 6/30/95</u>
Legislative Complement:		
General Fund	36.0	36.0
LAC Approved:		
Federal	<u>1.0</u>	<u>1.0</u>
Total Permanent Positions	<u>37.0</u>	<u>37.0</u>
TOTAL Positions	<u>37.0</u>	<u>37.0</u>
Employees on 6/30/92	35.0	

Employees by Employment Status:
--

	<u>6/30/92</u>
Full-Time Unlimited	35.0
TOTAL	<u>35.0</u>

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**1994-95 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Animal Health, Board of

Fund: General

1. Summary of Agency Actions:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
CURRENT SPENDING	\$2,096	\$2,096	\$4,192
Forecast Adjustments	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
AGENCY BASE	\$2,096	\$2,096	\$4,192
Inflation Cost Increases	73	151	224
Agency Management Decisions			
Agency Operations:			
Contractual services	\$(98)	\$(170)	\$(268)
Purchased services	(26)	(26)	(52)
In-state travel	(22)	(28)	(50)
Out-state travel	(6)	(6)	(12)
Hold position vacant	<u>(26)</u>	<u>(26)</u>	<u>(52)</u>
Subtotal	\$(178)	\$(256)	\$(434)
TOTAL AGENCY PLAN	\$1,991	\$1,991	\$3,982
Governor's Initiatives			
Salary Planning Estimates	<u>\$(53)</u>	<u>\$(53)</u>	<u>\$(106)</u>
GOVERNOR'S RECOMMENDATION	<u>\$1,938</u>	<u>\$1,938</u>	<u>\$3,876</u>

2. Impact on Staffing:
Positions left Vacant

<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
1.0	1.0

3. Impact on Revenue Generation:

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 94-95</u>
<u>Agency Plan</u>	-0-	-0-	-0-
<u>Governor's Initiatives</u>	-0-	-0-	-0-

4. Affected Statutes:
None.

5. Governor's Recommendation:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

Brief Explanation of Agency's Overall Actions:

The agency will take the reduction from several object of expenditure codes in the disease control budget activity. These are the only areas that are big enough to handle the decrease in the budget. We anticipate that federal dollars will offset at least the contractual services and purchases services. The other object of expenditures will be funded from other areas on the budget.

AGENCY: Animal Health, Board of

MISSION:

The mission of the Board of Animal Health is to protect, maintain and improve the health of the domestic animals of the state.

To achieve this end, the Board of Animal Health enforces health requirements for the importation of livestock and poultry and inspection and regulation of livestock and livestock related facilities and activities. The board fulfills its mission through a combination of regulatory activities to prevent the spread of infectious and contagious diseases harmful to the livestock and poultry production in the state.

The board is organized into 5 smaller activity divisions, pseudorabies, cattle diseases, swine diseases, poultry and miscellaneous diseases, and administrative services in order to achieve the following objectives:

- to provide an abundant and wholesome food supply to the consumers of Minnesota;
- to keep Minnesota livestock free of brucellosis, and infectious disease of cattle and swine which causes a serious disease known as undulant fever in humans;
- to prevent and control pseudorabies in swine. Pseudorabies is a disease fatal to all animals;
- to prevent other diseases of livestock of which the state is free from entering into the state;
- to maintain Minnesota's freedom of tuberculosis in cattle and swine, scabies in sheep and pullorum typhoid in turkeys and chickens;
- to control rabies in all animals, anaplasmosis in cattle, equine infectious anemia in horses, avian influenza in turkeys, salmonella in all animals, mycoplasma in poultry, paratuberculosis in cattle and scabies in cattle;
- to provide assistance to the cattle, swine and poultry producers and herd owners with the testing and elimination of these serious diseases from their herds; and
- to provide early detection of livestock diseases which are not present in the United States but which can be carried in on animals, people, and products.

Minnesota has 15,000 swine farmers, 15,000 dairy farmers, and 20,000 beef farmers. The board maintains constant surveillance for diseases in livestock that have both human health and economic significance.

- 250,000 swine are tested annually for pseudorabies;
- 90,000 cattle are tested annually for brucellosis;
- 12,000 horses are tested annually for equine infectious anemia; and
- 315 rabies investigations are handled annually.

MINNESOTA MILESTONES:

The work of the board of Animal Health supports Milestones goal: Minnesotans will be healthy. The agency contributes to this goal by:

- Controlling and eradicating animal diseases;
- Protecting Minnesota citizens from animal health hazards.

