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1996-97

Minnesota Biennial Budget

Environment & Natural Resources

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CHANGE ORDER #1 1996-97
BIENNIAL BUDGET
for updates.**

Presented by Governor Arne H. Carlson to the 79th Legislature

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1996-97 BIENNIAL BUDGET

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1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: POLLUTION CONTROL AGENCY (MPCA)

PROGRAM

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U.S. DEPARTMENT OF JUSTICE

TO: SAC, NEW YORK
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SUBJECT: [Illegible]

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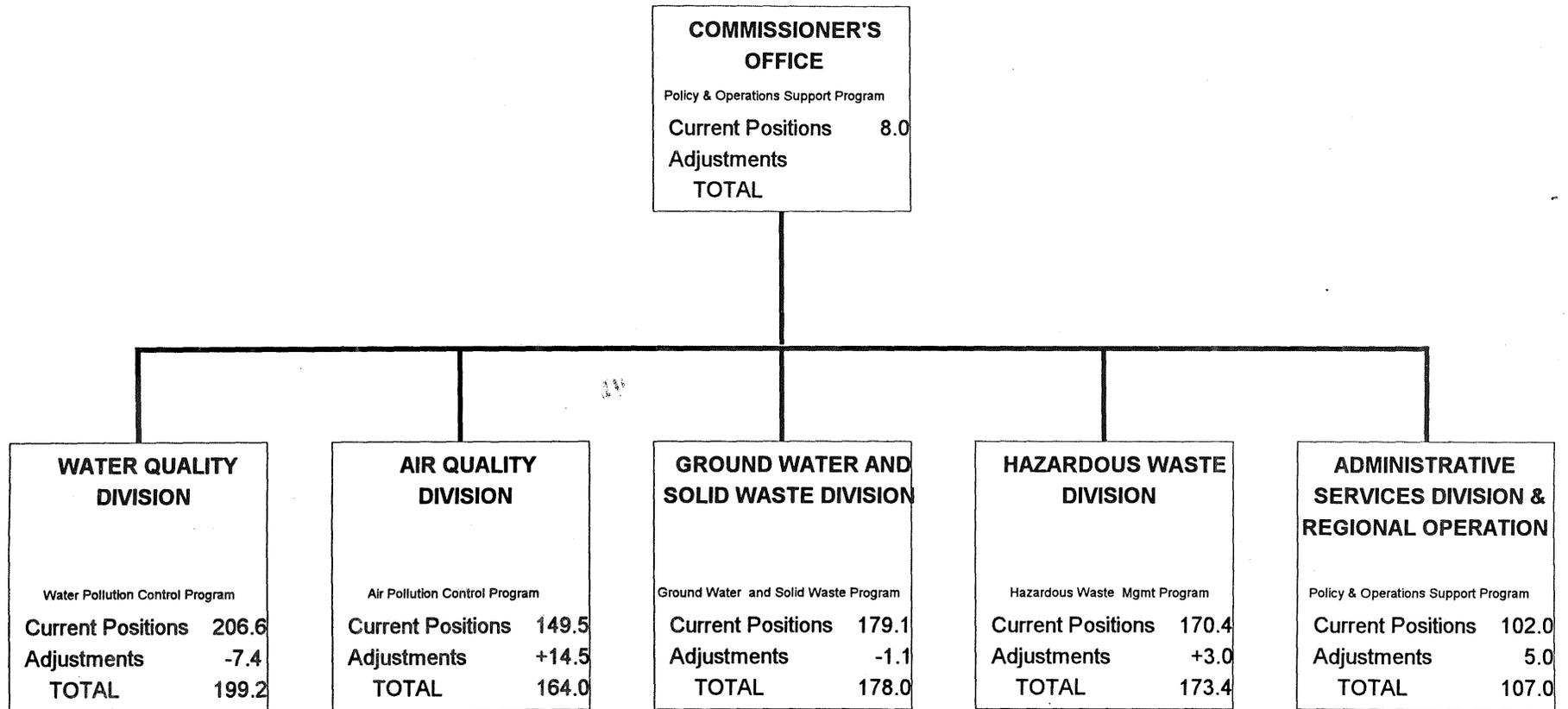
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Minnesota Pollution Control Agency Organization Chart 7/1/94



June 30, 1994 FTE Employees: 802.4

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (MPCA)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$10,469	\$10,469	\$20,938
<u>BASE ADJUSTMENT:</u>			
One-time Appropriation	(75)	(75)	(150)
Biennial Appropriation	1,006	(940)	66
Approp Carried Forward	(432)	(432)	(864)
Attorney General Costs	<u>229</u>	<u>229</u>	<u>229</u>
<u>CURRENT SPENDING</u>	\$11,197	\$9,251	\$20,448
<u>AGENCY DECISION ITEMS:</u>			
Agency Decision Item	<u>165</u>	<u>110</u>	<u>275</u>
<u>AGENCY PLAN</u>	\$11,362	\$9,361	\$20,723
<u>GOVERNOR'S INITIATIVES:</u>			
None			
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$11,362	\$9,361	\$20,723

Brief Explanation of Agency Plan:

- **Base Level Adjustments** include a) One-time Appropriation of \$75,000 for the 1994 one-time appropriation for an environmental review of a proposed Konderator (metal shredder) in Minneapolis; b) Biennial Appropriation: Technical adjustment in the Clean Water Partnership Grants Program to provide for the 1996-97 biennial base appropriation request of \$1,946,000; c) Appropriation carried forward: Reduces the request to the current base level by eliminating the carry forward of funds from 1994 into 1995, and d) Attorney General: The agency paid a portion of its Attorney General costs from the General Fund which was at only 50% the rate. To make up the other 50%, the agency was allowed a base adjustment of \$229,000 in the General Fund to pay Attorney General services.
- **Agency Decision Item: Tools for Integrated Water Monitoring.** The agency is requesting \$275,000 for the biennium to fund 1.5 FTE and expenses needed to operate the 10 water quality monitoring stations which were appropriated in the 1994 capital budget. The primary purpose of this monitoring effort is to provide water quality data to assist in planning and evaluating the results of water nonpoint source pollution abatement measures. The 1994 capital budget noted that the agency would be requesting these resources in the 1996-97 biennial budget.

Revenue Summary:

- These are no revenue changed in the General Fund as a result of the requests presented on page.

Affected Statutes:

- None

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (MPCA)

Fund: Petroleum Cleanup

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$1,896	\$1,896	\$3,792
<u>BASE ADJUSTMENT:</u>			
Approp Carried Forward	<u>(149)</u>	<u>(149)</u>	<u>(298)</u>
<u>CURRENT SPENDING</u>	\$1,747	\$1,747	\$3,494
<u>AGENCY DECISION ITEMS:</u>			
Non-Ded Fee Spending (3%)	<u>20</u>	<u>40</u>	<u>60</u>
<u>AGENCY PLAN</u>	\$1,767	\$1,787	\$3,554
<u>GOVERNOR'S INITIATIVES:</u>			
Petro Tank Leak Protection	\$917	\$872	\$1,789
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$2,684	\$2,659	\$5,343

Brief Explanation of Agency Plan:

- **Base Level Adjustment:** Appropriation carried forward: Reduces the request to the current base level by eliminating the carry forward of funds from 1994 into 1995.
- **Agency Decision Item: Non-Dedicated Fee Spending:** The agency requests \$60,000 for the biennium to cover increases in non-salary expense items due to an annually estimated inflation rate of 3%.

Revenue Summary:

- There are no revenue changes in the Petroleum Cleanup Fund as a result of the requests presented on this page.

Affected Statutes:

- None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and further recommends funding for implementing a Petroleum Tank Leak Protection program.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (MPCA)

Fund: Special Revenue

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$1,039	\$1,039	\$2,078
<u>BASE ADJUSTMENT:</u>			
Approp Carried Forward	(183)	(183)	(366)
<u>CURRENT SPENDING</u>	\$856	\$856	\$1,712
<u>AGENCY DECISION ITEMS:</u>			
Non-Dedicated Fee (3%)	7	14	21
LCMR New Allocations	130	-0-	130
Agency Decision Items	<u>250</u> *	<u>250</u> *	<u>500</u> *
<u>AGENCY PLAN</u>	\$993	\$870	\$1,863

* Not included in agency plan total because the request is for a statutory appropriation.

GOVERNOR'S INITIATIVES:

None

GOVERNOR'S RECOMMENDATIONS **\$993** **\$870** **\$1,863**

Brief Explanation of Agency Plan:

- **Base Level Adjustment:** Appropriation carried forward: Reduces the request to the current base level by eliminating the carry forward of funds from 1994 into 1995.

Agency Decision Items:

- **3% Inflation:** The agency requests \$21,000 for the biennium to cover increases in non-salary expense items due to an annually estimated inflation rate of 3%.
- **LCMR Project: Mercury Deposition Trends and Lake Quality Bench Marks and Trends:** The LCMR has recommended this project for partial funding (\$130,000) from the Great Lakes Protection Account in the Special Revenue Fund. This project is funded by an additional \$120,000 from the Minnesota Resources Fund.
- **Voluntary Petroleum Investigation and Cleanup Program:** The agency is requesting \$500,000 for the biennium to fund 3.0 FTE and expenses needed to expand the Voluntary Petroleum Investigation and Cleanup Program. This would allow for faster technical review and response to property buyers, sellers and developers on a fee for service basis. This request will be shown as a non-direct statutory appropriation in the budget pages.

Revenue Summary:

- The Voluntary Petroleum Investigation and Cleanup Program would increase revenue to the Special Revenue Fund by a planned \$250,000 each year. The revenues would be generated by fees for investigation services regarding potentially petroleum contaminated land parcels. Property buyers, sellers and developers would pay this fee. The agency is requesting this as a statutory appropriation so that revenues can be matched to expenditures depending upon demand for the services.

Affected Statutes:

- None

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (MPCA)

Fund: Environmental

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
BASE YEAR (F.Y. 1995)	\$22,214	\$22,214	\$44,428
BASE ADJUSTMENT:			
One-time Appropriations	(1,654)	(1,654)	(3,308)
Approp Carried Forward	<u>(2,464)</u>	<u>(2,464)</u>	<u>(4,928)</u>
CURRENT SPENDING	\$18,096	\$18,096	\$36,192
AGENCY DECISION ITEMS:			
Annualized New Prog Cost	120	120	240
Non-Ded Fee Spending (3%)	82	164	246
Proposed Fee Changes	1,012	1,236	2,248
Agency Decision Items	<u>(719)</u>	<u>(819)</u>	<u>(1,538)</u>
AGENCY PLAN	\$18,591	\$18,797	\$37,388
GOVERNOR'S INITIATIVES:			
None			
GOVERNOR'S RECOMMENDATIONS	\$18,591	\$18,797	\$37,388

Brief Explanation of Agency Plan:

Base Level Adjustments:

- **One-time Appropriation:** a) Shredder Grants and administration, \$370,000 b) Computer DELTA Project, \$790,000, c) Salvage Yard Study, \$494,000
- **Appropriations carried forward:** Reduces the request to the current base level by eliminating the carry forward of funds from 1994 into 1995.

Agency Decision Items:

- **Annualized New Program: ISTS Certification.** The agency is requesting \$120,000 each year from the Environmental Fund to operate the Individual Septic Certification Program. The 1994 Legislature appropriated \$120,000 for 1995 to fund program start up. This appropriation was made from the Pollution Prevention Account in the Environmental Fund as a loan to be repaid

at \$60,000 each year during the 1996-97 biennium. The fee was set at \$100 per year and with 3,000 septic tank installers, this would generate \$300,000 annually. \$60,000 for each year will be used for loan repayment and \$240,000 will be used to operate the program.

- **Non-dedicated Fee Spending:** The agency is requesting \$246,000 for the biennium to cover increases in non-salary expense items due to an annually estimated inflation rate of 3%.
- **Proposed Fee Change: Air Emission Fees:** The agency is requesting \$943,000 for 1996 and \$1,167,000 for 1997 from air emission fees to fund 14.0 FTE. This request is necessary to bring the fee into compliance with Minnesota Statute and the Federal Clean Air Act.
- **Proposed Fee Change: Hazardous Waste:** The agency is requesting \$69,000 each year to fund the increased costs of Attorney General services.
- **Agency Decision Item: Waste Tire Program Reduction:** The agency has completed its clean-up of the known waste tire dumps, therefore the agency is requesting a reduction of \$2,097,000 each year from the Motor Vehicle Transfer Account. This will leave \$219,000 (\$195,000 for Ground Water and Solid Waste Program and \$24,000 for Policy and Operation Support Program) to fund oversight and development of the waste tire management system by allowing the agency to permit and manage the generation of over 4.4 million tire annually.
- **Agency Decision Item: Used Oil Filter Collection Program:** The agency is requesting \$100,000 for 1996 from the Motor Vehicle Transfer Account to provide assistance grants to retailers for the disposal of used oil filters.
- **Agency Decision Item: Environmental Computer Compliance Management, Phase II:** The agency is requesting \$1,278,000 for 1996 and \$1,278,000 for 1997 from the account balance in the Motor Vehicle Transfer Account in the Environmental Fund to complete its 4 year project of updating its environmental management computer system.

Revenue Summary:

The requests on this page will have the following revenue ramifications in the Environmental Fund:

- Air Quality Emission Fees will increase by \$2,110,000 for the biennium
- Hazardous Waste Fees would be increased by \$69,000 annually.

Affected Statutes:

- None

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (MPCA)

Fund: Metro Landfill Contingency Trust

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$1,427	\$1,427	\$2,854
<u>BASE ADJUSTMENT:</u>			
Approp Carried Forward	<u>(628)</u>	<u>(628)</u>	<u>(1,256)</u>
<u>CURRENT SPENDING</u>	\$799	\$799	\$1,598
<u>AGENCY DECISION ITEMS:</u>			
Agency Decision Items	<u>(665)</u>	<u>(665)</u>	<u>(1,330)</u>
<u>AGENCY PLAN</u>	\$134	\$134	\$268
<u>GOVERNOR'S INITIATIVES:</u>			
GOVERNOR'S RECOMMENDATIONS	\$134	\$134	\$268

Brief Explanation of Agency Plan:

- **Base Level Adjustments: Appropriation carried forward:** Reduces the request to the current base level by eliminating the carry forward of funds from 1994 into 1995.
- **Agency Decision Item: Metro Landfill Contingency Reduction:** The agency is requesting a reduction in its appropriation for 1997 in order to match the declining revenues to the Metropolitan Landfill Contingency Action Trust Fund and current spending needs.

Revenue Summary:

- Revenues to the Metropolitan Landfill Contingency Action Trust Fund are declining due to the fact that there are only two landfills currently receiving solid waste in the metropolitan area and due a substantial reduction in interest income because of the transfer of \$7,764,000 to the Landfill Cleanup Fund in 1995.

Affected Statutes:

- None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (MPCA)

Fund: Landfill Cleanup

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$7,874	\$7,874	\$15,748
<u>BASE ADJUSTMENT:</u>			
Approp Carried Forward	(8)	(8)	(16)
Ded Stat Approp Spending	(2,956)	(2,956)	(5,912)
<u>CURRENT SPENDING</u>	\$4,910	\$4,910	\$9,820
<u>AGENCY DECISION ITEMS:</u>			
Non-Ded Fee Spending (3%)	7	14	21
<u>AGENCY PLAN</u>	\$4,917	\$4,924	\$9,841
<u>GOVERNOR'S INITIATIVES:</u>			
Ground Water Monitoring	\$436	\$431	\$867
Toxics in Products	78	78	156
Solid Waste Fee Compliance (Dept of Revenue)	50	50	100
Landfill Construction Inspection	178	140	318
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$5,659	\$5,623	\$11,282

Brief Explanation of Agency Plan:

- **Base Level Adjustment:** a) Appropriation carried forward: Reduces the request to the current base level by eliminating the carry forward of funds from 1994 into 1995. b) Dedicated Statutory Appropriation Spending: This is a technical adjustment which moves cleanup dollars from direct appropriations category in 1995 to statutory appropriation in F.Y. 1996-97.
- **Agency Decision Items: Non-Dedicated Spending:** The agency is requesting \$21,000 for the biennium to cover increases in non-salary expense items due to an annually estimated inflation rate of 3%.

Revenue Summary:

- There are no revenue changes in Landfill Cleanup Fund as a result of the requested presented on this page. The Landfill Cleanup Account is not generating the level of revenue anticipated during the 1994 Legislature Session. The agency is working with the Department of Revenue to determine why this is occurring and to take appropriate action.

Affected Statutes:

- None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends the following 4 initiatives:

- Ground water monitoring to establish baseline assessment trends for ground water quality;
- Toxics in products to reduce the amount of toxics in products and packaging in cooperation with other states;
- Solid waste fee compliance to provide the Department of Revenue with funding for 1 FTE for fee assessment and collection responsibilities; and
- Inspection of landfill cleanup activities.

1996-97 Biennial Budget

AGENCY: Pollution Control Agency (MPCA)

AGENCY DESCRIPTION: The mission of the Minnesota Pollution Control Agency (MPCA) is to protect and improve Minnesota's air, water and land to secure the quality of life of its citizens. To achieve this mission of 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. Programmatic areas include the Water Quality Division, Air Quality Division, Ground Water and Solid Waste Division, Hazardous Waste Division, Administrative Services Division. There are 5 Regional Offices located in Duluth, Marshall, Rochester, Detroit Lakes, and Brainerd.

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

- Minnesota's environment contains: clean, clear air: fishable and swimmable waters; uncontaminated soil, and 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 MPCA board, the governor and legislature, Environmental Protection Agency (EPA) 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.

AGENCY CHALLENGES:

Controlling Nonpoint Source

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. Examples of nonpoint sources of air pollution are transportation systems, parking facilities, and automobiles. 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.

Polluter Pays as a Funding Philosophy

As the agency shifts from regulating mostly industrial sources to nonpoint sources of pollution, the solutions to these environmental problems become increasingly expensive for those who can least afford them. This will require more innovation from the agency regarding environmental solutions and funding sources for small businesses, rural cities and homeowners and farmers.

Need for Sustainable Development

There is a growing interest in planning economic growth so that it does not jeopardize the environment. The agency is being encouraged to play a crucial part in this worthy goal by ensuring that new development and other projects may proceed only after environmental impacts are mitigated or eliminated. The agency anticipates significant environmental review work in the following areas: 1) feedlots; 2) industrial, including wood and paper products and agriculture, including ethanol; 3) wastewater treatment; 4) landfills; and 5) evaluating solutions for nonpoint sources of pollutions.