The board of Animal Health contributes to Minnesota Milestones in the following manner:

- Minnesota's 4,500,000 people enjoy an almost unlimited safe and wholesome food supply. This is due in part to the efforts of Minnesota's 50,000 livestock producers.
- The farmers are able to raise their livestock with a reduced threat to losses due to disease because of programs that have been put in place to identify and eliminate serious diseases before they can affect the food supply.
- Farmers spend over \$4,000,000 annually to test their animals for the presence of diseases that have economic impact on their operations. The board administers surveillance programs designed to provide early detection of these serious diseases and to assist herd owners in eliminating these diseases from their herds and from the community.
- Minnesota has over 4,500,000 people. Many of these people are animal owners. The largest number are pet owners having 1 or more dogs, cats, horses, as well as other domestic animals that are their companions. Rabies is a disease that is a serious threat to all animals as well as to people. The pet owning public spends hundreds of thousands of dollars annually for vaccination which prevents their pets from contracting the disease from the primary source, skunks, foxes, and other wildlife.
- The board investigates each reported case of rabies in wildlife and domestic animals to ensure that exposed animals do not pose a threat to other domestic animals or to the people.

AGENCY BUDGET PLAN:

The agency will reduce expenditures in the disease control activity in the areas of contractual services, purchased services, travel and by holding one position vacant. It is anticipated that federal funds will offset reductions in contractual and purchased services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan; however, the proposed funding has been reduced due to revised salary planning estimates.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: BD OF ANIMAL HEALTH

PROGRAM RESOURCE ALLOCATION:	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
LIVESTOCK POULTRY HEALTH	2,352	2,246	2,331	2,326	2,221	2,168	2,326	2,221	2,168
TOTAL EXPENDITURES BY PROGRAM	2,352	2,246	2,331	2,326	2,221	2,168	2,326	2,221	2,168
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,135	1,985	2,101	2,096	1,991	1,938	2,096	1,991	1,938
STATUTORY APPROPRIATIONS:									
FEDERAL	197	261	230	230	230	230	230	230	230
GIFTS AND DEPOSITS	20								
TOTAL FINANCING	2,352	2,246	2,331	2,326	2,221	2,168	2,326	2,221	2,168
POSITIONS BY FUND:									
GENERAL	36.2	36.0	36.0	36.0	36.0	36.0	36.0	36.0	36.0
FEDERAL	.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL POSITIONS	36.9	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: BD OF ANIMAL HEALTH

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	2,331	2,331	2,101	2,101			230	230
TECHNICAL ADJUSTMENTS								
BASE TRANSFER (BTWN AGENCIES)	<16>	<16>	<16>	<16>				
INSURANCE PREMIUM HOLIDAY	11	11	11	11				
SUBTOTAL TECH. ADJ.	<5>	<5>	<5>	<5>				
CURRENT SPENDING	2,326	2,326	2,096	2,096			230	230
AGENCY BASE	2,326	2,326	2,096	2,096			230	230

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1994-95 Biennial Budget

BUDGET ACTIVITY: Disease Control
PROGRAM: Livestock and Poultry Health Services
AGENCY: Animal Health, Board of

ACTIVITY DESCRIPTION:

This activity exists to control and eradicate infectious and communicable diseases of livestock and poultry. The testing of blood samples is provided to herd and flock owners and has qualified Minnesota as free of bovine brucellosis, swine brucellosis, bovine tuberculosis, hog cholera, sheep scabies, pullorum typhoid in turkeys and chickens. Laboratory services are also provided through the board's official laboratories: the Willmar Poultry Testing Laboratory, the University of Minnesota's College of Veterinary Medicines' Diagnostic Laboratory and the Brucellosis Laboratory. Laboratory testing is done for over 1 million samples annually in surveillance programs. There are presently in effect control programs for rabies, anaplasmosis, pseudorabies, equine infectious anemia, avian influenza, salmonella, mycoplasma, paratuberculosis, and cattle scabies.

BUDGET ISSUES:

The 5% reduction will have a definite impact on services provided by this activity. The decrease of state resources will cause the agency to rely on federal grants from the USDA. The pseudorabies program is the largest program the agency has. It will be impacted by the reducing state resources in the testing and laboratory costs. Federal money will have to be used to replace the depleting state's resources. We anticipate using approximately \$300,000 in federal grant money for the pseudorabies program in each year of the biennium. The swine herd owners will spend \$3.5 million of their own money in each year of the biennium to pay for testing of swine and vaccinations of swine to eliminate this serious disease. The cattle owners will pay \$250,000 each year of the biennium to prevent the disease brucellosis from entering the state.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Non-dedicated - Gen'l	\$2	\$2	\$2	\$2	\$2
Dedicated - Federal	197	261	230	230	300

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: BD OF ANIMAL HEALTH
PROGRAM: LIVESTOCK POULTRY HEALTH
ACTIVITY: DISEASE CONTROL

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	855	871	889	896	896	866	896	896	866
EXPENSES/CONTRACTUAL SRVCS	569	449	515	515	410	410	515	410	410
MISC OPERATING EXPENSES	124	137	173	173	173	173	173	173	173
SUPPLIES/MATERIALS/PARTS	23	35	8	8	8	8	8	8	8
CAPITAL EQUIPMENT	40								
SUBTOTAL STATE OPERATIONS	1,611	1,492	1,585	1,592	1,487	1,457	1,592	1,487	1,457
TOTAL EXPENDITURES	1,611	1,492	1,585	1,592	1,487	1,457	1,592	1,487	1,457
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES			GEN			<30>			<30>
TOTAL GOV'S INITIATIVES						<30>			<30>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,394	1,231	1,355	1,362	1,257	1,227	1,362	1,257	1,227
STATUTORY APPROPRIATIONS:									
FEDERAL	197	261	230	230	230	230	230	230	230
GIFTS AND DEPOSITS	20								
TOTAL FINANCING	1,611	1,492	1,585	1,592	1,487	1,457	1,592	1,487	1,457
POSITIONS BY FUND:									
GENERAL	18.8	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6
FEDERAL	.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: BD OF ANIMAL HEALTH
PROGRAM: LIVESTOCK POULTRY HEALTH
ACTIVITY: DISEASE CONTROL

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL POSITIONS	19.5	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6

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1994-95 Biennial Budget

BUDGET ACTIVITY: Regulation of Health
PROGRAM: Livestock and Poultry Health Services
AGENCY: Animal Health, Board of

ACTIVITY DESCRIPTION:

This activity seeks to prevent the spread of disease in livestock and poultry. Imports and exports of livestock, poultry and companion animals are monitored and inspected to prevent the introduction of disease into the state and to prevent the exportation of diseases to other states and/or countries.

Programs now in progress are poultry flock and hatchery inspections, brand registrations, and dog kennel inspections. Inspection and supervision of market facilities, consignment sales, and public exhibitions. Poultry breeding stock is inspected and tested through guidelines of the National Poultry Improvement Plan.

BUDGET ISSUES:

This activity is not affected by the 5% reduction. All fund reductions will be taken out of the disease control budget activity.

EFFICIENCY MEASURES:

F.Y. 1991 F.Y. 1992 F.Y. 1993 F.Y. 1994 F.Y. 1995

Imports: (in thousands)

Cattle	484	378	420	430	450
Swine	246	271	274	290	290
Sheep	51	56	55	57	59
Horses	3	2	3	3	3
Dogs	3	3	3	3	3
Poult, chicks, hatchery	14,000	15,000	16,000	16,000	17,000

Exports:

Cattle	152	179	179	185	185
Swine	366	339	340	360	360
Sheep	7	6	6	7	7
Horses	6	6	6	6	7
Poult, chicks, hatchery	34,000	37,000	37,000	38,000	38,000

REVENUE:

This activity generates non-dedicated revenue.

Dollars in Thousands

	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
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Type of Revenue:					
Non-dedicated - Gen'l	\$2	\$2	\$2	\$2	\$2

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: BD OF ANIMAL HEALTH
PROGRAM: LIVESTOCK POULTRY HEALTH
ACTIVITY: REGULATION OF HEALTH

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	471	467	454	458	458	442	458	458	442
EXPENSES/CONTRACTUAL SRVCS	1	1	1	1	1	1	1	1	1
MISC OPERATING EXPENSES	14	16	17	17	17	17	17	17	17
SUBTOTAL STATE OPERATIONS	486	484	472	476	476	460	476	476	460
TOTAL EXPENDITURES	486	484	472	476	476	460	476	476	460
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES						<16>			<16>
TOTAL GOV'S INITIATIVES						<16>			<16>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	486	484	472	476	476	460	476	476	460
TOTAL FINANCING	486	484	472	476	476	460	476	476	460
POSITIONS BY FUND:									
GENERAL	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8
TOTAL POSITIONS	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8

1994-95 Biennial Budget

BUDGET ACTIVITY: Administrative Services
PROGRAM: Livestock and Poultry Health Services
AGENCY: Animal Health, Board of

ACTIVITY DESCRIPTION:

This activity exists to provide management and administrative services for the board's central office, 2 laboratories, 11 field employees and 5 board members and to ensure that all financial obligations are paid within established payment deadlines.