Emphasis on Service to Customers

The agency needs to place a greater emphasis on service and in particular, to make more staff available locally. 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 program as household waste collection, recycling and other examples of support for the actions of the agency. The regulated community, in particular, interested in knowing how to comply and responds eagerly to the training and technical assistance opportunity the agency provides. In order to maintain the momentum, the agency must continue to focus its attention on the service aspect.

AGENCY: Pollution Control Agency (MPCA)
(Continuation)

Providing Assistance for Voluntary Compliance

The public and the regulatory 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.

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 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 continues to function properly. To do this will require compliance monitoring and a progressive program to keep a 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 operations trained is going to require new partnerships with community colleges, vocational technical institutes and trade associations.

Clean Air Amendments

Clean Air Amendments of 1990 Clean Air Act Amendments (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 emission 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 state 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.

Computerization: Project Delta

Environmental problems are becoming more complex because scientists tell us more than we used to know about the extent and effects of pollution. Solutions to preventing and abating pollution involve considerations that move from one media, such as air, to another, like water or land. Having the right information from all applicable sources available to whomever needs it is essential to the management of today's multi-media environmental challenges. Project Delta is the second and last phase of the agency's systems development and computerization project which will result in combining compliance data bases from all the programs; making more information readily accessible to staff and other decision makers, including the public, and doing business more efficiently.

AGENCY STRATEGIES:

- Establishing effective partnerships with other agencies and organizations
- Nurturing citizen stewardship of resources through education, outreach and technical assistance
- Developing environmental indicators and using scientific data and assessments to guide planning, priorities and decisions
- Preventing pollution
- Employing a balanced set of incentives to protect the environment
- Using a geographically based approach to environmental management
- Planning economic growth in an environmentally sustainable manner
- Increasing expensive solutions
- Ever-increasing demands for easily-understandable information
- Managing the organization efficiently and effectively

REVENUE SUMMARY:

Under the agency plan, department earnings fees contribute \$79,088,000 for the 1996-97 biennium. In addition the Department of Public Safety collects \$22,648,000 for vehicle emission inspection fees. The revenues include fees collected by the agency as well as fees collected by the Department of Revenue, Department of Public Safety, Office of Environmental Assistance and transferred to the agency.

The major income generating fees for the agency are: (amounts are for the 1996-97 biennium).

- Air Quality Emission Fees, \$15,510,000
- Water Quality Fees, \$5,710,000
- Hazardous Waste Fees, \$4,618,000
- Environmental Enforcement Penalties, \$2,434,000
- Landfill Cleanup Fees and other income, \$41,788,000
- State Superfund Responsible Party Reimbursements, \$2,000,000
- Hazardous Waste Penalties for State Superfund, \$2,000,000
- Superfund Voluntary Cleanup and Property Transfer, \$2,336,000
- Metropolitan Landfill Contingency Action Trust Fund Fee, \$640,000
- Leaking Tanks Property Transfer and Voluntary Cleanup, \$736,000
- Inferior Solid Waste Facilities Fee, \$300,000
- Individual Septic System Certification Fee, \$600,000
- Vehicle Emission Inspection Fees, \$22,648,000 (collected by DPS)
- Low Level Radiation Fee, \$8,000
- Water, Solid Waste and Tanks Training Programs, \$128,000
- Air Quality Fleet Inspection, \$280,000 (collected by MPCA)

1996-97 Biennial Budget

AGENCY: Pollution Control Agency (MPCA)
(Continuation)

SUMMARY OF BUDGET REQUEST:

The agency budget plan includes the following:

Agency-wide, Multi-Division Request Summary:

- **Attorney General:** To maintain the current level of Attorney General environmental services, the agency has a request of \$1,414,000 in base level and a \$69,000 hazardous waste fee increase for a total of \$1,483,000. Currently the agency is paying approximately \$1,000,000 which is less than the full cost 16.2 attorneys supporting pollution control programs. The agency is making some internal budget shifts to account for the cost increase and requesting \$69,000 in new fee revenues. The agency paid a portion of its Attorney General costs from the General Fund which was at only 50% the rate. To make up the other 50%, the agency was allowed a base adjustment of \$229,000 (General Fund) to pay Attorney General services.
- **3% Inflationary Increase:** The agency is requesting \$348,000 for its 4 environmental divisions for the biennium from the Petroleum Cleanup Fund, Environmental Fund, Special Revenue Fund and the Landfill Cleanup Fund to cover increases in non-salary expenses due to an annually estimated inflation rate of 3%.

Water Pollution Control Program

- **Tools for Integrated Water Monitoring:** The agency is requesting \$275,000 (General Fund) for the biennium to operate 10 water quality monitoring stations which were appropriated in the 1994 Capital Budget.
- **Individual Sewage Treatment System Certification Program:** The agency is requesting an additional \$120,000 each year from the Environmental Fund to operate the Individual Septic Certification Program which was enacted during the 1994 Session.
- **LCMR Projects:** The LCMR is recommending 6 projects for the Water Program for a total of \$1,325,000 from the future Resources Fund and the Special Revenue Fund.

Air Pollution Control Program

- **Air Emission Fees:** The agency is requesting \$2,110,000 increase in the air emission fees to meet the requirements of state statute and federal law.
- **LCMR Project:** The LCMR is recommending one \$575,000 project for the air program.

Ground Water and Solid Waste

- **Waste Tire Program Reductions:** The agency has completed its cleanup of the known waste tire dumps, therefore the agency is requesting a reduction of \$2,097,000 each year from the Motor Vehicle Transfer Account in the Environmental Fund.

- **Metropolitan Landfill Contingency Fund:** The agency is requesting a biennial reduction of \$1,330,000 in its appropriation for 1997 in order to match the declining revenues to the Metropolitan Landfill Contingency Action Trust Fund and current spending needs.
- **Shredder Grants:** The agency is requesting continuation of \$136,000 unspent 1995 funding for the metal shredder project in order to allow for additional research. The \$136,000 is from the Motor Vehicle Transfer Account in the Environmental Fund.
- **LCMR Project:** The LCMR is recommending one \$250,000 project for the ground Water program from the Environmental Trust Fund.

Hazardous Waste Program

- **Used Oil Filter Collection Program:** The agency is requesting \$100,000 for 1996 from the Motor Vehicle Transfer Account in the Environmental Fund to provide assistance grants to retailers for the disposal of used oil filters.
- **Voluntary Petroleum Investigation and Cleanup Program:** The agency is requesting \$250,000 each year in a statutory appropriation in the Special Revenue Fund to fund quicker response to requests from parties involved in property transactions.

Policy and Operations Support Program

- **Environmental Computer Compliance Management System, Phase II:** The agency requests \$1,278,000 each year from the account balance of the Motor Vehicle Transfer Account in the Environmental Fund to complete Phase II of its Environmental Computer Compliance Management System Project.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends the following initiatives:

- \$1,789,000 from the Petro Fund for Petro Tank Leak Protection;
- \$867,000 from the Landfill Cleanup Fund for Ground Water Monitoring activities;
- \$156,000 from the Landfill Cleanup Fund for Toxics in Products and Packaging to work in concert with other states for greater regulatory consistency;
- \$100,000 from the Landfill Cleanup Fund for providing the Department of Revenue with additional resources in the collection and enforcement of the Landfill Cleanup assessments; and
- \$318,000 from the Landfill Cleanup Fund for landfill construction and maintenance oversight.

The Governor has identified projects recommended for funding by the LCMR that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for these projects be used to finance selected environmental, high priority initiatives including:

- \$2,225,000 for Clean Water Partnership projects;
- \$1,120,000 for Minnesota River project implementation;
- \$200,000 for integrated water quality monitoring; and
- \$120,000 for reduction of mercury contamination in Minnesota.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY

PROGRAM RESOURCE ALLOCATION:	Est.			FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
WATER POLLUTION CONTROL	12,351	13,423	16,560	16,448	18,050	21,489	14,159	14,398	14,398
AIR POLLUTION CONTROL	16,977	18,128	19,662	19,016	20,376	20,376	18,877	19,883	19,883
GRDWTR PROTECTION & SOLID WASTE MG	21,047	18,914	29,405	41,016	38,658	39,332	34,616	32,027	32,658
HAZARDOUS WASTE MANAGEMENT	9,961	10,022	12,935	11,720	12,116	12,875	11,561	11,873	12,587
POLICY AND OPERATIONAL SUPPORT	8,341	8,549	12,108	10,454	11,883	12,335	10,454	11,950	12,176
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	68,677	69,036	90,670	98,654	101,083	106,407	89,667	90,131	91,702
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	1,305	1,111	189		250	250			
GENERAL	9,373	8,802	10,469	11,197	11,362	11,362	9,251	9,361	9,361
MN RESOURCES	142	153	153		1,770	5,435			
PETRO CLEAN-UP FD		1,577	1,896	1,747	1,767	2,684	1,747	1,787	2,659
SPECIAL REVENUE	737	673	1,039	856	993	993	856	870	870
ENVIRONMENTAL	20,527	21,653	22,289	18,096	18,591	18,591	18,096	18,797	18,797
METRO LANDFILL CONTN	511	1,170	1,427	799	134	134	799	134	134
LANDFILL CLEANUP			7,874	4,910	4,917	5,659	4,910	4,924	5,623
STATUTORY APPROPRIATIONS:									
GENERAL		1							
PETRO CLEAN-UP FD		1,611	2,444	2,000	2,000	2,000	2,000	2,000	2,000
SPECIAL REVENUE	13,757	13,429	15,079	14,882	15,132	15,132	14,882	15,132	15,132
FEDERAL	15,396	14,816	18,365	22,545	22,545	22,545	16,504	16,504	16,504
ENVIRONMENTAL	6,923	3,985	5,917	2,617	2,617	2,617	2,617	2,617	2,617
METRO LANDFILL CONTN	6	3	5	5	5	5	5	5	5
LANDFILL CLEANUP			3,424	19,000	19,000	19,000	18,000	18,000	18,000
GIFTS AND DEPOSITS		52	100						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	68,677	69,036	90,670	98,654	101,083	106,407	89,667	90,131	91,702
FTE BY EMPLOYMENT TYPE:									

REGULAR	696.4	723.3	806.6		824.5			820.6	
TEMP/SEAS/PART_TIME	33.3	43.6	1.0		1.0			1.0	
OVERTIME	.7	1.8							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	730.4	768.7	807.6		825.5	851.5		821.6	847.6

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	90,670	90,670	10,469	10,469	61,836	61,836	18,365	18,365
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<1,729>	<1,729>	<75>	<75>	<1,654>	<1,654>		
BIENNIAL APPROPRIATIONS	1,006	<940>	1,006	<940>				
APPROPRIATIONS CARRIED FWD	<3,864>	<3,864>	<432>	<432>	<3,432>	<3,432>		
DED STAT APPROP SPENDING	15,684	8,677			11,460	10,460	4,224	<1,783>
FUND CHANGE/CONSOLIDATION	<2,956>	<2,956>			<2,956>	<2,956>		
LCMR-FUNDED PROJECTS	<342>	<342>			<342>	<342>		
FEDERAL RECEIPTS	<44>	<78>					<44>	<78>
ATTORNEY GENERAL COSTS	229	229	229	229				
SUBTOTAL BASE ADJ.	7,984	<1,003>	728	<1,218>	3,076	2,076	4,180	<1,861>
CURRENT SPENDING	98,654	89,667	11,197	9,251	64,912	63,912	22,545	16,504

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control (MPCA)
PROGRAM:
ACTIVITY:

ITEM TITLE: Minnesota River Implementation

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
MN Resources				
- State Operations	\$120	\$-0-	\$-0-	\$-0-
- Grants	\$1,000	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
MN Resources	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1,120,000 for the Minnesota River Implementation project from the Minnesota Resources Fund to continue and expand efforts to control nonpoint source pollution in the basin. Of this amount, \$1,000,000 is for grants to local entities to do implementation projects and \$120,000 is to fund 1.0 FTE each year. Of the \$1,120,000 requested for this budget initiative, \$1,094,000 is requested for the Water Pollution Control Program and \$26,000 for the Policy and Operations Support Program.

Funding for this initiative has been made available in the Minnesota Resources Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative.

The appropriation is available for both years of the biennium.

RATIONALE:

The Minnesota River drains 16,700 miles of land, which includes all or parts of 37 counties in Minnesota. The Minnesota River is one of the state's most polluted waters, particularly from nonpoint sources of pollution. The river does not meet the water quality requirements of the Federal Clean Water Act. In 1992, the Governor established a 10-year goal of a fishable/swimmable Minnesota River. Failure to restore the river will likely result in costly upgrades of the municipal point sources, the Blue Lake and Seneca metropolitan wastewater treatment plants. This would place

a disproportionate burden on point source discharges to achieve water quality goals. In 1993, the MPCA completed the Minnesota River Assessment Project (MRAP), a 4-year study of the chemical, biological and land use conditions funded by the LCMR. The LCMR also funded demonstration projects to support education and watershed implementation of best management practices in the Minnesota River basin. In 1994, the legislature funded the Governor's nonpoint source pollution initiative, which included feedlots, on-site sewage and nonpoint source loan program. An interagency proposal coordinated by the agency was submitted to the LCMR for F.Y. 1996-97 to continue and accelerate implementation in the Minnesota River basin.

The MRAP study recommended a 40% reduction in total suspended solids (mainly sediment), maintenance of the nitrate concentrations at less than 10 ppm in the river, development of a phosphorus standard for the basin, development of a sediment-reduction strategy to reduce cropland soil loss, and removal of bacteria and other pathogens that make the river unsafe for human contact.

Because of the size and complexity of the Minnesota River, it is important to focus efforts to a lower scale for implementation. The goal of the Minnesota River implementation project is to achieve resource-focused pollution reduction targets through coalitions of local units of government working within the 12 major watersheds within the Minnesota River basin. The state will provide financial support and technical assistance to local government coalitions targeting sources of pollution and reductions necessary to solve their tributary's share of the Minnesota River's nonpoint source pollution problem. One FTE (located in the regional office) is recommended for this purpose.

PROGRAM OUTCOMES:

Coalitions of local governments, with technical support from agency staff, would compile existing data and information, fill necessary information gaps, analyze information, set pollutant reduction goals, and develop action plans for meeting water quality goals. This effort would build on local water planning efforts, the MRAP. The information generated in this effort would then lead directly to implementation, feed back into local water plans, or lead to programs like Clean Water Partnerships/SRF, feedlot manure containment, septic system improvement and riparian corridor development.

This will enhance quality management by local governments, providing specific pollutant reduction goals, milestones and action plans.

LONG-TERM IMPACT:

Achieving the goal of restoring the Minnesota River to a fishable and swimmable condition means that each individual tributary within this basin must control its share of the pollution. The Minnesota River implementation project will allow the state to assist water resource managers and local governmental units within those individual tributaries achieve local water quality goals. At the same time, the goal of addressing basin-wide controls on categorical nonpoint pollution sources will be advanced.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control (MPCA)

PROGRAM:

ACTIVITY:

ITEM TITLE: Clean Water Partnership

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
MN Resources				
- State Operations	\$350	\$-0-	\$-0-	\$-0-
- Grants	\$1,875	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
MN Resources	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$2,225,000 for the Clean Water Partnership (CWP) from the Minnesota Resources Fund to continue Clean Water Partnership projects for nonpoint source pollution control. Of this amount, \$1,875,000 is for grants to local entities for diagnostic and implementation projects and \$350,000 is to fund 3 staff each year. Of the \$2,225,000 requested for this initiative, \$2,145,000 is requested for the Water Pollution Control Program and \$80,000 for the Policy and Operations Support Program.

Funding for this initiative has been made available in the Minnesota Resources Fund because the Governor has identified projects recommended by the LCMR that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiatives.

The appropriation is available for both years of the biennium.

RATIONALE:

The CWP Program provides financial assistance through grants and technical assistance to lead watershed management projects for nonpoint source pollution control. Financial assistance through the CWP Program is in the form of 50% matching grants which are made available to local units of governments. 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. CWP 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 33 active projects, 26 of them are in the diagnostic phase and 7 are currently in the implementation phase. During the 1994 CWP application cycle we received 8 requests totalling \$409,000 for diagnostic projects and 10 requests totalling \$3,558,000 in implementation projects. During the 1995 CWP application cycle we received 6 requests totalling \$784,983 for diagnostic projects and 18 requests totalling \$11,573,524 for grant and/or CWP State Revolving Loan Fund implementation projects. Ten million dollars was made available through the State Revolving Loan Fund, to the CWP Program in May 1994. This will provide a supplemental funding source for implementing nonpoint source management practices.

Increases in program grants have not been accompanied by the funding for technical project managers. External audits have identified overburdened managers as one of the weaknesses in the CWP program. Past general fund cuts have retained grant dollars at the expense of necessary technical and administrative report needs. Three FTEs (all regional positions) are recommended for this purpose.

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. The agency provides technical and administrative support to these projects.

The CWP 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.

CWP 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:

CWP is a program that fosters partnerships between citizens, local governments and state agencies who working together resolve water quality problems and achieve long term land and water resource goals. Project monitoring and evaluation are used to document the success of the project.

Since the program was established, 44 projects have been selected to receive funding. The \$5.4 million of state funds that has been granted to these projects has been matched, representing over \$10.8 million of state and local efforts for pollution control. The 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.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control (MPCA)
PROGRAM:
ACTIVITY:

ITEM TITLE: Ground Water Monitoring and Assessment Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Landfill Cleanup Fund				
State Operations	\$436	\$431	\$455	\$469
Revenues: (\$000s)				
Landfill Cleanup Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$436,000 be appropriated in F.Y. 1996 and \$431,000 in F.Y. 1997 from the Landfill Cleanup Fund for 3.0 FTE (including 1.0 FTE in a regional service delivery location) and associated expenses, baseline assessment trends and special cooperative monitoring to allow assessment of Minnesota's ground water quality. Of the \$436,000 requested in this budget initiative for 1996, \$408,000 is requested for the Ground Water and Solid Waste Program and \$28,000 for the Policy and Operations Support Program. Of the \$431,000 for 1997, \$403,000 is for Ground Water and Solid Waste Program and \$28,000 for the Policy and Operations Support Program.

RATIONALE:

The agency should have in place a program to measure how effective the many pollution control and cleanup systems which have been installed over the last 25 years have been in protecting ground water. This will increase accountability to the public, the local governments with whom Ground Water Monitoring and Assessment Program (GWMAP) cooperates, and the Legislature.