BUDGET ISSUES:

The budget reduction does not affect this activity directly. The 5% will be taken out of the funding of the disease control budget activity.

EFFICIENCY MEASURES:

All of the administrative activities listed in the following descriptions were completed.

Description:

1. Provide management, office services and coordination for the central office, 2 laboratories and 11 field employees.
2. Maintain records for 35 employees.
3. Purchase, inventory, and distribute supplies and equipment.
4. Employ and train personnel.
5. Provide office services and coordination for 5 board members for meeting and public hearings.

REVENUE:

This activity does not generate revenue.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: BD OF ANIMAL HEALTH
PROGRAM: LIVESTOCK POULTRY HEALTH
ACTIVITY: ADMIN SERVICES

ACTIVITY SUMMARY				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	217	217	216	216	216	209	216	216	209
EXPENSES/CONTRACTUAL SRVCS	17	29	40	24	24	24	24	24	24
MISC OPERATING EXPENSES	14	19	13	13	13	13	13	13	13
SUPPLIES/MATERIALS/PARTS	7	5	5	5	5	5	5	5	5
SUBTOTAL STATE OPERATIONS	255	270	274	258	258	251	258	258	251
TOTAL EXPENDITURES	255	270	274	258	258	251	258	258	251
GOV'S INITIATIVES:									
FUND									
(A) SALARY PLANNING ESTIMATES			GEN			<7>			<7>
TOTAL GOV'S INITIATIVES						<7>			<7>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	255	270	274	258	258	251	258	258	251
TOTAL FINANCING	255	270	274	258	258	251	258	258	251
POSITIONS BY FUND:									
GENERAL	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
TOTAL POSITIONS	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6

1994-95 Biennial Budget

AGENCY: Minnesota State Horticultural Society

MISSION:

The Minnesota State Horticultural Society (MSHS) is a semi-state education agency dedicated to the advancement of horticulture in Minnesota. (The term "horticulture" includes the science and practice of commercial and household gardening with fruit and nut trees, vegetables, flowering plants, grasses, shrubs and shade trees.) MSHS promotes horticulture for the improvement and development of home, community, and state; also to enhance the quality of life in Minnesota, benefiting both rural and urban communities. MSHS is the largest organization of its kind in the nation, with more than 16,000 members statewide. MSHS translate technical research into useful information for home and community use in a variety of program offerings.

MINNESOTA MILESTONES:

MSHS contributes to Milestones themes through environmental and volunteer-based programs and services, namely "A Vision for MN's Future," "A Caring and Secure Community," "Our Surroundings," "A Prosperous People," and "Learning," within these program areas: *Minnesota Horticulturist* (the oldest continuously published magazine in the state); *Minnesota Green* statewide community gardening program (previously funded by the Legislative Commission on MN Resources); lifelong learning opportunities through classroom sessions, exhibits, information services; multi-media horticultural library; over 200 affiliated garden-related organizations; link for statewide environmental and horticultural resources.

CLIMATE:

Through the implementation of a long-range plan developed in 1991, MSHS matches goals with state of Minnesota priorities in several ways:

1. **The Center for Northern Gardening** - MSHS has purchased their first independent headquarters in their 126-year history. Here new cultural events and youth-oriented activities (with horticultural emphasis), as well as seminars and exhibits, will expand the organization's presence in the community. The grounds will demonstrate the "living museum" concept, emphasizing horticultural demonstrations such as endangered species, energy-saving plantings, water quality, and yard waste.
2. **Quality of Life and Our Surroundings** - The public is learning the importance of their environment (local and global) to quality of life. It is a goal of MSHS to aid individuals and communities in community land stewardship and enhancement. *Minnesota Green* links land use to environmental impact, offering training on utilizing of public lands, urban forest development, plantings for public trails, community entries along highways. Through this and other programs, MSHS disseminates information on horticulture and related environmental topics (responsible chemical use, yard waste management, use of water resources, tree planting for energy conservation, wetland preservation, use of native plantings, landscaping for wildlife and other specific ways to sustain and enhance our living world).
3. **Volunteerism** - With minimal staffing, volunteers are the primary means for this organization to expand its programs. MSHS is a volunteer-based organization, extending its resources and influence throughout the state. Technical assistance to community leaders has led to over 200 new long-term public community plantings begun from 1990-1992, and planting of over 5,000 trees in 1990-1991. The volunteer base has expanded by a minimum of 20% in each of the past 3 years.

4. **Prosperity** - Commercial horticulture is the fastest-growing segment of Minnesota agriculture, yet accompanying consumer education has not kept pace with purchases. With public programs reduced (such as U of M Extension Service), MSHS has had increasing demand for programs and services. MSHS is in an excellent position to meet needs of horticultural outreach with new public facilities and a statewide network, providing a necessary link to further expansion of the horticulture industry.

OBJECTIVES:

1. Expand outreach to 3,000 new citizens in each upcoming year through new outreach capabilities of the Center for Northern Gardening.
2. Maintain self-sufficiency through a dues increase, program fees, fund-raising, partnerships with other organizations, and cost-saving methods.
3. Strive to maintain *Minnesota Green* at its current level, to continue serving communities and neighborhoods with technical assistance on the value of horticulture on environmental and conservation issues.
4. Increase volunteer involvement by 100 added participants, each offering a minimum of 20 service hours in each upcoming year. Determine dollar value of volunteered labor and services.
5. Continue statewide program offerings as currently available, including *Minnesota Horticulturist* magazine, seminars, support for garden-related groups.
6. Increase membership by a net 1,000 persons in each upcoming year.

AGENCY BUDGET PLAN:

The state legislative appropriation request represents approximately 9% of MSHS income in the first year of the biennium; the percentage is expected to decrease during the second year due to expansion of other revenue sources. State funding will be used for general operating expenses, as in the past. The percentage of total revenue received from the state of Minnesota has decreased each year for the past 10 years.

Paid memberships will comprise approximately 36% of gross revenues in the next biennium. Increased emphasis on membership development has substantially increased cash flow. Other revenue sources include donations of about 3% (not including capital donations for the current building project). Program fees and earned income (proceeds from tours, educational programs, magazine sales, advertising and product sales) will make up approximately 50% of the total budget.

Net expenses are expected to increase nearly \$40,000 per year, with the move to the new headquarters building. This is because MSHS has been housed without charge on the University of Minnesota St. Paul Campus. Over \$30,000 has been raised for the \$500,000 purchase of the new building; the state of Minnesota did not contribute to the purchase of this facility.

Outside fundraising will be needed to keep *Minnesota Green* community greening program alive, since funds will no longer be granted through the Legislative Commission on Minnesota Resources (LCMR). LCMR funding loss is \$27,000 per year. If funding is not forthcoming, the program (the only statewide community greening program in the nation) will be lost.

To meet changes in the budget, a dues increase will be implemented, and new fundraising efforts have been launched. These initiatives, coupled with sound fiscal management, will maintain the stability of the organization.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE HORTIC SOC
PROGRAM: HORTICULTURE
ACTIVITY: HORTICULTURE

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	68	72	72	72	72	72	72	72	72
TOTAL EXPENDITURES	68	72	72	72	72	72	72	72	72
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	68	72	72	72	72	72	72	72	72
TOTAL FINANCING	68	72	72	72	72	72	72	72	72
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

1994-95 Biennial Budget

AGENCY: Ethanol Development Subsidy

MISSION:

Under M.S. 41A.09, the Commissioner of Revenue makes payments to producers of ethanol or wet alcohol in the state for those products fermented in the state. The payments are made quarterly and based on the number of gallons of ethanol or wet alcohol produced. For each gallon of ethanol, the subsidy is \$0.20. Funding for these payments is appropriated from the General Fund.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the ethanol development appropriation be transferred from the Department of Revenue to the Minnesota Department of Agriculture, Promotion and Marketing Program. In addition to recommending the transfer, the Governor recommends changing the appropriation from statutory authorized to direct appropriated. Recommended amendments to M.S. 41A.09 to implement this recommendation are included in the Governor's recommendation.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ETHANOL DEVELOPMENT SUBSIDY
PROGRAM: REVENUE REFUNDS & AIDS
ACTIVITY: PETROLEUM TAX REFUND

ACTIVITY SUMMARY				FY 1994			FY 1995		
	FY 1991	FY 1992	Est. FY 1993	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	2,449	4,976	3,574	3,574	9,000		3,574	9,000	
TOTAL EXPENDITURES	2,449	4,976	3,574	3,574	9,000		3,574	9,000	
GOV'S INITIATIVES:									
(A) ETHANOL PRODUCER SUBSIDY						<9,000>			<9,000>
TOTAL GOV'S INITIATIVES						<9,000>			<9,000>
SOURCES OF FINANCING:									
OPEN APPROPRIATIONS:									
GENERAL	2,449	4,976	3,574	3,574	9,000		3,574	9,000	
TOTAL FINANCING	2,449	4,976	3,574	3,574	9,000		3,574	9,000	
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: ETHANOL DEVELOPMENT SUBSIDY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95	F.Y.94	F.Y.95
F.Y.93 FUNDING LEVEL	3,574	3,574	3,574	3,574				
CURRENT SPENDING	3,574	3,574	3,574	3,574				
FORECAST ADJUSTMENTS								
OPEN APPROPRIATION ADJUSTMENT	5,426	5,426	5,426	5,426				
SUBTOTAL FORECAST ADJ.	5,426	5,426	5,426	5,426				
AGENCY BASE	9,000	9,000	9,000	9,000				