GWMAP evaluated the quality of ground water in Minnesota's 14 principal aquifers. GWMAP was redesigned under F.Y. 1990-91 funding from the LCMR to include a statewide baseline assessment, time trends monitoring in susceptible and growth areas, and regional monitoring cooperatives. Under current funding, the agency does not conduct time trends monitoring at all and cannot use GWMAP to evaluate the effectiveness of ground water protection. The additional funds would correct this, provide more technical assistance to local governments (especially those cooperating

counties who have begun to establish their own ground water monitoring programs) and provide more complete and informative analysis of the findings from program components, across and outside the agency. The information is needed to help answer the questions "What is the average or expected water quality in my area?" and "Is the quality of our ground water improving or degrading?"

PROGRAM OUTCOMES:

Additional funding will provide the following:

- Establishment of a time trends monitoring network concentrated in susceptible and growth areas of the state;
- More assistance to and cooperative monitoring with local governments;
- Accelerated completion of the statewide baseline assessment of ground water quality;
- Improved ability by both agency and local governments to assess, display, and communicate information about ground water quality trends and the implications of the data.

The improved GWMAP will enable the agency to evaluate where ground water quality fully supports the beneficial uses of the ground water, is threatened or impacted, or does not support beneficial uses. The new network would enable the agency to assess how ground water quality in a given region is changing over time as a result of pollution control and land-use practices, and progress resulting from ground water protection programs such as Superfund, closed landfill cleanup, leaking underground storage tanks, and domestic and business septic tanks. This information will be used over the long term to target and redirect the agency's ground water protection activities.

The time trends network would be developed in F.Y. 1996 and sampled beginning in late F.Y. 1996. The network would initially focus on areas where ground water is most vulnerable and/or most threatened by human activities, particularly the St. Cloud-Twin Cities growth corridor. Existing non-public water supply wells would be sampled repeatedly to assess ground water impacts in settings combining various potential contamination source types and hydrogeologic conditions.

The cooperative monitoring with local governments will follow the models pioneered with a nine-county regional cooperative in southeast Minnesota, and more recently with several counties individually. This will include increased joint sampling and assistance to local governments in monitoring design, training and evaluation of results. The completion of the baseline component will provide a representative, statistically based description of ground water quality for more than 100 chemical constituents in 14 principal aquifers statewide.

LONG-TERM IMPACT:

The result will be a long-term track record of ground water quality improvements or degradation. This will enable the agency to identify new or changing problems and to make more informed choices about where to focus ground water protection activities. Local governments too will have better information on which to base their own decision making, and better assistance to help the increasing number who conduct their own monitoring and assessment. Over the long term the public and the legislature will have more direct evidence about the effectiveness of the state's investments in ground water quality protection.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control (MPCA)
PROGRAM:
ACTIVITY:

ITEM TITLE: Toxics in Products and Packaging

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Landfill Cleanup Fund				
- State Operations	\$78	\$78	\$78	\$78
Revenues: (\$000s)				
Landfill Cleanup Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$78,000 be appropriated in each of F.Y. 1996 and 1997 from the Landfill Cleanup Fund for 1 FTE and associated expenses to reduce the amount of toxics in products and packaging in cooperation with other states and businesses. Of the \$78,000 requested each year for this budget initiative, \$62,000 is requested for the Ground Water and Solid Waste Program and \$16,000 for the Policy and Operations Support Program.

RATIONALE:

Waste composition studies and Household Hazardous Waste programs have determined that packaging makes up 40% of the waste stream and that certain products contribute significantly more quantities of heavy metals than others, and thus should be the target of reduction efforts. While efforts to target products and packaging through legislation will reduce the toxicity of the waste stream, these new laws must balance environmental impact with competitive disadvantage and overall economic impact on Minnesota businesses.

In 1991, the Waste Management Act included two provisions regarding toxics in products (M.S. 115A.9651) and packaging (M.S. 115A.965) that required implementation by the agency. One provision required enforcement of toxicity reduction levels in packaging, while the other would have required enforcement of bans on specific products (inks, dyes, pigments, paints) containing certain heavy metals. As originally enacted in 1991, both laws would have been difficult to implement due to the extreme enforcement responsibility and resources required to ensure that all packaging and

certain products sold at retail met the statutory requirements for heavy metal content. The original legislation also would have created more of a competitive disadvantage for Minnesota businesses.

In 1994, compromise legislation was enacted to amend both laws, but no funding was provided. Amendments to M.S. 115A.965, allows the agency to work with a group of states, the Council of Northeast Governors (CONEG), to review packages for toxic components, rather than write and implement rules that would have had a greater impact on Minnesota based manufacturers and retailers. Amendments to M.S. 115A.9651 eliminated the 1994 ban on specified products, and provided an exemption process that allows for information gathering on manufacturers and products, thus delaying the implementation of the ban until 1997 when more informed decisions can be made. Action is needed in 1995 to fulfill the agency's responsibilities by the 1994 amendments to these two laws.

PROGRAM OUTCOMES:

This initiative affects the toxic metal content of packaging and products. Concerning packaging, the outcome will be reduced costs, better decision making, and greater regulatory consistency for states through participation in CONEG. By utilizing the combined forces and extensive packaging review experience of the Northeastern states, better, more informed decisions about compliance with packaging laws will result. In addition, Minnesota will not become a 'regulatory island,' creating competitive disadvantage for Minnesota based manufacturers, since "Minnesota only" rules will not be written. In 1991, Minnesota adopted CONEG standards in M.S. 115A.965. By working with the CONEG states to determine compliance with this law, the outcome is greater regulatory consistency for manufacturers, rather than a state by state, piecemeal approach.

Regarding toxics in specified products (inks, dyes, paints, pigments, and fungicides), the primary outcome is information gathering that will aid in future decision making. The exemption process that replaces a ban on products containing heavy metals, allows the agency to collect information about products sold in Minnesota and their manufacturers, with eventual presentation to the Legislative Commission on Waste Management for recommendations on future actions to reduce toxic metals.

LONG-TERM IMPACT:

The long-term impact of this initiative is to find balance between environmental concerns for reducing the toxicity of the waste stream and competitive disadvantage for Minnesota businesses. By working with a group of states, the importance of packaging toxicity reduction issues are raised through greater market clout, yet manufacturers must comply with laws enacted in several states and must comply with them consistently from one state to another. Greater market clout should result in manufacturers nationwide rethinking how they can design their packaging with reduced heavy metals content. Regarding toxics in products, the information gathering that will occur with the exemption process will eventually allow for better decision making by manufacturers who may give greater consideration to less toxic alternatives and by legislators who will gain a better understanding of the options and limitations of manufacturers who are seeking less toxic alternatives.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control (MPCA)
PROGRAM:
ACTIVITY:

ITEM TITLE: Landfill Construction Inspection

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Landfill Cleanup Fund				
- State Operations	\$178	\$140	\$140	\$140
Revenues: (\$000s)				
Landfill Cleanup Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$165,000 be appropriated in F.Y. 1996 and \$136,000 be appropriated from the Landfill Cleanup Fund in F.Y. 1997 for 2 FTE and associated expenses to be located in regional service delivery locations for landfill construction, maintenance and inspections. Of the \$165,000 requested for this initiative for 1996, \$154,000 is for the Ground Water and Solid Waste Program and \$24,000 is for the Policy and Operations Support Program. Of the \$140,000 for 1997, \$116,000 is for the Ground Water and Solid Waste Program and \$24,000 is for the Policy and Operations Support Program.

RATIONALE:

The Landfill Cleanup Act of 1994 included the state taking over future responsibility of necessary landfill cleanups and long-term maintenance at 110 closed permitted landfills. Approximately 95 of these landfills are located in Greater Minnesota and it is anticipated that many of these facilities will transfer ownership to the state. A local presence will assist in construction and maintenance oversight as well as conduct inspections, respond to severe weather events, questions and complaints is more appropriate, efficient and necessary for the Landfill Cleanup Program to succeed.

PROGRAM OUTCOMES:

Regional oversight of contractors will provide greater assurance that state responsibilities are fulfilled involving construction, sampling, surveying, maintenance and other activities. A local presence will

assist in communications with communities, potential complainants and allow for quicker responses to unanticipated problems that may occur.

LONG-TERM IMPACT:

It is anticipated that these positions will remain throughout the expected 30+ year life of the program.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control (MPCA)
PROGRAM:
ACTIVITY:

ITEM TITLE: Petroleum Tank Leak Protection Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Petrofund				
- State Operations	\$917	\$872	\$872	\$872
Revenues: (\$000s)				
Petrofund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statute(s) affected: M.S.				

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$917,000 for 1996 and \$872,000 for 1997 be appropriated from the Petroleum Cleanup Fund for implementing a petroleum tank leak protection program. The overall purpose of this program will be to prevent leaks from petroleum storage tanks and thereby greatly reducing the need for a future tank cleanup program when the current program ends. Of the \$917,000 requested for 1996, \$759,000 is for the Hazardous Waste Management Program and \$158,000 is for the Policy and Operations Program. Of the \$872,000 requested for 1997, \$714,000 is for the Hazardous Waste Management Program and \$158,000 is for the Policy and Operations Program.

RATIONALE:

Funding of Minnesota's tank related programs to date has focused more on cleanup than prevention efforts. Prevention efforts funded now would help reduce cleanup costs borne by the Minnesota Petrofund reimbursement program later and would reduce the environmental impact of leaks. With the concept of "prevention now saves cleanup costs later," funds would be effectively spent on less expensive pollution prevention activities to avoid more expensive cleanup activities.

This initiative is intended to invest in pollution prevention activities such as education and oversight to achieve compliance with tank safeguard and spill detection requirements. Under federal and state laws underground tank systems will need to be upgraded or closed by December 1998. Upgrading requirements include cathodic protection, spill containment and overfill prevention. Up to 70% of Underground Storage Tank (UST) systems need upgrading by the year 1998, which is equal to 290 tanks per month between now and December 1998, assuming year-round work. This major

upgrading requirement will increase the need for related outreach and compliance efforts for the UST unit.

There are approximately 25,550 active USTs at 16,000 facilities, and approximately 15,875 active aboveground storage tanks (AST) at 7,000 facilities in the state. With current funding, there are only 6.5 UST staff to educate and assist facilities and 2 AST staff to work with the estimated 50% or more AST facilities that lack adequate spill safeguards and preparedness planning.

The initiative would allocate funds from the Minnesota Petrofund reimbursement program to support pollution prevention activities related to the UST and AST programs. The long-term goal of the tanks program is to prevent releases and spills before they require expensive cleanup efforts.

PROGRAM OUTCOMES:

The outcomes that would be achieved are:

- Reduce cleanup costs borne by the Petrofund reimbursement program.
- Provide pollution prevention activities to reduce future leaks and spills and minimize environmental damage.
- Provide education and oversight for upgrading and secondary containment requirements.
- Improve awareness of tank safeguard and spill preparedness requirements.

Additional staffing will allow the MPCA to better assist owners and operators in pollution prevention, tank safeguards and system upgrading. Additional outreach, assistance, inspections and development of best management practices will prevent releases and spills before they require expensive cleanup efforts.

LONG-TERM IMPACT:

Funds necessary for the shift to prevention related activities would consist of approximately \$872,000 annually. This funding would provide 7 FTEs in the underground program and 7 FTEs in the aboveground program. UST positions would provide efforts in compliance inspections and outreach training on leak detection and tank system upgrading. AST positions would concentrate on spill prevention and preparedness including review of and advice to companies on their spill plans and would provide spill response practice and critiques. A majority of these positions will be spread throughout the state according to the needs of the programs.

A steady source of funding through the Petrofund allocation will support education, outreach and compliance efforts to prevent pollution from tank systems. The goal of the funding initiative is to provide one staff person to undertake pollution prevention activities for every 2,000 tanks.

1996-97 Biennial Budget

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

PROGRAM DESCRIPTION:

The mission of the Water Pollution Control Program is to protect and improve the state's water quality. The primary goal is to ensure that the quality of the state's lakes and streams meets the uses desired by the citizens of Minnesota. The protection and improvement of surface water quality is accomplished by regulating municipal and industrial point source discharges, controlling nonpoint sources of pollution or polluted runoff, and setting standards to protect designated uses. For more effective and efficient management of the Water Pollution Control Program, watersheds in the state's 9 major surface water basins will be prioritized for focused attention.

The issues associated with these activities are:

- The need to reduce the level of nonpoint source pollution (polluted runoff) which is adversely impacting the quality of state waters. The program is focusing on the use of local partnerships, geographical targeting of watersheds, financial grants or loans and technical assistance to implement corrective and preventive programs.
- The need to maintain the gains we have made in reducing and eliminating point source pollution. Minnesota municipalities have constructed wastewater treatment facilities worth more than \$1.5 billion. The waters of the state of Minnesota have significantly improved due to this investment. We must continue to provide resources to protect this investment so that municipal facilities can maintain operational effectiveness, address growth activities and comply with restrictive standards.
- The need to expand and improve our monitoring and assessment capability for state waters. Minnesota's water wealth of over 10,000 lakes and more than 91,000 miles of waterways not only means we have a great deal of resources to protect, it means we have a big job in merely learning what the current quality of these waters is and if it is changing. To manage Minnesota's surface waters most effectively, we need to know how the corrective and preventive measures we are employing are affecting existing quality of our waters.

PROGRAM STATUS:

The Water Pollution Control Program works directly with the Minnesota milestones goal:

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

Specific milestones included are: a) the point source discharge of organic pollutants into waters; and b) percentage of assessed river miles and lake acres that do not support fishable and swimmable goals.

The Water Pollution Control Program is employing a basin management strategy for protecting and enhancing our state waters. This is a management approach which assesses the quality of water within a geographical area, establishes specific goals for water quality within the area, determines the causes for nonattainment of water quality goals, prioritizes areas for corrective or preventative

activities, implements management practices and evaluates progress toward achieving water quality goals. Basin management provides an effective means for integrating point and nonpoint source pollution control programs, focusing them jointly on protecting and/or restoring the fishable and swimmable uses of water.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Report to be accomplished or accelerated as follows:

- Focus low or no interest loans or grants for pollution correction and prevention projects in the Minnesota River basin and other priority watersheds to accelerate cleanup and restoration.
- Coordinate the Clean Water Partnership grants with the loan program.
- Establish and operate automatic surface water quality and flow monitoring stations to expand and strengthen the overall capabilities of the program for monitoring and assessment. Implement a new monitoring strategy which will complement the basin management strategy utilized by the Water Pollution Control Program.
- Expand the use of pollution prevention to reduce the level of toxic pollutants released into the environment so that exposure of humans and wildlife to the potential adverse effects is reduced.
- Increase the use of partnerships and cooperative efforts to address water quality problems through expanded citizen and local units of government participation.
- Certify all septic tank installers so that installations are performed in a manner that protects water quality.

BUDGET AND REVENUE SUMMARY:

The following are the key financial decision and legislative changes requested under the agency budget plan:

- **Tools for Integrated Water Quality Monitoring.** The agency is requesting \$165,000 for 1996 and \$110,000 for 1997 from the General Fund to fund 1.5 FTE and expenses needed to operate the 10 water quality monitoring stations which were appropriated in the 1994 Capital Budget. The primary purpose of this monitoring effort is to provide water quality data to assist in planning and evaluating the results of water nonpoint source pollution abatement measures. The 1994 Capital Budget noted that the agency would be requesting these resources for the 1996-1997 Biennial Budget.
- **Individual Septic System Certification (annualization of a new program).** The agency is requesting \$120,000 each year (\$95,000 in this program and \$25,000 in the policy and Operational Support Program) from the Environmental Fund to operate the individual septic certification program. The 1994 Legislature appropriated \$120,000 for 1995 to fund program start-up. This appropriation was made from the Pollution Prevention Account in the Environmental Fund as a loan to be repaid at \$60,000 each year during the 1996-1997 biennium. This "loan" appropriation was made to give the agency the resources necessary to develop the certification program. The fee was set at \$100 per year and with 3,000 septic tank installers; this would generate \$300,000 annually. \$60,000 for each year will be used for loan repayment and \$240,000 will be used to operate the septic tank installer certification program. Of the \$120,000 requested each year for this program, the agency requests \$95,000 for the Water Pollution Control Program and \$25,000 for the Policy and Operations Support Program.

1996-97 Biennial Budget

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

- **LCMR Project: Nonpoint Source Pollution Education Demonstration Program.** The LCMR is recommending \$100,000 from the future resources fund for an agreement with the city of St. Paul for a joint project with the city of Minneapolis to conduct surveys and develop and implement nonpoint source pollution public education. This appropriation must be matched by at least \$12,000 of nonstate money. The agency will pass this funding to the city of St. Paul.
- **LCMR Project: Maplewood Innovative Storm Water Management Project.** The LCMR is recommending \$100,000 from the future resources fund for an agreement with the city of Maplewood to design, construct and monitor a demonstration stormwater management system. This appropriation must be matched by at least \$165,000 of nonstate money. The agency will pass this funding to the city of Maplewood.
- **LCMR Project: Minnesota River Tile System Research - Continuation.** The LCMR is recommending \$150,000 from the future resources fund for the second biennium of a 2-biennium project to continue research on the impact of and best management practices for surface tile inlets.
- **LCMR Project: Mercury Deposition Trends and Lake Quality Benchmark and Trends.** The LCMR is recommending \$250,000 (\$120,000 from the future resources fund and \$130,000 from the Great Lakes Protection account in the Special Revenue Fund) for an agreement with the University of Minnesota-Duluth to synthesize and interpret a 5-year (1990-1994) mercury deposition data base and to establish a water quality and fish contamination benchmark for 80 high-value lakes and compare it with historic data. This is to be done in cooperation with the pollution control agency. The appropriation must be matched by \$65,000 of nonstate contributions, either cash or inkind services.
- **LCMR Project: Water Quality Impacts of Feedlot Pollution Control Systems.** The LCMR is recommending \$300,000 from the future resources fund to evaluate earthen manure storage basins and vegetated filter strips for effects on ground and surface water quality by monitoring seepage and runoff. This appropriation must be matched by at least \$267,000 of nonstate contributions, either cash or inkind services.
- **LCMR Project: Alternative Individual Sewage Treatment Systems Development and Demonstration.** The LCMR is recommending \$425,000 from the future resources fund to develop and demonstrate reliable, low cost alternative designs for septic systems in areas with seasonally high water tables, and designs for removal of nitrogen by septic systems.