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1994-95 Biennial Budget

AGENCY: Agricultural Utilization Research Institute

MISSION:

The Agricultural Utilization Research Institute (AURI) is a non-profit corporation created by the state of Minnesota to strengthen its rural economy by developing new uses for Minnesota farm products. AURI's role is to build working partnerships that combine Minnesota's diverse agricultural resources with business innovators and applied science expertise.

The mission of AURI is to foster long-term economic benefit, and increase business and employment opportunities for rural Minnesota by:

- identifying, expanding and creating new markets for agricultural commodities, non-food ingredients and products;
- developing more energy efficient, natural resource-saving farm production practices; and
- developing new industrial uses and value-added food products from Minnesota agricultural commodities.

Since its first pilot research program in 1988, AURI has helped enterprising businesses pursue market opportunities and respond to market demands. Technologies to develop new products derived from Minnesota crops and livestock are developed and transferred to the private sector. The future of profitable agriculture depends upon making more money from what we grow (not on growing more and accepting less) and doing so in a manner consistent with our commitment to responsible stewardship.

CLIMATE/MINNESOTA MILESTONES:

Through AURI, Minnesota is a leader in building public/private sector partnerships for the commercialization of value-added agri-products and in pioneering cost-effective new utilization initiatives. AURI, its customer-oriented philosophy and its market-driven programs are young, but it is already apparent that there is no more productive approach to rural economic development and no more efficient mechanism for delivery of quality services.

The results achieved as a result of Institute activities are defined in the mission statement, but there are more. The important and striking parallels between AURI's mission and the goals of Minnesotans as expressed in the Minnesota Milestones validate the Institute's contribution to our State's future. Specifically:

- "Our children will not live in poverty"
- "Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work"
- "All Minnesotans will have the economic means to maintain a reasonable standard of living"
- "Minnesotans will act to protect and enhance their environment"
- "We will improve the quality of air, water and earth"
- "Minnesotans will have the advanced education and training to make the state a leader in the global economy"

- "Government in Minnesota will be cost-effective and services will be designed to meet the needs of the people who use them"

All AURI programs and activities directly contribute to one or more of the above Milestones goals. The Institute's decentralized structure and the direct involvement of Minnesotans in decision-making, assures access, accountability and continuity of purpose.

AGENCY BUDGET PLAN:

The Institute is governed by an independent Board of Directors who have insisted on performance and outcome based action from the beginning. AURI leverages state dollars with private sector investment to create more value from Minnesota's agricultural products and retain more of that value locally. It is known that such value-added businesses and products generate significant direct and indirect economic activity per unit investment. Furthermore, the most successful economic development plans build on existing local and regional strengths and expertise (i.e. agriculture).

Applied research in support of value-added market opportunities and toward solving the environmental issues in agriculture will become national priorities in the future. AURI activities ensure that Minnesota is positioned to maximize its share of the expected funding available through new Federal initiatives.

Institute performance and efficiency justifies state support at a level consistent with the importance of agriculture, family farms and rural communities to Minnesota.

PROGRAM PURPOSE:

Institute programs are designed to identify, manage and share the risks of innovation, for without risk there is no progress. The Institute also recognizes that the true leaders of rural economic development are the rural citizens themselves. Government should help make the conditions right for success and ensure that more "successes" happen in Minnesota. AURI does precisely that. Its flexible, custom-tailored service programs draw from broad internal expertise as well as from effective cooperation with state and federal organizations and agencies, institutions of higher education, economic development groups and (most importantly) the private sector. AURI is decentralized, accessible and responsive. Programs and services reflect the needs of the Institute's entrepreneurial customers and the goals of Minnesota Milestones.

PROSPECTS:

World agriculture is on the verge of momentous change. Falling trade barriers and emerging democracies will limit growth opportunities in low-profit bulk markets. AURI programs to develop and commercialize higher value crops and agri-products give Minnesota farmers the competitive advantage necessary to profit from inevitable change. Without that competitive advantage, smaller-scale agriculture will continue to decline as an economically viable occupation.

AURI's focus on higher value agricultural products and on local value-added agricultural business development benefits not only agriculture, but all of Minnesota. Small businesses such as those receiving Institute assistance create most net job growth in non-metro areas. Hence, their success will be reflected by a narrowing of the metro/non-metro income gap and by an improved standard of living for many rural children. Consequently, the entire state benefits as net consumers of public services become net generators of state revenue.

1994-95 Biennial Budget

AGENCY: Agricultural Utilization Research Institute
(Continuation)

OUTCOMES:

The outcomes of AURI activity are well defined in the Institute's mission. There will be new uses and new materials for agricultural products, new value-added processing in local communities, and economically and environmentally sound production practices implemented across the state. Family farms will grow in numbers and in profitability, and struggling rural communities will (with targeted AURI assistance) have the tools to revitalize themselves. Abandoned rural infrastructure will have new life, and increasing pressure on the already over-burdened urban infrastructure will be mitigated. Tax consumers will become tax payers, and the rural parents of today (and tomorrow) will have new choices.

OBJECTIVES:

AURI bridges the gap between cutting-edge research and practical commercialization of new ideas. Institute programs bring necessary technical expertise, product development and testing facilities, business management assistance and marketing skills to entrepreneurs and small businesses. Such services are vital to start-up business success and to ongoing competitiveness, yet have previously been inaccessible to the "idea-people" that must drive rural economic recovery. Within the scope of its agricultural mission, AURI's objective is to help every entrepreneur bring his or her good idea to commercial success in rural Minnesota.

PROGRAM PLAN:

Private-sector projects in the Field Services programs will be increased; it is already evident that the number of good ideas exceeds earlier expectations. Applied Research Services efforts target specific opportunities while not duplicating the work of others. Laboratories and pilot plants (Marshall and Crookston) opened in the summer of 1992 and activities therein are in the acceleration phase. Research and commercialization efforts will focus on new uses for agricultural oils, small grains utilization and value-added product development, renewable alternatives to petrochemicals (energy and fine chemicals) and on utilization and management of agricultural and food processing wastes. Information and educational activities will reach further into the citizenry as is directed by the Milestones goal of creating more participatory government programs. Administrative services will seek and adopt ways to improve upon what is already a most efficient system for delivery of quality services and support.

ACTIVITY DESCRIPTION:

All AURI activities are market and customer service driven. AURI was created to serve a critical need voiced by Minnesotans, and the governing structure (Board of Directors) ensures that the Institute remains focused. Service delivery is decentralized and accessible through offices at Morris, Marshall, Crookston and Waseca. Effective cooperation and referral arrangements with the National Resources Research Institute of Duluth provides state-wide coverage. A management team consisting of senior staff members continuously seeks to streamline all phases of Institute operation while maintaining absolute accountability.

AURI activities are coordinated and entirely interdependent. For convenience, they can be divided into Field Services (private sector projects), Applied Research Services (public and private sector research and development partnerships, laboratories and testing facilities, technical support to Field Services), Information Services (information dissemination, educational support, networking catalyst), Administrative Services (Institute operations, as well as budget and computer resource management assistance to customers) and the Ag-Environmental Initiative.

The Ag-Environmental Initiative targets three principle areas of need. The ag-energy savings program (37 projects) and the renewable energy/petrochemical alternatives program are underway. The Initiative's third focus is on livestock waste (and other agricultural by-products) management and utilization. In partnership with the Southern Experiment Station (Waseca), producers and industry, the program will bring agricultural, environmental, and recreational interests together with scientists and regulators in order to reverse the decline of one of Minnesota's most important value-added agricultural enterprises - the livestock industry.

BUDGET ISSUES:

Minnesotans from the Governor to the family farmer recognize that medium to long-term prosperity depends upon wise investment today. We owe nothing less to our children. AURI, like virtually every state program, faces serious budget constraints. The demand for AURI's quality services and the need for AURI's quality results out-strips the funds currently allocated. Federal, foundation and other external support will be actively sought for applied research and environmental programs.

The supply of field service assistance to private sector entrepreneurs and small business is exceeded by the demand created by new ideas from Minnesota innovators. Increased state support for these activities is essential to these businesses, to AURI and to the Milestones plan. Federal programs alone will not solve the problems of local entrepreneurs, but the Institute will leverage federal funds such that Minnesota receives the greatest benefit possible.

If entrepreneurialism, enhanced competitiveness in agriculture, and renewed rural prosperity is a state priority, the state must create conditions that favor such change. AURI delivers cost-effective quality services to an industry and a people willing and able to turn their economic outlook around. The return on such investment will be critical to the state economy.