REVENUE:

From the perspective of the 1996-97 agency plan this program generates dedicated and non-dedicated revenue as follows:

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue					
Non-dedicated - Gen'l	\$27	\$23	\$23	\$23	\$23
Non-dedicated - Other	2,357	2,392	2,531	3,055	3,255
Dedicated - Special	195	223	205	263	263
Dedicated - Federal	<u>4,915</u>	<u>5,764</u>	<u>6,967</u>	<u>6,318</u>	<u>5,975</u>
Total	\$7,494	\$8,402	\$9,726	\$9,659	\$9,516

Explanation: For F.Y. 1996 Revenues

The above revenues include both departmental earnings and other receipts not reported in the Earnings Report.

- Non-dedicated - General Fund: Includes revenues from water quality treatment plant operator certification fees.
- Non-dedicated - Other Funds: Includes revenues (\$300,000) from individual sewage treatment mandatory licensing program fees; revenues (\$2,755,000) from water quality permit fees.
- Dedicated - Special Revenue: includes \$133,000 water quality operator training, \$1,000 Clean Water Partnership training, \$5,000 stormwater training, \$70,000 Metropolitan Waste Control Commission Agreement, \$6,000 urban best management practices training and \$48,000 Lake Superior Agreement with the state of Wisconsin.
- Dedicated - federal: includes various water quality grants from the Environmental Protection Agency.

NOTE: WATER FEES: The Water Quality Division has carefully analyzed its anticipated permit fee revenues for 1995 through 1997. Based on this analysis the Water Quality Division anticipates eliminating the deficit in 1997. The deficit was \$513,000 at the beginning of F.Y. 1995.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor has identified projects recommended for funding by the LCMR that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for these projects be used to finance selected environmental, high priority initiatives including:

- \$2,225,000 for Clean Water Partnership projects (\$2,145 in this program and \$80,000 in the Policy and Operational Support Program);
- \$1,120,000 for Minnesota River project implementation (\$1,094 in this program and \$26,000 in the Policy and Operational Support Program); and
- \$200,000 for integrated water quality monitoring.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT AND DIREC	3,456	4,293	5,016	4,538	5,064	8,503	4,327	4,564	4,564
POINT SOURCE POLLUTION CONTROL	4,089	4,042	4,351	3,947	4,048	4,048	3,683	3,685	3,685
NON-POINT SOURCE POLLUTION CONTROL	4,806	5,088	7,193	7,963	8,938	8,938	6,149	6,149	6,149
TOTAL EXPENDITURES BY ACTIVITY	12,351	13,423	16,560	16,448	18,050	21,489	14,159	14,398	14,398
AGENCY PLAN ITEMS:	FUND								
ANNUALIZED NEW PROG COST				ENV			95		
NON-DEDICATED FEE SPENDING(UP TO 3%)				ENV			17		
LCMR NEW ALLOCATIONS				MNR			1,195		
LCMR NEW ALLOCATIONS				SR			130		
WATER QUALITY MONITORING STATIONS				GEN			165		
TOTAL AGENCY PLAN ITEMS							1,602		
GOV'S INITIATIVES:	FUND								
(A) MINNESOTA RIVER IMPLEMENTATION				MNR			1,094		
(A) CLEAN WATER PARTNERSHIP				MNR			2,145		
(B) WATER QUALITY STATISTICAL PROJECT				MNR			200		
TOTAL GOV'S INITIATIVES							3,439		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	1,305	1,111	189						
GENERAL	3,875	4,354	6,572	7,584	7,749	7,749	5,638	5,748	5,748
MN RESOURCES	142	153	153						
SPECIAL REVENUE									
ENVIRONMENTAL	1,931	1,969	2,051	2,042	2,154	2,154	2,042	2,171	2,171
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	222	164	534	441	441	441	441	441	441
FEDERAL	4,876	5,672	7,061	6,381	6,381	6,381	6,038	6,038	6,038
TOTAL FINANCING	12,351	13,423	16,560	16,448	18,050	21,489	14,159	14,398	14,398

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
REGULAR	172.2	174.5	205.6		202.1		198.2		
TEMP/SEAS/PART_TIME	7.4	11.0	1.0		1.0		1.0		
TOTAL FTE	179.6	185.5	206.6		203.1	207.1	199.2	203.2	

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1996-97 Biennial Budget

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

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 water quality trends; development of new programs and strategies; and leadership and management for the Water Pollution Control Program. Specific actions performed by this activity are to:

- Establish ambient water quality standards and designated uses for lakes and waterways.
- Set wastewater discharge limitations.
- Conduct special studies of toxic pollutant problems.
- Conduct ambient water quality monitoring to establish the water quality condition for basin management implementation.
- Maintain and provide to citizens and other interested parties up to 30 years of data on over 2,000 lakes and 4,000 miles of waterways.
- Lead support and manage water quality program activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,412	2,878	3,397	3,266	3,417	3,745	3,257	3,408	3,408
EXPENSES/CONTRACTUAL SRVCS	515	707	795	846	1,128	1,288	744	786	786
MISC OPERATING EXPENSES	219	217	252	159	175	204	83	94	94
SUPPLIES/MATERIALS/PARTS	62	100	258	210	227	229	196	229	229
CAPITAL EQUIPMENT	87	73	57	53	113	158	43	43	43
OTHER		5							
SUBTOTAL STATE OPERATIONS	3,295	3,980	4,759	4,534	5,060	5,624	4,323	4,560	4,560
AIDS TO INDIVIDUALS			4	4	4	2,879	4	4	4
LOCAL ASSISTANCE	161	313	253						
TOTAL EXPENDITURES	3,456	4,293	5,016	4,538	5,064	8,503	4,327	4,564	4,564
AGENCY PLAN ITEMS:									
			FUND						
ANNUALIZED NEW PROG COST			ENV		95			95	
NON-DEDICATED FEE SPENDING(UP TO 3%)			ENV		16			32	
LCMR NEW ALLOCATIONS			MNR		120				
LCMR NEW ALLOCATIONS			SR		130				
WATER QUALITY MONITORING STATIONS			GEN		165			110	
TOTAL AGENCY PLAN ITEMS					526			237	
GOV'S INITIATIVES:									
			FUND						
(A) MINNESOTA RIVER IMPLEMENTATION			MNR			1,094			
(A) CLEAN WATER PARTNERSHIP			MNR			2,145			
(B) WATER QUALITY STATISTICAL PROJECT			MNR			200			
TOTAL GOV'S INITIATIVES						3,439			

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	241	101	100						
GENERAL	1,657	1,877	1,852	1,959	2,124	2,124	1,959	2,069	2,069
MN RESOURCES	142	153	153		120	3,559			
SPECIAL REVENUE					130	130			
ENVIRONMENTAL	402	472	555	555	666	666	555	682	682
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9	14	57	49	49	49	49	49	49
FEDERAL	1,005	1,676	2,299	1,975	1,975	1,975	1,764	1,764	1,764
TOTAL FINANCING	3,456	4,293	5,016	4,538	5,064	8,503	4,327	4,564	4,564
FTE BY EMPLOYMENT TYPE:									
REGULAR	53.1	62.6	72.1		69.4			68.5	
TEMP/SEAS/PART_TIME	1.8	3.3	1.0		1.0			1.0	
TOTAL FTE	54.9	65.9	73.1		70.4	74.4		69.5	73.5

F.Y. 1996-97 BUDGET INITIATIVE

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

ITEM TITLE: Statistical Tools for Integrated Water Quality Monitoring

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
MN Resources				
- State Operations	\$200	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
MN Resources	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$200,000 from the Minnesota Resources Fund for the design and implementation of a statistically-based monitoring network for monitoring rivers.

Funding for this initiative has been made available in the Minnesota Resources Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative.

The appropriation is available for both years of the biennium.

RATIONALE:

The agency's ambient condition water monitoring program was established in 1953 and modified over the years to allow the agency to measure our progress with respect to the goals and objectives of the federal Clean Water Act and the agency responsibilities under M.S. 115 and M.S. 116. In the past 25 years, the focus of water quality program was on point sources of pollution. We are entering a new era of water quality protection which focuses on controlling nonpoint sources of pollution and the synergistic effect of point and nonpoint sources of pollution on the quality of our state's waters. The agency's current monitoring program focuses on the effect of point source discharges on the quality of Minnesota's waters; however, it is lacking as an overall indicator of Minnesota's water quality and in measuring the effects of nonpoint source pollution.

PROGRAM OUTCOMES:

Providing staff and funding for the establishment and ongoing operation of a statically-based monitoring network will provide estimates of the biological, chemical and physical quality of all of the rivers of Minnesota with a known degree of accuracy and a known level of certainty.

LONG-TERM IMPACT:

Establishing an effective monitoring and assessment program will assist Minnesota in making better decisions about allocating scarce resources to implement pollution control activities so that they are the most effective in protecting and improving Minnesota's water resources. This proposal will assist us in evaluating the effectiveness of our programs, such as the State Revolving Fund and Clean Water Partnerships, on Minnesota's water quality.

1996-97 Biennial Budget

BUDGET ACTIVITY: Point Source Pollution Control
PROGRAM: Water Pollution Control
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

The point source pollution control activity focuses on the achievement of compliance with wastewater discharge permits issued to industrial and municipal facilities by utilizing a balanced set of water quality protection tools including education, technical assistance, financial assistance, rules, permits, and enforcement. This activity:

- provides technical assistance to help facilities comply with terms and conditions of their permits.
- Provides the technical and environmental review activities necessary for municipalities to secure financial assistance to construct, upgrade and maintain wastewater facilities, in cooperation with the Public Facilities Authority.
- Issues permits for new facilities to ensure that the discharges are protective of the environment.
- Reissues existing permits to comply with federal regulations and state rules which specify that permits can be issued for a maximum of 5 years.
- Tracks compliance of discharges with the provisions of their permits through on site inspections, self-monitoring reports and correspondence.
- Identifies violations of permit conditions through the Permit Compliance System.
- Initiates and completes enforcement activities to return facilities back to compliance within a reasonable time frame.
- Trains and certifies wastewater treatment plant operators to ensure facilities are operated and maintained to protect the receiving waters designated use.

BUDGET ISSUES:

The existing National Pollution Discharge Elimination Standards (NPDES) point source fee revenue deficit (in past years, we did not generate the authorized 30% of the cost of the program: the authorized appropriation) is scheduled to be internally managed through program efficiencies. The Water Quality Division has carefully analyzed its anticipated permit fee revenues for 1995 through 1997. Based on this analysis the Water Quality Division anticipates eliminating the deficit in 1997. The deficit was \$513,000 at the beginning of F.Y. 1995. This deficit reduction is separate from the need to increase program funding beyond the 30% fee support that is currently appropriated.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: POINT SOURCE POLLUTION CONTROL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,354	3,417	3,485	3,039	3,039	3,039	3,009	3,009	3,009
EXPENSES/CONTRACTUAL SRVCS	340	249	397	601	601	601	451	451	451
MISC OPERATING EXPENSES	138	140	122	80	80	80	80	80	80
SUPPLIES/MATERIALS/PARTS	36	63	313	196	197	197	112	114	114
CAPITAL EQUIPMENT	64	43	34	31	31	31	31	31	31
OTHER	133	130							
SUBTOTAL STATE OPERATIONS	4,065	4,042	4,351	3,947	3,948	3,948	3,683	3,685	3,685
LOCAL ASSISTANCE	24				100	100			
TOTAL EXPENDITURES	4,089	4,042	4,351	3,947	4,048	4,048	3,683	3,685	3,685
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			ENV		1			2	
LCMR NEW ALLOCATIONS			MNR		100				
TOTAL AGENCY PLAN ITEMS					101			2	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,266	970	1,003	1,003	1,003	1,003	1,003	1,003	1,003
MN RESOURCES					100	100			
ENVIRONMENTAL	1,469	1,437	1,425	1,416	1,417	1,417	1,416	1,418	1,418
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	185	147	274	233	233	233	233	233	233
FEDERAL	1,169	1,488	1,649	1,295	1,295	1,295	1,031	1,031	1,031
TOTAL FINANCING	4,089	4,042	4,351	3,947	4,048	4,048	3,683	3,685	3,685

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: WATER POLLUTION CONTROL
ACTIVITY: POINT SOURCE POLLUTION CONTROL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	75.1	73.5	73.0		65.5			62.5	
TEMP/SEAS/PART_TIME	3.0	3.3							
TOTAL FTE	78.1	76.8	73.0		65.5	65.5		62.5	62.5

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1996-97 Biennial Budget

BUDGET ACTIVITY: Nonpoint Source Pollution Control
PROGRAM: Water Pollution Control
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

This activity protects and enhances the quality of Minnesota lakes, streams and ground water by controlling polluted runoff from urban and rural sources utilizing a balanced set of water quality protection tools including education, technical assistance, financial assistance, rules, permits, and enforcement. This activity:

- issues permits and certificates of compliance for the control of pollution from feedlots throughout the state.
- Provides financial assistance through the state Clean Water Partnership Program and the state Revolving Fund to local units of government which in turn may provide assistance to private organizations and citizens.
- Provides technical assistance to local, state and federal governmental units, private organizations, and individual citizens.
- Trains and certifies on-site sewage treatment professionals to ensure septic systems are properly designed and installed.
- Develops and implements a nonpoint source management plan for the state of Minnesota in conjunction with 15 other states, federal, and local agencies, including application for federal nonpoint source grant money and distribution of these funds to other participating agencies.
- Develops basin management plans for prioritizing work efforts and focusing of resources for pollution control.

BUDGET ISSUES:

The Individual Sewage Treatment System (ISTS) Act of 1994 required the Agency to establish minimum standards for sewage treatment, new construction, and replacement of ISTSs, and a mandatory licensing program for all ISTS professional installers, designers, inspectors, and pumpers. Additional resources are needed to continue to develop and implement these requirements.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,073	1,893	2,723	2,938	3,026	3,026	2,938	2,938	2,938
EXPENSES/CONTRACTUAL SRVCS	457	145	524	527	1,362	1,362	533	533	533
MISC OPERATING EXPENSES	85	91	153	141	151	151	134	134	134
SUPPLIES/MATERIALS/PARTS	25	59	274	163	171	171	70	70	70
CAPITAL EQUIPMENT	29	74	160	102	108	108	102	102	102
OTHER					28	28			
SUBTOTAL STATE OPERATIONS	2,669	2,262	3,834	3,871	4,846	4,846	3,777	3,777	3,777
LOCAL ASSISTANCE	2,137	2,826	3,359	4,092	4,092	4,092	2,372	2,372	2,372
TOTAL EXPENDITURES	4,806	5,088	7,193	7,963	8,938	8,938	6,149	6,149	6,149
AGENCY PLAN ITEMS:									
			FUND						
LCMR NEW ALLOCATIONS			MNR		975				
TOTAL AGENCY PLAN ITEMS					975				
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	1,064	1,010	89						
GENERAL	952	1,507	3,717	4,622	4,622	4,622	2,676	2,676	2,676
MN RESOURCES					975	975			
ENVIRONMENTAL	60	60	71	71	71	71	71	71	71
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	28	3	203	159	159	159	159	159	159
FEDERAL	2,702	2,508	3,113	3,111	3,111	3,111	3,243	3,243	3,243
TOTAL FINANCING	4,806	5,088	7,193	7,963	8,938	8,938	6,149	6,149	6,149

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	44.0	38.4	60.5		67.2			67.2	
TEMP/SEAS/PART_TIME	2.6	4.4							
TOTAL FTE	46.6	42.8	60.5		67.2	67.2		67.2	67.2

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1996-97 Biennial Budget

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

PROGRAM DESCRIPTION:

The major factor driving the air pollution control program is the federal Clean Air Act Amendments of 1990 (CAAA). During the 1996-97 biennium, the air program will continue to expand to meet the requirements of the CAAA.

The air program activities can be divided into 4 components as follows: 1) assessing the human health and environmental impacts of air emissions; 2) providing direction through development of rules and programs designed to abate or minimize air pollutant impacts; 3) conducting permitting and compliance activities at industrial point sources; and 4) reducing pollution from nonpoint air pollution sources such as motor vehicles.

The issues associated with these activities are:

- Air Quality monitoring for hazardous air pollutants is not sufficient, and as resources allow, the air program is shifting its focus from monitoring the more traditional pollutants, such as sulfur dioxide and particulates, to monitoring hazardous air pollutants.
- Continuing to direct efforts toward developing rules, programs and plans to meet the CAAA requirements in a manner that protects human health and the environment while also being cost effective and timely for air program customers.
- Adding resources in order to implement the new CAAA-mandated permitting, enhanced monitoring and hazardous air pollutant requirements at industrial point sources. Resources will be added by increasing air emission fees to the minimum required by the CAAA, and shifting non-CAAA related activities away from air emission fees to other state assessed fees.
- Continuing programs aimed at reducing nonpoint sources of pollution. Specifically, the Motor Vehicle Inspection Program must continue, and changes to further reduce motor vehicle emissions may be needed if the air program can not demonstrate that the Twin Cities area is meeting the federal air standard for carbon monoxide.

PROGRAM STATUS:

The air pollution control programs works directly with the goal that we will improve the quality of the air, water and earth. The air program indicators focus on reducing the amount of air pollutants emitted from point and nonpoint sources and measuring the results of these reductions.

Passage of the CAAA has had a dramatic impact on expanding the air program in Minnesota and nation-wide. The CAAA have required states to assess air emission fees to pay for the bulk of the air program's activities. Expansion of planning, rulemaking, permitting, compliance, enforcement and hazardous air pollutant control activities has occurred as well as the addition of new activities including the small business compliance assistance program and the phase out and regulation of chlorofluorocarbons (CFCs). Current funding levels need to increase in order to meet the mandates of the CAAA.

Motor vehicles are the focus of the nonpoint air pollution source program. Although motor vehicles are a major source of air pollution, contributing 60% of the carcinogenic hazardous pollutants, 60% of the carbon monoxide and 40% of the ozone or smog-producing pollutants, programs aimed at reducing motor vehicle emissions are the least understood by the public. The CAAA mandate motor vehicle inspection programs, oxygenated and other "clean" fuel programs, and expanded transportation planning programs. Millions of dollars in state funds have been spent since 1988 to reduce motor vehicle pollutant emissions, and Minnesota needs to continue this commitment in order to realize the full environmental and economic benefits from these efforts.