Times of chronic financial difficulties demand responsible long term cures. New investment in better ways to delivery government assistance is warranted, particularly where such assistance is specifically designed to fix problems at the root of the chronic financial difficulties. AURI programs are so designed.

EFFICIENCY MEASURES:

As in all truly innovative endeavors, there are no pre-existing yardsticks available for direct comparison. AURI is developing such measures as its track record of success (and the reasons for that success) grows. Measures will include those of quality, not just quantity (numbers of people, businesses, products, processes, etc). Quality is key to any analysis of efficiency and effectiveness, for government generally does not truly create new jobs or new businesses.

At AURI, personalized customer services is a measure of quality. It is undeniable that project development assistance and follow-up (in the form of hands on help and on-call advice) is often as important as any financial investment made. AURI has more than doubled its portfolio of Field

1994-95 Biennial Budget

AGENCY: Agricultural Utilization Research Institute
(Continuation)

Service projects in the past year with no increase in Institute staff, and that is certainly a measure of efficiency. However, the quality of service to each entrepreneurial project leader must also be considered, for we already know that the "grant and wait" programs don't work well. Care will be taken to ensure that such services do not deteriorate, for that is one of the activities that makes AURI uniquely successful. The Institute plans to develop measures of value returned to the state per dollar invested, and to continuously achieve new levels of efficiency and effectiveness according to those measures.

REVENUES:

A one-time 25% cut was suffered in F.Y. 1993; it will continue to have a negative impact on the Institute through the upcoming biennium. Restoration to full funding will ease the problem. Beyond that, the Institute is pleased that the Governor has endorsed performance and outcome standards in pursuit of Milestones goals. Both are consistent with AURI programs and philosophy. As such, AURI anticipates increased state support because of the merits of its programs and the performance of its people in the context of the Milestones vision for Minnesota.

Financial assistance to private-sector entrepreneurs is in the form of forgivable loans made under contract with certain terms and conditions specified. Our experience reflects that of the Small Business Administration. It will take 4-6 years for most new AURI-assisted businesses to become financially secure. Consequently, the Institute does not expect significant revenue from loan repayment until the 1996-97 biennium. Even then, the monies received will only gradually increase.

Prospects for outside funding are bright provided state support to take advantage of federal, foundation and other opportunities is available. It is encouraging to note that new use and commercialization is becoming a top federal priority and a major new initiative has received initial funding. In addition to new uses funding, major opportunities in renewable energy and petrochemicals are anticipated as well as a re-doubling of federal and private sector interest in funding agriculture/environmental work.

AURI's unique structure and unparalleled relationship with innovative private sector commercializers makes the Institute an attractive alternative to grantors who today are seeking a new kind and quality of results. The Institute anticipates great success in leveraging outside funds if the State demonstrates its commitment through reasonable support of its own.

PROJECTS:

AURI Field Services is involved in over 125 formal commercialization, new use and new markets projects in over 60 Minnesota counties. Because these involve the sharing of ideas and technology with private sector entrepreneurs and investors trying to compete in the open market, their confidentiality must be respected. Additional information on specific projects may be available upon request.

Some projects with public sector entities are more in the public domain. Information is readily

available upon request. Similarly, internal applied research and development activities (as described in an earlier section of this document) are open to those seeking more specific information.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the appropriations for AURI be made separately from those to Minnesota Technology, Inc., to formalize the separation of these two entities. Base level funding amounts by year include \$4 million in General Fund appropriations and an estimated \$100,000 a year in Special Revenue funds transferred from the Department of Agriculture to the agricultural project utilization account under section 116O.13 to be used for pesticide use reduction grants. Furthermore, as part of the Governor's Jobs Initiative, no reductions to base level funding are recommended for the AURI. The stable base funding level recommended by the Governor should allow the AURI to implement its program and give the Institute the leverage to attract non-state funding.

1994-1995 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AG UTILIZATION RESEARCH INST
PROGRAM: AG UTILIZATION RESEARCH INST
ACTIVITY: AG UTILIZATION RESEARCH INST

ACTIVITY SUMMARY	FY 1991	FY 1992	Est. FY 1993	FY 1994			FY 1995		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE						4,100			4,100
TOTAL EXPENDITURES						4,100			4,100
GOV'S INITIATIVES:									
			FUND						
(P) SEPARATE AURI			GEN			4,000			4,000
(P) SEPARATE AURI			SR			100			100
TOTAL GOV'S INITIATIVES						4,100			4,100
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL						4,000			4,000
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE						100			100
TOTAL FINANCING						4,100			4,100
POSITIONS BY FUND:									
TOTAL POSITIONS	.0	.0	.0	.0	.0	.0	.0	.0	.0

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