PLANNED RESULTS:

The air program budget plan will allow the reported performance measures from the 1994 Performance Report to be accomplished or accelerated as follows:

Environmental Assessment and Direction

- Implement new fees to fully match and fully qualify for the federal air program grant.
- Continue to expand the air monitoring activities so that pollutants of concern are monitored, problems identified and the effectiveness of the division's programs are measured over time.
- Study the ozone situation in Minnesota and propose new initiatives necessary to stay below the federal ambient air quality standard for ozone to avoid new, costly federal regulations.
- Implement LCMR research into the sources and effects of mercury pollution in Minnesota.
- Continue to meet U.S. Environmental Protection Agency (EPA) deadlines for the preparation of state implementation plans required to improve air quality and meet CAAA requirements.
- Develop plans necessary to seek federal approval to reclassify all areas in Minnesota that are currently classified by EPA as not fully meeting federal air quality standards to meeting federal air quality standards.
- Develop a plan for implementing the new federal accidental release prevention program required by the CAAA.
- Continue revising air quality rules to meet new federal requirements, to update and streamline the regulatory process and promote pollution prevention.
- Review and update existing state rules that are out of date, to better reflect modern pollution control technology including pollution prevention.
- Implement the air toxics requirements of the CAAA and the new Minnesota air toxics strategy to ensure adequate protection of human health and the environment.
- Begin developing a comprehensive strategy to evaluate and control environmentally persistent toxic pollutants.
- Revise state waste combustor regulations so that they conform with the federal regulations.

1996-97 Biennial Budget

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

- Work cooperatively with the Office of Environmental Assistance, the agency's Ground Water and Solid Waste Division and other interested parties to study the impact of the new federal waste combustor regulations on Minnesota's waste combustors to determine whether legislative action is needed to address the more stringent federal regulations.

Industrial Point Sources

- Increase air emission fees in order to meet the minimum federal fee collection requirement under the CAAA.
- Issue all operating permits (approximately 3,000) within 5 years of EPA approval of Minnesota's new permitting program required by the CAAA.
- Continue to develop general permits for groups of industrial point sources to eliminate as many individually developed and issued permits as possible.
- Implement the air program's newly adopted rules designed to reduce the permitting burden on small air emission sources, and gain EPA's approval of these rules.
- Reorganize the air program's permit section, including regionalization of the section, so that permit processing is more efficient and sensitive to our customer's needs.
- Continue to reevaluate the entire permitting process so that permit processing is more efficient and emphasizes issuing construction permits in a timely manner.
- Continue the Small Business Compliance Assistance Program required by the CAAA.
- Continue outreach and training efforts to air program customers so that regulatory requirements are understood and increased compliance is achieved. Added training is needed for small and medium-sized industrial point sources and in the area of air toxics and enhanced monitoring.
- Implement and make improvements to the air program portion of the MPCA's integrated data management system (DELTA) as needed to continue to streamline the permitting, compliance determination and enforcement processes.
- Implement the federal Enhanced Monitoring regulations when they are adopted by EPA.
- Adopt the federal CFC regulations, conduct CFC inspections and enforce state and federal CFC requirements.
- Analyze noncompliance information in order to identify and target categories of point sources which are more frequently in noncompliance. The intent is to improve compliance with

emission limits and make efficient use of staff time by allocating resources for education/assistance and enforcement to those source categories requiring more compliance-oriented efforts.

Nonpoint Air Pollution Sources

- Continue operation of the motor vehicle inspection program.
- Changes to further reduce motor vehicle emissions may be needed if the air program can not demonstrate that the Twin Cities area is meeting the federal air standard for carbon monoxide.
- Develop vehicle inspection mechanics' training.
- Continue coordination of the CAAA and the Intermodal Surface Transportation Efficiency Act requirements so that federal transportation funds continue to be received by the Minnesota Department of Transportation.

BUDGET AND REVENUE SUMMARY:

The following are the key financial decisions and legislative changes requested under the Agency Budget Plan:

- **Air emission fees.** The agency is requesting an increase in air emission fees of \$943,000 for 1996 and \$1,167,000 for 1997 to fund 14.0 FTE. Air emission fees are proposed to increase because of the following: 1) EPA has informed the MPCA that in order to meet the minimum federal fee collection requirement under the CAAA, the air fee calculation must be based on total particulate matter and not, as the MPCA has done in the past, using the smallest size particulate matter; 2) the amount of air emissions used to calculate the fee has increased because the number of air emission sources reporting emissions has more than tripled over the F.Y. 1994-95 biennium; and 3) because of the inflationary adjustment required by the CAAA. This budget initiative will result in the MPCA collecting the minimum amount of air emission fees required by the federal CAAA. Also, it will result in correcting the deficiency EPA has identified in the air permitting program. This correction is needed in order for EPA to approve the Minnesota air permitting program as the federal air permitting program too which will mean that Minnesota businesses need to obtain only 1 air permit from the state rather than an air permit from the state and another from EPA. Collecting the minimum amount of air emission fees required by the CAAA will not place the Minnesota air permitting program in a competitive disadvantage with other states because the majority of states are also implementing the CAAA-required fee minimum. The only state that neighbors Minnesota that is not implementing the CAAA-required minimum is North Dakota. The air program proposes to add 14 new positions during the biennium. The new positions will be added to the industrial point source activity and will do permitting, compliance determination, enforcement, administrative tasks and air toxics implementation as required by the CAAA. Of the \$943,000 requested for 1996, \$777,000 is requested for Air Pollution Control Program and \$166,000 for the Policy and Operations Program. Of the \$1,167,000 requested for 1997, \$990,000 is requested for the Air Program and \$177,000 for the Policy and Operations Program.
- **LCMR project: Atmospheric Mercury Emissions, Deposition and Environmental Cost Evaluation.** The LCMR has recommended \$575,000 from the future resources fund for a mercury emission inventory and quantification of mercury atmospheric deposition. \$50,000 is

1996-97 Biennial Budget

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

for an evaluation of the external costs of mercury emissions from Minnesota sources.

REVENUE:

From the perspective of the 1996-1997 Agency Plan this program generates dedicated and non-dedicated revenue as follows:

Type of Revenue:	Dollars in Thousands				
	<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>
Non-dedicated - Gen'l	\$0	\$0	\$0	\$0	\$0
Non-dedicated - Other	5,510	6,548	6,700	7,643	7,867
Dedicated - Special	11,636	11,653	11,712	11,613	11,613
Dedicated - Federal	<u>1,597</u>	<u>2,065</u>	<u>2,110</u>	<u>2,103</u>	<u>1,964</u>
Total	\$18,743	\$20,266	\$20,522	\$21,359	\$21,444

Explanation for F.Y. 1996 revenues:

The above revenues include both departmental earnings and other receipts not reported in the Earnings Report.

- Non-dedicated - Other Funds: includes Environmental Fund air emission fees of \$6,700,000 current revenues and Agency Plan increase request of \$943,000 for 1996 and \$1,167,000 for 1997.
- Dedicated Special Revenue: includes \$22,000 asbestos agreement with Health Department, \$140,000 inspection maintenance fleet testing fees, \$75,000 agreement with Metro Airports Commission, \$2,000 air quality training account, and \$50,000 air quality expedited permit. Also included is \$11,324,000 for the Vehicle Emission Inspection Program (contractor statutory appropriation). This fee is collected by the Department of Public Safety.
- Dedicated Federal: includes various air quality grants from the United States Environmental Protection Agency.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT AND DIREC	3,274	3,454	3,820	3,653	5,005	5,005	3,514	4,504	4,504
INDUSTRIAL POINT SOURCES	2,973	3,712	4,308	4,012	4,013	4,013	4,012	4,014	4,014
NON-POINT AIR POLLUTION SOURCES	10,730	10,962	11,534	11,351	11,358	11,358	11,351	11,365	11,365
TOTAL EXPENDITURES BY ACTIVITY	16,977	18,128	19,662	19,016	20,376	20,376	18,877	19,883	19,883
AGENCY PLAN ITEMS:			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			ENV		1			2	
NON-DEDICATED FEE SPENDING(UP TO 3%)			SR		7			14	
PROPOSED FEE CHANGE			ENV		777			990	
LCMR NEW ALLOCATIONS			MNR		575				
TOTAL AGENCY PLAN ITEMS					1,360			1,006	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
MN RESOURCES						575		575	
SPECIAL REVENUE	737	673	1,039	856	863	863	856	870	870
ENVIRONMENTAL	4,443	4,981	5,881	5,526	6,304	6,304	5,526	6,518	6,518
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	10,183	10,408	10,631	10,531	10,531	10,531	10,531	10,531	10,531
FEDERAL	1,614	2,066	2,111	2,103	2,103	2,103	1,964	1,964	1,964
TOTAL FINANCING	16,977	18,128	19,662	19,016	20,376	20,376	18,877	19,883	19,883
FTE BY EMPLOYMENT TYPE:									
REGULAR	127.3	141.2	149.5		164.0			164.0	
TEMP/SEAS/PART_TIME	2.9	5.0							
OVERTIME	.3	1.6							
TOTAL FTE	130.5	147.8	149.5		164.0	164.0		164.0	164.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Air Pollution Control
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

This activity manages the programs that assess the impact of air emissions on human health and the environment and provide direction in developing new rules and programs designed to abate or minimize air pollutant impacts. Further description of these 2 programs are provided below.

Assessing the impacts of air emissions. Air quality monitoring is one of the best ways to assess the impacts that air emissions have on human health and the environment. In addition to providing basic information about the quality of the air in Minnesota, monitoring data can help identify where the air program has been effective and where additional effort is needed to reduce air pollution. A minimum number of monitoring sites in Minnesota is required by the U.S. Environmental Protection Agency (EPA), and these sites are part of a national trends network. Recently, the monitoring activity has begun shifting its focus from the more traditional pollutants, like sulfur dioxide and particulates, to highly toxic air pollutants. In addition, the program operates a monitoring program for acid deposition and has recently initiated monitoring for mercury deposition.

Providing direction. To help ensure that all of the requirements of the federal Clean Air Act Amendments (CAAA) of 1990 are met, it is necessary to develop new rules, programs and plans for reducing air pollution in areas where air quality standards are not met. Providing direction also involves identifying and proposing legislative changes that might be needed to fully implement the CAAA, the overarching federal legislation to protect and improve air quality. The CAAA and EPA's subsequent regulations have many specific requirements for states to implement. Careful planning and direction are needed to meet these requirements in ways that are best for Minnesota. State implementation plans are the agreements that states make with EPA to implement the requirements of the CAAA and to demonstrate that standards for air quality are being met. These state implementation plans include enabling statutes, rules, permits and administrative orders.

BUDGET ISSUES:

The agency budget plan will result in the following environmental assessment and direction activities:

- The current criteria pollutant monitoring activity satisfies EPA requirements, and the air program need to know the quality of the air in Minnesota and the specific needs of particular facilities. No increases in funding are proposed in this area.
- The air program has monitored acid deposition for many years. In the 1990s, the air program became aware of the long range transport of mercury from power plants similar to sulfur dioxide emissions which cause acid rain. In 1993, the air program shifted approximately \$100,000 from the acid deposition program to focus on mercury deposition and monitoring. LCMR has proposed to fund research into the sources and effects of mercury pollution in Minnesota during the biennium.

- M.S. 116.454 requires the MPCA to establish a statewide network to monitor the concentrations of toxic air pollutants and to develop an inventory of toxic air pollutant emissions. However, the air program has been unable to rebudget to meet this statutory requirement.
- The air program will be scaling back its toxic air pollutant monitoring in the Twin Cities in order to fund short-term studies to learn more about the level of toxic air pollutants in other parts of the state.
- The air program will direct its resources into developing reclassification requests to EPA so that areas currently classified as not meeting federal air quality standards are reclassified as meeting federal standards.
- EPA has informed states that it has health data that support a more stringent ambient air standard for ozone. If EPA lowers the ozone standard, portions of Minnesota will become nonattainment for ozone. Funding will be shifted so that an ozone study is undertaken to determine possible actions that Minnesota can take to reduce ozone levels.
- The air program will rank rulemaking and air quality planning necessary to meet CAAA deadlines as a high priority during the biennium. A major new effort will be to incorporate the federal air toxics program into the state's industrial point source activity. EPA plans 154 individual air toxic rulemaking actions over the next few years.
- The air program has received a 2-year federal grant (i.e., 10-1-94, through 9-30-96) to develop an accidental release prevention program as required by the CAAA.
- The air program has received a federal grant (i.e., 8-1-94, through 3-31-96) to assist states with preparation of a state action plan and pursue the development of a comprehensive state policy on greenhouse gas emissions.
- The air program has also applied for 2 additional federal grants under EPA's market-based incentives project grants. One proposed project involves the study of ways to involve smaller-scale emission sources in permit trading programs, and the other involves carrying through to implementation earlier work on emission fees for air toxics. To date, the air program has not heard whether a federal grant will be awarded for either of the proposed projects.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: AIR POLLUTION CONTROL
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,339	2,545	2,376	2,376	2,945	2,945	2,376	2,931	2,931
EXPENSES/CONTRACTUAL SRVCS	377	458	698	576	931	931	438	431	431
MISC OPERATING EXPENSES	147	152	253	253	278	278	252	291	291
SUPPLIES/MATERIALS/PARTS	158	185	332	330	182	182	330	182	182
CAPITAL EQUIPMENT	224	104	161	118	83	83	118	83	83
OTHER	29	10			586	586		586	586
SUBTOTAL STATE OPERATIONS	3,274	3,454	3,820	3,653	5,005	5,005	3,514	4,504	4,504
TOTAL EXPENDITURES	3,274	3,454	3,820	3,653	5,005	5,005	3,514	4,504	4,504
AGENCY PLAN ITEMS:									
			FUND						
PROPOSED FEE CHANGE			ENV		777			990	
LCMR NEW ALLOCATIONS			MNR		575				
TOTAL AGENCY PLAN ITEMS					1,352			990	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
MN RESOURCES					575	575			
ENVIRONMENTAL	2,258	2,304	2,615	2,556	3,333	3,333	2,556	3,546	3,546
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	196	116	105	5	5	5	5	5	5
FEDERAL	820	1,034	1,100	1,092	1,092	1,092	953	953	953
TOTAL FINANCING	3,274	3,454	3,820	3,653	5,005	5,005	3,514	4,504	4,504
FTE BY EMPLOYMENT TYPE:									
REGULAR	49.8	52.8	51.0		65.5			65.5	

1996-1997 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 AND DIREC

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	2.4	3.6							
OVERTIME	.2	.7							
TOTAL FTE	52.4	57.1	51.0		65.5	65.5		65.5	65.5

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1996-97 Biennial Budget

BUDGET ACTIVITY: Industrial Point Sources
PROGRAM: Air Pollution Control
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

This activity manages the regulatory program for industrial point sources and is the largest activity of the air pollution control program. This activity includes permitting, compliance determination, enforcement and small business compliance assistance.

The Permitting Program is responsible for issuing permits controlling air pollution from industrial point sources to protect human health and the environment. Changes required by the Clean Air Act Amendments (CAAA) will dramatically increase the regulatory requirements for permitted sources and the number of sources required to have an air permit in Minnesota. Outreach and education of permittees and potential permittees have been added to this program as a result.

The Compliance Program determines the compliance status of industrial point sources through the review of emissions testing, continuous emissions monitoring data, other enhanced monitoring data, and submittals required by permits and inspections. This program maintains a database of source-specific compliance information, tracks permit and enforcement actions and annual air emissions, and collects air quality fees from reported annual emissions.

The Enforcement Program inspects facilities, enforces state and federal laws, rules, permits and other regulatory compliance documents, and where appropriate, addresses noncompliance. The enforcement program is also responsible for regulating compliance with regulations for chlorofluorocarbons (CFCs), and asbestos abatement during renovation and demolition activities.

The Small Business Compliance Assistance Program is a new program that provides assistance to small businesses on the new requirements of the CAAA. This program includes air program staff to provide compliance assistance to small businesses and an ombudsman and a Small Business Advisory Council who will act on behalf of small businesses.

BUDGET ISSUES:

The agency budget plan will result in the following industrial point source activities:

- Implementation of the new permitting program which will require the air program to issue approximately 3,000 operating permits during a 5-year time frame, while at the same time keep up with the permitting workload for new construction and expansion of industries in Minnesota. The air emission fee increase will result in resources being added to this program during the biennium.
- Implementation of the new federal enhanced monitoring rules and air toxics rules at industrial point sources. The air emission fee increase will result in resources being added to undertake these tasks during the biennium.

- Increased assistance to small businesses as EPA continues to adopt new regulations that impact small business. This will occur through internal workload management.
- The air program will continue its training, outreach and education efforts in order to inform regulated parties of new program requirements and how to comply with the new requirements.
- The air program will continue to place an emphasis on reviewing compliance documents. There is currently a backlog of documents needing review, and new resources will be added to the compliance program as a result of the air emission fee increase during the biennium.
- The air program will analyze its noncompliance information in order to identify and target categories of point sources which are more frequently in noncompliance in order to allocate more resources for first, education and training, and second, enforcement, to these source categories. New resources will be added to this effort as a result of the air emission fee increase during the biennium.
- Implementation of the air program's portion of the MPCA's integrated data management system (DELTA) will be fully underway, and resources will be added to support and make improvements to the air program's portion of the system.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,462	3,067	3,447	3,447	3,447	3,447	3,447	3,447	3,447
EXPENSES/CONTRACTUAL SRVCS	106	333	249	249	249	249	249	249	249
MISC OPERATING EXPENSES	134	185	190	190	190	190	190	190	190
SUPPLIES/MATERIALS/PARTS	83	54	407	111	112	112	111	113	113
CAPITAL EQUIPMENT	188	73	10	10	10	10	10	10	10
OTHER			5	5	5	5	5	5	5
SUBTOTAL STATE OPERATIONS	2,973	3,712	4,308	4,012	4,013	4,013	4,012	4,014	4,014
TOTAL EXPENDITURES	2,973	3,712	4,308	4,012	4,013	4,013	4,012	4,014	4,014
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING (UP TO 3%)			ENV		1			2	
TOTAL AGENCY PLAN ITEMS					1			2	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENTAL	2,067	2,638	3,225	2,929	2,930	2,930	2,929	2,931	2,931
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	112	42	72	72	72	72	72	72	72
FEDERAL	794	1,032	1,011	1,011	1,011	1,011	1,011	1,011	1,011
TOTAL FINANCING	2,973	3,712	4,308	4,012	4,013	4,013	4,012	4,014	4,014
FTE BY EMPLOYMENT TYPE:									
REGULAR	59.6	72.6	81.0		81.0			81.0	
TEMP/SEAS/PART_TIME	.5	1.4							
OVERTIME	.1	.9							
TOTAL FTE	60.2	74.9	81.0		81.0	81.0		81.0	81.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Nonpoint Air Pollution Sources
PROGRAM: Air Pollution Control
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

This activity manages the programs responsible for reducing pollution from nonpoint air pollution sources. The primary nonpoint programs are the motor vehicle emission inspection program, the transportation planning program, the indirect source permitting program and the noise pollution program.

The Motor Vehicle Emission Inspection Program was authorized by the Legislature in 1988 in order to help meet federal standards for air quality in the Twin Cities. The Clean Air Act Amendments (CAAA) require a commitment to continue this program in order to maintain air quality standards into the future. In addition to reducing emissions of carbon monoxide, the program reduces emissions of hydrocarbons, which contribute to ozone formation, and toxic air pollutants such as benzene and formaldehyde.

The Transportation Planning Program involves the review of transportation-related development projects to ensure that air quality will not be severely affected. New conformity regulations required by the CAAA and the federal Intermodal Surface Transportation And Efficiency Act greatly expand the transportation planning and review process.

The Indirect Source Permitting Program requires that permits be issued before construction begins for certain projects that affect motor vehicle traffic that could degrade air quality. Typical projects include freeway expansions, shopping malls, sports facilities and mixed land-use development.

The Noise Pollution Program was established to help reach compliance with state noise standards. The air program participates in the environmental review and permitting of projects that create noise such as highway construction. The air program also assists local units of government with monitoring and resolving noise issues. A separate staff position funded through an agreement with the Metropolitan Airports Commission works solely on issues related to airport noise.

BUDGET ISSUES:

The agency budget plan will result in the following nonpoint air pollution source activities:

- The air program will continue to implement its nonpoint air pollution source activities at the same level.
- A small increase in the proposed appropriation from the vehicle inspection fee to cover the 3% inflationary cost increase on supplies and expenses.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	697	635	711	711	711	711	711	711	711
EXPENSES/CONTRACTUAL SRVCS	9,910	10,238	10,465	10,465	10,465	10,465	10,465	10,465	10,465
MISC OPERATING EXPENSES	52	52	70	70	70	70	70	70	70
SUPPLIES/MATERIALS/PARTS	28	16	249	66	73	73	66	80	80
CAPITAL EQUIPMENT	43	10	25	25	25	25	25	25	25
OTHER		11	14	14	14	14	14	14	14
SUBTOTAL STATE OPERATIONS	10,730	10,962	11,534	11,351	11,358	11,358	11,351	11,365	11,365
TOTAL EXPENDITURES	10,730	10,962	11,534	11,351	11,358	11,358	11,351	11,365	11,365
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING (UP TO 3%)			SR		7			14	
TOTAL AGENCY PLAN ITEMS					7			14	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SPECIAL REVENUE	737	673	1,039	856	863	863	856	870	870
ENVIRONMENTAL	118	39	41	41	41	41	41	41	41
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	9,875	10,250	10,454	10,454	10,454	10,454	10,454	10,454	10,454
TOTAL FINANCING	10,730	10,962	11,534	11,351	11,358	11,358	11,351	11,365	11,365
FTE BY EMPLOYMENT TYPE:									
REGULAR	17.9	15.8	17.5		17.5			17.5	
TOTAL FTE	17.9	15.8	17.5		17.5	17.5		17.5	17.5

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1996-97 Biennial Budget

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

PROGRAM DESCRIPTION:

This program protects, preserves and restores Minnesota's land and ground water resources. Mitigation of the long-term environmental effects of waste generation and management is accomplished through reducing waste generation, managing solid waste facilities, managing clean-up of waste sites, and employing monitoring and data assessment for solid waste trend analysis, pollution problem identification and program evaluation.

The issues associated with these activities are:

- The need to minimize the volumes and toxicity of waste generated and provide and enforce standards for limiting the release of pollutants from waste. The program is concentrating on partnerships with businesses and recyclers to implement best management practices to prevent and limit pollutants from thousands of smaller sources.
- The direct impact of solid waste management facilities on the air, water and land. Program emphasis is on installation of environmental protection measures, and program priorities on permitting facilities higher on the waste management hierarchy must be continued and expanded.
- The need to expedite cleanup of landfills and contaminated sites, as well as identifying new sites requiring cleanup based on the risk to human health and the environment.
- The limited ability of the agency to identify actual and potential risks from exposure to environmental hazards in ground water and soils because of limited funding to conduct monitoring and data assessment for trend analysis. Minnesota has a vast, multi-aquifer ground water resource to assess and compliance monitoring data from thousands of sites to manage. The agency has a limited ability to judge the impacts of our programs and other agencies' programs on protecting ground water.
- An estimated \$900 million was spent on ground water protection, solid waste management and cleanup in the state. Data assessment provides a basis for identifying emerging environmental issues. In addition, as a result of strategic planning, the program is in the midst of a year-long comparative risk process to identify the highest priority issues in solid waste and groundwater protection. The process blends science-based data with public values about the environment.

PROGRAM STATUS:

The division works directly with the Minnesota Milestones goals:

- Minnesotans will act to protect and enhance the environment;
- We will improve the quality of the air, water and earth; and
- Government decision-making will be decentralized and accommodate community participation.

Specific Milestones included the percentage of monitored wells showing ground water contamination; the amount of solid waste produced and recycled and the number of Superfund sites identified and cleaned up.

These goals are shifting the program's focus to preventing pollution through assessing the condition of the environment and guiding state and federal policy, while continuing to use education and

training to help the regulated community meet the requirements of pollution rules and expediting identification and cleanup of previously contaminated sites.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished or accelerated as follows:

- By the end of F.Y. 1997, the division will have comparatively ranked and prioritized its activities with interaction and participation from local government, small business and others.
- The agency will continue to monitor and assess baseline ground water quality in Minnesota's 14 principal aquifers statewide, and supply limited assistance to local governments and regional monitoring cooperatives.
- Begin the reduction of contamination of ground water by providing limited technical assistance, in cooperation with local governments and businesses, on best management practices for salvage yards and recycling facilities.
- Increasing the number of solid waste management facilities with environmental controls and compliance inspections by changing service delivery locations to agency regional offices.
- Increasing emphasis on voluntary cleanup by education and outreach to potential client groups, streamlining investigation and cleanup process and providing clear and concise direction on how to conduct investigations and cleanup activities.
- Continuing to accelerate progress on identifying, assessing and cleaning up of contaminated sites of state importance by shifting away from federal administrative support funding, streamlining, operating state programs without federal oversight, and recovering costs from responsible parties to the extent possible.
- The agency has successfully finished cleaning up all of the old tire dumps originally reported to the agency as illustrated in the Annual Performance Report. By the end of F.Y. 1995, the agency will have cleaned up 13.6 million waste tires at 292 sites throughout the state.
- The agency will continue to inspect the 6 metropolitan landfills not eligible for the landfill cleanup program, for compliance with closure and post-closure care requirements and fund site-specific tasks.

BUDGET AND REVENUE SUMMARY:

The following are the key financial decisions and legislative changes requested under the agency budget plan:

- **Shredder Residue Grants/Study.** The agency requests carry over to F.Y. 1996 of \$136,000 of the Motor Vehicle Transfer Account in the Environmental Fund, which is the balance of the shredder residue grant appropriation under the Laws of 1995, Ch. 172, Sec. 90. This will allow additional investigation of the most promising methods to reduce the volume and toxicity of residue which remains from shredding automobile hulks and major appliances. The agency plan requests an appropriation rider to extend the shredder grant funding to 6-30-96.
- **Waste Tire Management and Cleanup.** The agency is requesting a reduction of \$2,097,000 for F.Y. 1996 and F.Y. 1997 from the Motor Vehicle Transfer Account and a reduction of 5.5 FTE that were needed to clean up waste tire dumps. The agency has successfully finished cleanup of all the old tire dumps originally reported to the agency. This will leave \$195,000 to fund oversight and development of the waste tire management system by allowing the agency to permit and manage the generation of over 4.4 million tires annually. The agency plan also provides for grants and loans to further develop alternative uses of waste tires. These activities are funded by the Motor Vehicle Transfer Fee which sunsets 12-31-96. Of the \$2,097,000 requested the agency requests that \$1,962,000 be reduced from the Ground Water Protection

1996-97 Biennial Budget

PROGRAM: Ground Water Protection and Solid Waste Management

AGENCY: Pollution Control Agency (MPCA)
(Continuation)

and Solid Waste Management Program and that \$135,000 be reduced from the Policy and Operational Support Program.

- **Dedicated Revenue Reduction in the Metropolitan Landfill Contingency Fund.** The agency is requesting a reduction of \$1,330,000 for the biennium from the Metropolitan Landfill Contingency Fund that was used to ensure that closure and long-term care procedures are completed at mixed solid waste landfills in the metropolitan area. With passage of the Landfill Cleanup Act by the Legislature in 1994, the number of sites requiring funding from this source is reduced.
- **LCMR Project: Metropolitan Area Groundwater Model to Predict Contaminated Groundwater Movement.** The LCMR has recommended \$250,000 from the Environmental Trust Fund to develop a groundwater model to evaluate how well groundwater cleanup and contaminant movement with or without cleanup measures and to identify areas for which additional information is needed.

REVENUE:

From the perspective of the 1996-97 Agency Plan this program generates dedicated and non-dedicated revenue as follows:

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$6	\$5	\$5	\$5	\$5
Non-dedicated - Other	2,767	5,934	13,822	21,668	21,312
Dedicated - Special	2,791	2,861	3,073	2,754	2,760
Dedicated - Federal	<u>5,541</u>	<u>3,856</u>	<u>4,529</u>	<u>9,750</u>	<u>4,350</u>
Total	\$11,105	\$12,656	\$21,429	\$34,177	\$28,427

Explanation for F.Y. 1996 Revenues:

The above revenues include both departmental earnings and other receipts not reported in the Earnings Report.

- **Non-dedicated General Fund:** includes waste disposal operations and inspection certification fees.
- **Non-dedicated Other Funds:** includes \$300,000 interest from landfill non-bond balance, \$36,000 waste tire fines, and \$15,000 interest from metro landfill contingency fund balance. \$348,000 Metropolitan Landfill Contingency Action Trust Fund fees, \$20,969,000 various income to the Landfill Cleanup Fund to include fees. The last two revenues are collected by the Department of Revenue.
- **Dedicated Special Revenue:** includes \$340,000 for state Superfund balance interest, \$99,000 solid waste facility operator training account, \$1,000,000 Superfund reimbursements from responsible parties, \$1,165,000 property transfer file searches and the voluntary cleanup program, and \$150,000 inferior solid waste handling facility fees.

- **Dedicated Federal:** includes various grants in addition to federal Superfund from the United States Environmental Protection Agency.

The solid waste assessment fee funds all of the Environmental Assessment and Direction and Solid Waste Management budget activities and a large portion of the Landfill Cleanup budget activities.

As is often the case with first year fee collections, the solid waste assessment fee revenues have been less than projected in the first year. Issues which have been identified include lack of information on the number of haulers, improper calculations by commercial waste haulers and collection of the residential waste fee in volume based billing systems which do not identify specific customers for fee collection. Some legislative changes were made in the 1994 session to deal with these issues. In 1995, the fee will be assessed on a wider variety of haulers, based on the type of waste collected. The MPCA and Department of Revenue are cooperatively developing technical assistance and enforcement actions to ensure haulers understand their responsibilities so that the fee collections are stabilized at the needed level.

The Motor Vehicle Transfer Fee sunsets on 12-31-96 and revenues generated in F.Y. 1996-97 prior to the sunset should be used to fund control and management of waste tire transportation and processing and salvage yard environmental assistance.

Funding for state Superfund was significantly enhanced when a revision to the hazardous waste generator tax took effect 1-1-94. The revenue is expected to provide a stable, long-term funding source for the fund. During the first 6 months of the new tax structure being in place, tax revenues were behind projections. MPCA is working with the Department of Revenue to determine if the reason for the shortfall is due to one or more of the following reasons:

- lack of compliance with the tax law;
- the tax revenue projection in 1992 was based on hazardous waste volumes much greater than the waste currently being generated; or
- because of the size of the generator, the tax is not due to be paid until 4-15-95 (unless more than \$1,000 is estimated to be owed).

MPCA is analyzing the issue now to ensure that the maximum amount of tax owed is paid by the deadline of 4-15-95. Due to the above reasons, it is not now possible to determine if the tax structure will ultimately raise the needed revenue.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends the following initiatives:

- \$867,000 from the Landfill Cleanup Fund for Ground Water Monitoring activities (\$811,000 in this program and \$56,000 in the Policy and Operational Support Program);
- \$318,000 from the Landfill Cleanup Fund for landfill construction and maintenance oversight (\$270,000 in this program and \$48,000 in the Policy and Operational Support Program);
- \$156,000 from the Landfill Cleanup Fund for Toxics in Products and Packaging to work in concert with other states for greater regulatory consistency (\$124,000 in this program and \$32,000 in the Policy and operational Support Program); and
- \$100,000 from the Landfill Cleanup Fund for providing the Department of Revenue with additional resources in the collection and enforcement of the Landfill Cleanup assessments.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDWTR PROTECTION & SOLID WASTE MG

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT AND DIREC SUPERFUND AND LANDFILL CLEANUP	4,373	3,266	2,426	2,026	2,279	2,749	2,026	2,033	2,498
SOLID WASTE MANAGEMENT	15,299	11,208	23,835	36,475	34,738	34,942	30,075	28,353	28,519
	1,375	4,440	3,144	2,515	1,641	1,641	2,515	1,641	1,641
TOTAL EXPENDITURES BY ACTIVITY	21,047	18,914	29,405	41,016	38,658	39,332	34,616	32,027	32,658
AGENCY PLAN ITEMS:	FUND								
NON-DEDICATED FEE SPENDING(UP TO 3%)	ENV			14			28		
NON-DEDICATED FEE SPENDING(UP TO 3%)	LCU			5			10		
LCMR NEW ALLOCATIONS	EVT			250					
REDUCTION IN METRO LANDFILL TRUST RECEIPTS	MLC			<665>			<665>		
WASTE TIRE PROGRAM REDUCTION	ENV			<1,962>			<1,962>		
TOTAL AGENCY PLAN ITEMS				<2,358>			<2,589>		
GOV'S INITIATIVES:	FUND								
(A) GROUND WATER MONITORING & ASSESSMENT PROG	LCU			408			403		
(A) LANDFILL CONSTRUCTION INSPECTION	LCU			154			116		
(A) TOXICS IN PRODUCTS & PACKAGING	LCU			62			62		
(B) DEPT OF REVENUE SW FEE COMPLIANCE	LCU			50			50		
TOTAL GOV'S INITIATIVES				674			631		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST				250			250		
GENERAL	1,893	1,229							
ENVIRONMENTAL	7,534	9,012	7,202	5,147	3,199	3,199	5,147	3,213	3,213
METRO LANDFILL CONTN	503	1,162	1,419	791	126	126	791	126	126
LANDFILL CLEANUP			6,949	3,985	3,990	4,664	3,985	3,995	4,626
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	242	87	109	109	109	109	109	109	109
FEDERAL	5,523	3,557	4,590	9,750	9,750	9,750	4,350	4,350	4,350
ENVIRONMENTAL	5,352	3,815	5,772	2,394	2,394	2,394	2,394	2,394	2,394
LANDFILL CLEANUP			3,264	18,840	18,840	18,840	17,840	17,840	17,840

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDWTR PROTECTION & SOLID WASTE MG

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GIFTS AND DEPOSITS		52	100						
TOTAL FINANCING	21,047	18,914	29,405	41,016	38,658	39,332	34,616	32,027	32,658
FTE BY EMPLOYMENT TYPE:									
REGULAR	161.9	174.0	179.1		178.0			178.0	
TEMP/SEAS/PART_TIME	10.3	12.6							
OVERTIME	.4	.2							
TOTAL FTE	172.6	186.8	179.1		178.0	185.0		178.0	185.0

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1996-97 Biennial Budget

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

ACTIVITY DESCRIPTION:

This activity provides overall management and logistical support to the Ground Water and Solid Waste Management Program. In addition to that, it has program responsibilities for policy and standards development and evaluation in the areas of ground water and solid waste management. The activity primarily focuses on system-wide issues rather than site or facility specific analyses. In the area of ground water, the activity conducts sampling and analysis, the results of which are then considered for policy and structure development, in conjunction with monitoring information from other state and local programs. In both the ground water and solid waste areas, staff have significant formal and informal interaction with other state and local programs.

BUDGET ISSUES:

The issues associated with these activities are:

Shredder Residue Grants/Study. Shredder residue is generated by shredding a motor vehicle, an appliance, or other source of recyclable steel. The agency was authorized to study shredder residue management to reduce the amount and toxicity of residue generated from shredding automobile hulks and major appliances, to identify methods which allow beneficial use of the residue, and to identify ways to minimize costs of management and disposal. The agency will roll over the balance of the shredder residue grant appropriation (\$136,000 from the Motor Vehicle Transfer Account) under the Laws of 1993, Ch. 172, Sec. 90 to F.Y. 1996 to follow up on the most promising methods of shredder residue management.

GRANTS:

The agency provides grants to reduce the amount of the shredder residue generated, managing residue for beneficial use and to reduce the amount of hazardous constituents in the residue. Only persons engaged in the business of shredding and recycling motor vehicles are eligible for the grants available in F.Y. 1994-95, and the workplan for issuing grants must be approved by the Legislative Commission on Waste Management.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDWTR PROTECTION & SOLID WASTE MG
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,571	1,338	1,526	1,500	1,612	1,752	1,500	1,500	1,640
EXPENSES/CONTRACTUAL SRVCS	312	312	300	283	405	669	283	280	544
MISC OPERATING EXPENSES	105	99	94	85	89	125	85	85	121
SUPPLIES/MATERIALS/PARTS	178	63	151	100	104	119	100	104	114
CAPITAL EQUIPMENT	168	57	42	45	50	65	45	45	60
OTHER	25				6	6		6	6
SUBTOTAL STATE OPERATIONS	2,359	1,869	2,113	2,013	2,266	2,736	2,013	2,020	2,485
LOCAL ASSISTANCE	2,014	1,397	313	13	13	13	13	13	13
TOTAL EXPENDITURES	4,373	3,266	2,426	2,026	2,279	2,749	2,026	2,033	2,498
AGENCY PLAN ITEMS:									
									FUND
NON-DEDICATED FEE SPENDING(UP TO 3%)						4			LCU
LCMR NEW ALLOCATIONS						250			EVT
WASTE TIRE PROGRAM REDUCTION						<1>			ENV
TOTAL AGENCY PLAN ITEMS						253			7
GOV'S INITIATIVES:									
									FUND
(A) GROUND WATER MONITORING & ASSESSMENT PROG									LCU
(A) TOXICS IN PRODUCTS & PACKAGING									LCU
TOTAL GOV'S INITIATIVES						470			465
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					250	250			
GENERAL	1,296	59							
ENVIRONMENTAL	574	1,494	937	503	502	502	503	502	502
METRO LANDFILL CONTN			5	5	5	5	5	5	5

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDWTR PROTECTION & SOLID WASTE MG
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
LANDFILL CLEANUP			1,046	1,046	1,050	1,520	1,046	1,054	1,519
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	242	87	109	109	109	109	109	109	109
FEDERAL	247	304	217	217	217	217	217	217	217
ENVIRONMENTAL	2,014	1,322	92	126	126	126	126	126	126
LANDFILL CLEANUP			20	20	20	20	20	20	20
TOTAL FINANCING	4,373	3,266	2,426	2,026	2,279	2,749	2,026	2,033	2,498
FTE BY EMPLOYMENT TYPE:									
REGULAR	32.2	27.6	30.6		32.0			32.0	
TEMP/SEAS/PART_TIME	6.2	4.9							
OVERTIME	.3								
TOTAL FTE	38.7	32.5	30.6		32.0	36.0		32.0	36.0

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1996-97 Biennial Budget

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

counties incur when holding a waste tire "amnesty day." These "grant" programs will not be funded in F.Y. 1996, because all known tire dumps have been cleaned up.

ACTIVITY DESCRIPTION:

Identification, environmental assessment and cleanup of contaminated land and ground water which resulted from industrial activities (Superfund) or land disposal of municipal solid waste (Closed Landfills) are the activities of this program. Services include: state assessment and cleanup of closed mixed municipal landfills; assisting buyers, developers, financial institutions or investors in voluntary investigation and cleanup of contaminated commercial and industrial property; obtaining responsible party actions, responding to emergencies with state Superfund dollars, or securing federal funds to clean up highest priority hazardous waste sites; and assisting property owners or potential buyers with identification of any hazardous waste or petroleum-related sites near the property.

BUDGET ISSUES:

The issues with this activity are:

Waste Tire Dump Cleanup. The waste tire activity was created in 1985 to clean up tire dumps and to develop a relatively simple management system to handle future generation of tires. The program cleaned up all known tire dumps by the end of F.Y. 1995. The legislature, in 1994, redirected some of the funding to an assessment of motor vehicle salvage yards.

Reauthorization and streamlining of CERCLA (federal Superfund law). Reauthorization was a major effort in the 103rd Congress, but Congress adjourned in October 1994 without passage. We expect that federal funding for state administration and cleanup activities will continue beyond the sunset date and anticipate that the 104th Congress will consider reauthorization.

Salvage Yard Compliance and Cleanup. The process of salvaging motor vehicles generates waste fluids and hazardous material containing toxic metals and other contaminants which can endanger public health and the environment. Releases may result from improper handling, storage or disposal of these materials and result in contamination of air, soil, surface and ground water. The legislature has discussed these issues at various points over the past 10 years, but the agency has not had the resources in the past to provide adequate attention and technical assistance to assure salvage yard compliance with proper waste management practices and environmental rules. At the legislature's direction, the agency has evaluated over 500 salvage yards and will report to the Legislative Commission on Waste Management in January 1995. Based on the work completed to date, the agency has concluded that there is a real need for an ongoing level of effort to work on environmental problems at salvage yards.

GRANTS:

The agency offers up to 85% reimbursement for costs a county may incur when cleaning up a tire dump. Under this activity, a county manages a cleanup and negotiates the tire dump owners' financial liability for cleanup costs. The agency has also offered up to 85% reimbursement for costs

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDWTR PROTECTION & SOLID WASTE MG
ACTIVITY: SUPERFUND AND LANDFILL CLEANUP

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,742	5,190	5,718	5,580	5,528	5,638	5,580	5,528	5,638
EXPENSES/CONTRACTUAL SRVCS	8,874	5,501	16,887	30,428	28,266	28,275	24,028	21,869	21,878
MISC OPERATING EXPENSES	292	363	412	327	330	370	327	340	374
SUPPLIES/MATERIALS/PARTS	1,190	56	627	34	36	57	34	38	49
CAPITAL EQUIPMENT	201	98	141	106	103	127	106	103	105
OTHER					475	475		475	475
SUBTOTAL STATE OPERATIONS	15,299	11,208	23,785	36,475	34,738	34,942	30,075	28,353	28,519
LOCAL ASSISTANCE			50						
TOTAL EXPENDITURES	15,299	11,208	23,835	36,475	34,738	34,942	30,075	28,353	28,519
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			ENV		14			28	
NON-DEDICATED FEE SPENDING(UP TO 3%)			LCU		1			2	
WASTE TIRE PROGRAM REDUCTION			ENV	<1,752>			<1,752>		
TOTAL AGENCY PLAN ITEMS				<1,737>			<1,722>		
GOV'S INITIATIVES:									
			FUND						
(A) LANDFILL CONSTRUCTION INSPECTION			LCU			154			116
(B) DEPT OF REVENUE SW FEE COMPLIANCE			LCU			50			50
TOTAL GOV'S INITIATIVES						204			166
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENTAL	6,333	5,446	5,851	4,231	2,493	2,493	4,231	2,507	2,507
METRO LANDFILL CONTN	380	16							
LANDFILL CLEANUP			4,587	1,623	1,624	1,828	1,623	1,625	1,791

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDHTR PROTECTION & SOLID WASTE MG
ACTIVITY: SUPERFUND AND LANDFILL CLEANUP

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
FEDERAL	5,276	3,253	4,373	9,533	9,533	9,533	4,133	4,133	4,133
ENVIRONMENTAL	3,310	2,493	5,680	2,268	2,268	2,268	2,268	2,268	2,268
LANDFILL CLEANUP			3,244	18,820	18,820	18,820	17,820	17,820	17,820
GIFTS AND DEPOSITS			100						
TOTAL FINANCING	15,299	11,208	23,835	36,475	34,738	34,942	30,075	28,353	28,519
FTE BY EMPLOYMENT TYPE:									
REGULAR	108.0	111.1	117.1		116.3			116.3	
TEMP/SEAS/PART_TIME	3.8	6.7							
OVERTIME	.1	.2							
TOTAL FTE	111.9	118.0	117.1		116.3	119.3		116.3	119.3

F.Y. 1996-97 BUDGET INITIATIVE

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

ITEM TITLE: Department of Revenue Solid Waste Assessment Fee Compliance

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Landfill Cleanup Fund				
- State Operations	\$50	\$50	\$50	\$50
Revenues: (\$000s)				
Landfill Cleanup Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$50,000 be appropriated to pollution control from the Landfill Cleanup Fund for transfer to the Department of Revenue in each year for 1 FTE and associated expenses to ensure solid waste fee collections are stabilized at the needed level.

RATIONALE:

The solid waste assessment fee was established in the legislature in 1993 as the primary funding source for the ground water and solid waste program. The fee is collected by the Department of Revenue from solid waste haulers. Solid waste assessment fee revenues have been 35% less than projected in the first year. Issues which have been identified include lack of information on the number of haulers, improper calculations by commercial waste haulers and collection of the residential waste fee in volume based billing systems which do not identify specific customers for fee collection. Some legislative changes were made in the 1994 session to deal with those issues. In 1995, the fee will be assessed on a wider variety of haulers, based on the type collected. The Department of Revenue needs 1 FTE to provide technical assistance and undertake compliance actions to ensure fee collections are stabilized at the needed level.

PROGRAM OUTCOMES:

The Department of Revenue, in cooperation with the Minnesota Pollution Control Agency, will be able to increase efforts on technical assistance under enforcement actions to ensure haulers understand their responsibilities and fee collections are stabilized at the needed level.

LONG-TERM IMPACT:

Ensuring that haulers understand and comply with solid waste assessment fee collections is critical to provide adequate funding for the Environmental Assessment and Direction, Solid Waste Management, and landfill cleanup activities of the GWSW program. These activities will be occurring over the next 30 years.

1996-97 Biennial Budget

BUDGET ACTIVITY: Solid Waste Management
PROGRAM: Ground Water Protection and Solid Waste Management
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

Preventing and limiting long-term environmental effects from waste generation and particularly the solid waste management facilities used by citizens, governments, businesses and industries are the activities of this program. This includes facilities used to recycle, process, compost, incinerate, and dispose of nearly 20 million cubic yards of solid waste generated per year in Minnesota. This activity must ensure that ground water, which is Minnesota's primary supply of drinking water, is not contaminated by solid waste facilities and that corrective actions are taken whenever contamination in water, air or soils is detected above acceptable levels.

BUDGET ISSUES:

The issues associated with these activities are:

Waste Tire Management System. To maintain the current successful status of waste tire management, the agency must commit greater resources to the education of public and local officials, along with private business owners. The agency must also continue to reasonably control and successfully manage waste tires in the future by regulating the 125 permitted transport, storage and processing facilities and take enforcement action against illegal activities, such as waste tire dumping or burning. The agency will continue to provide grants and loans to encourage research and assessment of the feasibility of recycling waste tires, and will promote new product development. The economic stimulus by previous grants and loans has developed fledgling businesses in the state into stable industries. The activities have been funded by the Motor Vehicle Transfer Fee, which sunsets on 12-31-96.

REVENUE:

None.

GRANTS:

The Waste Tire Grant and Loan program provides grants and loans to encourage research, assessment of the feasibility of recycling waste tires, and promotion of new product development. According to the rules, individuals, partnerships, corporations, municipalities, counties and associations are eligible for grants and loans. The agency has given grants to individuals, partnerships, corporations and universities. All grants are approved by the citizen board of the agency. To be eligible the project must develop (if a grant) or purchase equipment (if a loan) that results in new ways to process whole waste tires or that use tire-derived material in a manufacturing process.

Grants are up to 75% of the eligible costs up to \$30,000 and a loan is up to 90% of the eligible costs up to \$1.5 million. Eligible costs for the grant include travel in Minnesota, consultant fees, labor and materials expended in the course of the study. Loan eligible costs are purchase of equipment, land, and equipment installation.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: GRDWTR PROTECTION & SOLID WASTE MG
ACTIVITY: SOLID WASTE MANAGEMENT

ACTIVITY SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	945	1,589	1,484	1,484	1,424	1,424	1,484	1,424	1,424
EXPENSES/CONTRACTUAL SRVCS	240	1,929	1,280	652	22	22	652	22	22
MISC OPERATING EXPENSES	35	85	97	97	43	43	97	43	43
SUPPLIES/MATERIALS/PARTS	48	19	32	31	11	11	31	11	11
CAPITAL EQUIPMENT	61	46	51	51	11	11	51	11	11
OTHER					40	40		40	40
SUBTOTAL STATE OPERATIONS	1,329	3,668	2,944	2,315	1,551	1,551	2,315	1,551	1,551
AIDS TO INDIVIDUALS	46	58	200	200	90	90	200	90	90
LOCAL ASSISTANCE		714							
TOTAL EXPENDITURES	1,375	4,440	3,144	2,515	1,641	1,641	2,515	1,641	1,641
AGENCY PLAN ITEMS:									
			FUND						
REDUCTION IN METRO LANDFILL TRUST RECEIPTS			MLC		<665>			<665>	
WASTE TIRE PROGRAM REDUCTION			ENV		<209>			<209>	
TOTAL AGENCY PLAN ITEMS					<874>			<874>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	597	1,170							
ENVIRONMENTAL	627	2,072	414	413	204	204	413	204	204
METRO LANDFILL CONTN	123	1,146	1,414	786	121	121	786	121	121
LANDFILL CLEANUP			1,316	1,316	1,316	1,316	1,316	1,316	1,316
STATUTORY APPROPRIATIONS:									
ENVIRONMENTAL	28								
GIFTS AND DEPOSITS		52							
TOTAL FINANCING	1,375	4,440	3,144	2,515	1,641	1,641	2,515	1,641	1,641

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: GRDNTR PROTECTION & SOLID WASTE MG
 ACTIVITY: SOLID WASTE MANAGEMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	21.7	35.3	31.4		29.7			29.7	
TEMP/SEAS/PART_TIME	.3	1.0							
TOTAL FTE	22.0	36.3	31.4		29.7	29.7		29.7	29.7

1996-97 Biennial Budget

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

PROGRAM DESCRIPTION: The mission of the Hazardous Waste Management Program is to serve the public by preventing, minimizing or correcting the releases of hazardous waste and petroleum products to the state's water, air and land. The program seeks to achieve this 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 reduction of the quantity of hazardous waste generated, increased recycling and proper disposal.
- By responding to releases of hazardous waste through negotiated cleanup schedules and oversight.
- By coordinating a statewide Household Hazardous Waste Program that focuses on education, proper management and reduction of chemicals that may become household hazardous waste.
- By responding to leaks from petroleum storage tanks through technical assistance, regulatory programs and cleanup activities, thereby directly reducing the risk to human health and the environment.
- By offering technical assistance to tank owners regarding all aspects of tank operations, including installation, removal, leak detection technology and tank system maintenance and upgrading to prevent leaks.
- And by coordinating the state's response to spills and other chemical releases that cause environmental emergencies and by overseeing necessary cleanup activities.

PROGRAM STATUS: Given the role of the federal government in establishing a national framework for the regulation of hazardous waste generators and facilities, the Hazardous Waste Division continually works to take the federal requirements and apply them in the state in a manner that is protective of the environment but that reduces the compliance burden on the regulated community to the extent possible. We also are looking at creative ways of building a state/federal partnership that increases delivery of environmental service within the state and lessens the effort expended on program oversight and reporting. We have made meaningful strides in providing effective input as federal policy decisions are made so that state program delivery and environmental results are enhanced -- not deterred.

To achieve our protection mission relative to hazardous wastes, the division focuses on establishing reasonable and effective rules and on maximizing compliance with these rules. Our experience shows that a significant portion of generators will voluntarily comply if they are properly informed of the requirements. For a much smaller percentage, an enforcement presence is required. The division strives to continually evaluate our activities to ensure that we optimize our mix of information, education, assistance, compliance and enforcement activities to achieve optimal compliance rates amongst the different size generator groups.

The division has also continued to focus attention on special wastes that do not fit well into the federal framework of control (e.g., used oil, batteries, fluorescent bulbs, etc.). We continue to work

with generator groups to develop policies and procedures that will allow these wastes to be properly managed, with as little burden or cost to business and industry as possible.

To ensure that the division is providing well run programs, we use quality management principles to undertake process improvement based on input from persons impacted by our programs. However, to also ensure that we are focusing our resources so that the most significant environmental risks are being addressed through our programs, the division has used stakeholder advisory groups to evaluate our programs and provide feedback on the areas which they feel should be considered as high priority relative to resource allocation. We have used this input as our budget and program plans have been developed.

The petroleum tank program activities provide for the cleanup of past tank leaks and the upgrade of tanks to prevent the incidence or the early detection of leaks, in the future. The challenge in the years ahead will be to maintain our timely and appropriate oversight of leaking tank investigations and cleanups in spite of significant reductions in federal funding. We have continued our efforts to undertake process improvement and to ensure that our cleanup goals provide for effective solutions from an environmental and cost standpoint. The other challenge is to provide education, compliance assistance and enforcement activities at a level that will minimally ensure that aboveground and underground tanks have adequate safeguards and leak detection so that the state can move from a focus on leak cleanup to leak prevention.

The division will continue to coordinate the agency's emergency response activities by providing guidance and assistance to industry on how to prepare for environmental emergencies and also by providing oversight and direction in response to environmental emergencies to ensure that appropriate measures are taken by the responsible parties.

PLANNED RESULTS: The agency budget plan will allow the reported performance measures from the 1994 Annual Report to be accomplished as follows:

- To stabilize or improve the compliance rate for proper hazardous waste management and storage, the challenge will be to accomplish the following:
 - Maintain the cycle of reissuing hazardous waste facility permits on a 5 year basis.
 - Maintain at F.Y. 1994-95 levels, our education and technical assistance efforts including workshops, fact sheets, phone assistance and site visits.
 - Continue our present level of performance relative to hazardous waste complaint response; includes processing and coordinating responses to over 200 complaints annually.
 - Upgrade our Lake Superior initiative efforts to provide for a compliance rate increase in the basin of 1-2% each year.
- To facilitate the proper management of hazardous wastes by very small quantity generators (VSQG), the division will assist in increasing the number of VSQG collection programs from 13 (F.Y. 1995) to 20 (F.Y. 1997). The generators being served are expected to increase over the same 2 year period from 220 to 1,000.
- To facilitate the proper management of special wastes, the division will assist in increasing the number of special waste consolidation sites from 304 (F.Y. 1995) to 482 (F.Y. 1997).
- The division will raise and stabilize the service levels provided to counties and residents for the Household Hazardous Waste (HHW) program with all 87 counties presently in the program and over 150 collection events being conducted per year.

1996-97 Biennial Budget

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

- The division will continue to oversee the investigation and cleanup of leaking tank sites as follows:
 - Number of closed underground leak sites will increase from 6,695 (F.Y. 1995) to 8,500 (F.Y. 1997).
 - Number of major aboveground site cleanups in progress will increase from 29 (F.Y. 1995) to 41 (F.Y. 1997).
- To reduce the number of, and the consequences from, the releases of petroleum from tanks the division will:
 - Provide 105 educational activities in the F.Y. 1996-97 biennium. These include workshops, seminars and site visits with owners, operators and responsible parties. These address leak detection methods, tank upgrade requirements and cleanup criteria.
 - Work to increase the compliance rate with 1998 underground storage tank standards from 47% (F.Y. 1995) to about 50% in F.Y. 1997.
 - Work to increase the major (more than 1 million gallon) aboveground tank compliance rate from 6% (F.Y. 1995) to about 20% (F.Y. 1997).
- To ensure that major industrial facilities are prepared to handle spills or emergencies, the division will continue to review spill prevention and preparedness plans at a rate of 20 per year.
- To provide a system that ensures an appropriate response to environmental emergencies the division will:
 - Screen 100% of incoming incidents to determine appropriate follow-up; with 1,900 incidents anticipated for F.Y. 1996 and 2,000 for F.Y. 1997.
 - Actively respond to 950 environmental emergencies in F.Y. 1996 and 1,000 in F.Y. 1997.
 - Undertake, as necessary, an anticipated 160 state funded cleanups in F.Y. 1996 and 170 in F.Y. 1997.
- To provide faster technical review and responses for more potential buyers, sellers, and developers of petroleum impacted sites.
- To establish a program to ensure the expansion in the number of existing used oil collection sites and establish a similar set of sites to collect used oil filters and provide protection for legal and financial liability to those sites.
- To maintain the same level of attorney general effort in the hazardous waste regulatory compliance and rules areas for support of continued and consistent enforcement presence and an increased compliance rate.

BUDGET AND REVENUE SUMMARY: The following are the key financial decisions and legislative changes requested under the agency budget plan:

- The agency is requesting \$250,000 for F.Y. 1996 and \$250,000 for F.Y. 1997 as a statutory appropriation from the Special Revenue Fund to fund 3.0 FTE and expenses needed to expand the Voluntary Petroleum Investigation and Cleanup program. This would allow for faster technical review and response to property buyers, sellers and developers on a fee for service basis. Of the \$250,000 requested each year for this program the agency requires \$211,000 for the Hazardous Waste Management Program and \$39,000 for the Policy and Operations Support Program.
- The agency is requesting \$100,000 for F.Y. 1996 from the Motor Vehicle Transfer Account (MVTA) to provide for the expansion of the number of used oil collection sites and establish used oil filter collection sites.
- The agency proposes a hazardous waste fee increase of \$69,000 each year to maintain the current level of attorney general usage in light of their increased rates.

REVENUE: From the perspective of the 1996-97 Agency Plan this program generates dedicated and non-dedicated revenue as follows:

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Non-dedicated - Other	2,101	1,930	2,832	2,522	2,522
Dedicated - Special	2,729	3,027	2,701	3,373	3,384
Dedicated - Federal	<u>3,392</u>	<u>3,360</u>	<u>4,460</u>	<u>4,171</u>	<u>4,012</u>
Total	\$8,222	\$8,317	\$9,993	\$9,747	\$9,599

Explanations for F.Y. 1996 revenues:

The above revenues include both departmental earnings and other receipts not reported in the Earnings Report.

- Non-dedicated Other Funds: includes \$95,000 fines and reimbursements and certification fees regarding leaking tanks, \$2,309,000 hazardous waste fees and \$118,000 hazardous waste property transfer reimbursements. Included in the hazardous waste fees is an Agency Plan request for \$69,000 in fee authority to meet attorney general service costs.
- Dedicated special revenues includes \$2,000,000 reimbursements for cleanup from the Petro Board, \$101,000 hazardous waste training, \$1,000,000 hazardous waste penalties for Superfund, \$22,000 hazardous waste revolving loan program payments, \$250,000 for the Voluntary Petroleum Investigation and Cleanup requested in this budget under the Agency Plan.
- Dedicated federal includes various grants from the United States Environmental Protection Agency.

GOVERNOR'S RECOMMENDATION: The Governor concurs with the agency's plan and recommends the following initiative:

- \$1,789,000 from the Petro Fund for Petroleum Tank Leak Protection program (\$1,473,000 in this program and \$316,000 in the Policy and Operational Support program).

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL ASSESSMENT AND DIREC HAZARDOUS WASTE FACILITIES	3,002	2,807	3,349	2,997	3,168	3,168	2,997	3,070	3,070
PETROLEUM AND EMERGENCY RESPONSE	2,139	2,097	2,666	2,395	2,396	2,396	2,370	2,372	2,372
	4,820	5,118	6,920	6,328	6,552	7,311	6,194	6,431	7,145
TOTAL EXPENDITURES BY ACTIVITY	9,961	10,022	12,935	11,720	12,116	12,875	11,561	11,873	12,587
AGENCY PLAN ITEMS:									
NON-DEDICATED FEE SPENDING(UP TO 3%)									
NON-DEDICATED FEE SPENDING(UP TO 3%)									
PROPOSED FEE CHANGE									
USED OIL FILTER COLLECTION PROGRAM									
VOLUNTARY PETRO INVESTIGATION & CLEANUP									
TOTAL AGENCY PLAN ITEMS					396			312	
GOV'S INITIATIVES:									
(A) PETROLEUM TANK LEAK PREVENTION PROGRAM						759			714
TOTAL GOV'S INITIATIVES						759			714
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,649	1,554	1,818	1,710	1,710	1,710	1,710	1,710	1,710
PETRO CLEAN-UP FD		1,295	1,613	1,465	1,477	2,236	1,465	1,489	2,203
ENVIRONMENTAL	3,334	1,942	2,492	2,198	2,371	2,371	2,198	2,275	2,275
STATUTORY APPROPRIATIONS:									
PETRO CLEAN-UP FD		1,611	2,444	2,000	2,000	2,000	2,000	2,000	2,000
SPECIAL REVENUE	347	119	105	101	312	312	101	312	312
FEDERAL	3,306	3,501	4,463	4,171	4,171	4,171	4,012	4,012	4,012
ENVIRONMENTAL	1,325			75	75	75	75	75	75
TOTAL FINANCING	9,961	10,022	12,935	11,720	12,116	12,875	11,561	11,873	12,587

1996-1997 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 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	148.9	146.4	170.4		173.4		173.4		
TEMP/SEAS/PART_TIME	10.4	12.1							
TOTAL FTE	159.3	158.5	170.4		173.4	187.4	173.4		187.4

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1996-97 Biennial Budget

BUDGET ACTIVITY: Environmental Assessment and Direction
PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

To prevent adverse impacts on human health and the environment caused by the generation, transportation, storage or treatment of hazardous wastes, including household hazardous wastes and special hazardous wastes, the division provides the following services:

■ **Data Collection and Licensing**

The division operates and maintains a tracking system so that current information on types and quantities of hazardous waste generated and current management methods is available to assist in regular assessment of potential environmental impact.

■ **Regulation**

The division regulates the following:

- facilities that treat, store or dispose of hazardous waste;
- recyclers of hazardous waste;
- hazardous wastes from large quantity generators (LQGs) - more than 220 gallons per month;
- hazardous wastes from small quantity generators (SQGs) - 22 to 220 gallons per month;
- hazardous wastes from very small quantity generators (VSQGs) - under 22 gallons per month (4.5 drums a year);
- facilities and programs that manage collected household hazardous waste

Federal law subjects all wastes that meet the definition of hazardous to an extensive "cradle to grave" tracking process and strict treatment, storage and disposal requirements. However, new information is continually becoming available on the risks of various hazardous wastes, the success of the federal program and the practices in place among the regulated community. In response, the division revises state rules and procedures periodically to assure both adequate protection and practical means of compliance.

A population that is not served well by federal regulations is that of the special waste generators. These are wastes widely generated that, because of extensive regulation, are largely placed in the solid waste stream (used oil, batteries, fluorescent bulbs, mercury-containing items, lead, and others).

Another population for whom compliance is difficult is that of small business. Removal of some of the regulatory barriers to proper waste management and creation of improved options for generators of small quantities of hazardous waste are aimed at encouraging recycling and proper disposal.

Information from the regulated community is essential to providing good service. The division solicits input in a variety of ways, including surveys, focus groups and training evaluations. The information is used to revise rules, refine procedures and improve service delivery.

■ **Education and Technical Assistance**

To assist generators and facilities in understanding their responsibilities under the law and how to properly manage their wastes, the division provides technical assistance and education in the form of workshops, fact sheets, a quarterly newsletter, a yearly conference and telephone consultations. An 800 number provides easy access to staff when questions arise. In addition, staff in regional offices provide on-site consultation and assistance.

The division provides financial and technical assistance to local government in operating regional and local facilities for the collection and management of household hazardous waste for the purpose of removing household hazardous waste from the solid waste stream and preventing environmental damage. In addition, the division coordinates 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.

BUDGET ISSUES:

The agency budget plan will result in the following environmental assessment and direction activities:

- **Special Wastes Pilot Project.** Additional federal funds have allowed the division to resume the project to educate the public on collection opportunities for batteries, mercury-containing products, and other special wastes and to coordinate with manufacturers, retailers and other public and private entities to encourage recycling and reuse. The primary target is mercury, which is readily transferred throughout the environment and accumulates over time.
- **Household Hazardous Waste.** Although any reduction in state contributions to local household hazardous waste programs may cause some counties to reconsider their decisions to participate in the program, the division is working with the local program managers to identify the most productive assistance that will maximize use of both division and local resources and expertise. In addition, staff are coordinating with local programs to facilitate the collection of very small quantities of hazardous waste from small businesses that have limited disposal options.
- **Generator Identification and Education.** As many as 50% of the hazardous waste generators, primarily those that generate very small quantities, have not yet been identified and provided with licenses and management information. In addition, the risk of environmental damage, the consequences are that only half of the regulated population bears the responsibility for paying program fees and that companies complying with state rules can suffer a competitive disadvantage by paying the costs of proper disposal.

As a result, the division has initiated a Total Quality Management project to determine the level of regulation, fees, assistance, enforcement and data collection appropriate for very small quantity generators. In addition, the division is evaluating the innovative education and outreach efforts being conducted in the Lake Superior Basin through targeted federal funds. The most effective methods will be employed statewide to maximize the use of available resources.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,726	1,800	1,910	1,910	1,910	1,910	1,910	1,910	1,910
EXPENSES/CONTRACTUAL SRVCS	1,015	782	909	790	790	790	790	790	790
MISC OPERATING EXPENSES	131	148	162	136	136	136	136	136	136
SUPPLIES/MATERIALS/PARTS	44	53	261	54	56	56	54	58	58
CAPITAL EQUIPMENT	83	24	107	107	107	107	107	107	107
OTHER	3				69	69		69	69
SUBTOTAL STATE OPERATIONS	3,002	2,807	3,349	2,997	3,068	3,068	2,997	3,070	3,070
LOCAL ASSISTANCE					100	100			
TOTAL EXPENDITURES	3,002	2,807	3,349	2,997	3,168	3,168	2,997	3,070	3,070
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING (UP TO 3%)			ENV		2			4	
PROPOSED FEE CHANGE			ENV		69			69	
USED OIL FILTER COLLECTION PROGRAM			ENV		100				
TOTAL AGENCY PLAN ITEMS					171			73	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,274	1,253	1,491	1,313	1,313	1,313	1,313	1,313	1,313
PETRO CLEAN-UP FD		63	222	222	222	222	222	222	222
ENVIRONMENTAL	961	843	942	916	1,087	1,087	916	989	989
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	244	32	4						
FEDERAL	523	616	690	546	546	546	546	546	546
TOTAL FINANCING	3,002	2,807	3,349	2,997	3,168	3,168	2,997	3,070	3,070

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT
ACTIVITY: ENVIRONMENTAL ASSESSMENT AND DIREC

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	41.8	42.8	43.6		43.6			43.6	
TEMP/SEAS/PART_TIME	.6	.8							
TOTAL FTE	42.4	43.6	43.6		43.6	43.6		43.6	43.6

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1996-97 Biennial Budget

BUDGET ACTIVITY: Hazardous Waste Facilities
PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control Agency (MPCA)

- Due to the EPA's emphasis on geographical initiatives, the level of funding for the Lake Superior Basin initiative is expected to significantly increase. As a result, the division plan will allow for a significant increase in the level of effort for the Lake Superior Basin initiative. With this effort the risk to human health and the environment posed by mismanagement of hazardous waste will be greatly reduced.

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 deterrent measures. The goal of this activity is to increase the percentage of hazardous waste properly managed. To meet this goal the division provides the following services:

- The division currently inspects about 8% of large quantity hazardous waste generators annually. This meets the present federal grant requirement. 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 sectors and sensitive geographical areas and by undertaking some multimedia enforcement activities.
- A recent focus in this activity is to utilize special compliance initiatives, often in coordination with EPA, to effectively use limited resources. The division has ongoing special compliance initiatives in manifest tracking and pollution prevention. Other special compliance initiatives are geographical targeting of resources in the Lake Superior Basin and Minnesota River Basin, in which we utilize and evaluate different ways to deliver education to generators and undertake multimedia inspections with all agency divisions, with a strong emphasis on waste reduction. These types of special compliance initiatives are designed to demonstrate new and better methods of achieving compliance.
- The division reissues 7 permits annually to address the 38 facilities in the state that treat, store or dispose of hazardous waste. The facilities are inspected on a routine basis to ensure that permit requirements are being met.

BUDGET ISSUES:

The agency budget plan will result in the following hazardous waste management activities:

- Reduced supply and expense spending will reduce the level of instate travel by staff, thus eliminating our compliance assistance presence for some generators.
- The division plan will result in the reduction of the inspection rate from 8 to 6% of the large quantity hazardous waste generators. Inspections identify mismanagement of hazardous waste which could include releases of hazardous waste which can pose a risk to human health and the environment. Fewer inspections will mean a reduction of the agency's compliance presence and will likely result in some slippage in compliance rates.
- The division plan will result in a reduction of resource allocation for the Minnesota River initiative. A reduction in this special compliance initiative could result in continued reduced awareness and hazardous waste mismanagement which could adversely impact the Minnesota River basin.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,717	1,622	1,867	1,867	1,867	1,867	1,867	1,867	1,867
EXPENSES/CONTRACTUAL SRVCS	249	329	440	375	376	376	364	366	366
MISC OPERATING EXPENSES	72	84	117	57	57	57	44	44	44
SUPPLIES/MATERIALS/PARTS	32	29	143	16	16	16	15	15	15
CAPITAL EQUIPMENT	69	29	24	5	5	5	5	5	5
OTHER		4	75	75	75	75	75	75	75
SUBTOTAL STATE OPERATIONS	2,139	2,097	2,666	2,395	2,396	2,396	2,370	2,372	2,372
TOTAL EXPENDITURES	2,139	2,097	2,666	2,395	2,396	2,396	2,370	2,372	2,372
AGENCY PLAN ITEMS:									
FUND									
NON-DEDICATED FEE SPENDING(UP TO 3%)			ENV		1			2	
TOTAL AGENCY PLAN ITEMS					1			2	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	156	91	53	123	123	123	123	123	123
ENVIRONMENTAL	1,061	940	1,149	984	985	985	984	986	986
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	78	70	101	101	101	101	101	101	101
FEDERAL	844	996	1,363	1,112	1,112	1,112	1,087	1,087	1,087
ENVIRONMENTAL				75	75	75	75	75	75
TOTAL FINANCING	2,139	2,097	2,666	2,395	2,396	2,396	2,370	2,372	2,372
FTE BY EMPLOYMENT TYPE:									
REGULAR	40.3	36.3	41.4		41.4			41.4	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	.8	1.2							
TOTAL FTE	41.1	37.5	41.4		41.4	41.4		41.4	41.4

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1996-97 Biennial Budget

BUDGET ACTIVITY: Petroleum and Emergency Response
PROGRAM: Hazardous Waste Management
AGENCY: Pollution Control Agency (MPCA)

The VPIC program assists owners, lending institutions, and real estate companies in the sale and development of petroleum contaminated properties by conducting expedited technical reviews of reports describing environmental conditions on these properties. The current review time for these reports averages approximately 60 days, twice the length of time usually requested by the program's clients.

ACTIVITY DESCRIPTION:

To prevent, reduce or respond to the impacts on human health and environmental caused by the release of petroleum products that are stored or transported in the state, the division provides the following services:

- The division works to prevent leaks from aboveground/underground petroleum storage systems by offering technical assistance to tank owners regarding all aspects of tank operation, including installation, removal, leak detection technology and tank system maintenance and upgrade. The division also provides regulatory oversight to ensure compliance.
- The division responds to leaking petroleum storage tanks by providing oversight and technical assistance to responsible parties and volunteers engaged in the cleanup of these releases and conducts cleanups when other parties are unwilling or unable to do so.
- The division coordinates the state's response to environmental emergencies such as spills, train wrecks, and other chemical emergencies and oversees the required cleanups.
- The division provides file review and technical assistance to owners, lending institutions and real estate companies involved in the sale and development of petroleum contaminated properties through the Voluntary Petroleum Investigation and Cleanup (VPIC) program.

BUDGET ISSUES:

Federal funding for the tank cleanup activities part of the division will be reduced by 18% in calendar year 1995 and further reductions are anticipated in future years. Temporary federal funding will offset about one-half of the problem through 1996. The challenge to the division will be to absorb these reductions in a way that will minimize the impact on the environment and the cost reimbursement process. The division will do everything possible to meet or be as close as possible to the legislatively mandated timeframes.

In the division, environmental protection is most cost-effectively achieved through pollution prevention, rather than after the fact leak cleanup. Minnesota has approximately 25,550 active underground storage tanks at 16,000 facilities, and approximately 15,875 aboveground storage tanks at 7,000 facilities. At present, there is only sufficient funding for 8.5 positions to provide for educational and oversight activities to achieve compliance with tank safeguard and spill preparedness requirements at these facilities. This large facility to staff ratio compromises these pollution prevention activities which, if not successful, result in significant costs to the state and its citizens in site cleanup.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: HAZARDOUS WASTE MANAGEMENT
ACTIVITY: PETROLEUM AND EMERGENCY RESPONSE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,979	3,081	3,873	3,873	3,995	4,489	3,873	3,995	4,489
EXPENSES/CONTRACTUAL SRVCS	1,632	1,828	2,619	2,289	2,204	2,267	2,155	2,082	2,157
MISC OPERATING EXPENSES	151	134	122	111	141	225	111	141	226
SUPPLIES/MATERIALS/PARTS	43	38	289	38	83	125	38	96	136
CAPITAL EQUIPMENT	15	37	17	17	29	85	17	17	17
OTHER					100	120		100	120
SUBTOTAL STATE OPERATIONS	4,820	5,118	6,920	6,328	6,552	7,311	6,194	6,431	7,145
TOTAL EXPENDITURES	4,820	5,118	6,920	6,328	6,552	7,311	6,194	6,431	7,145
AGENCY PLAN ITEMS:									
NON-DEDICATED FEE SPENDING(UP TO 3%)			ENV		1			2	
NON-DEDICATED FEE SPENDING(UP TO 3%)			PET		12			24	
VOLUNTARY PETRO INVESTIGATION & CLEANUP			SR		211			211	
TOTAL AGENCY PLAN ITEMS					224			237	
GOV'S INITIATIVES:									
(A) PETROLEUM TANK LEAK PREVENTION PROGRAM			PET			759			714
TOTAL GOV'S INITIATIVES						759			714
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	219	210	274	274	274	274	274	274	274
PETRO CLEAN-UP FD		1,232	1,391	1,243	1,255	2,014	1,243	1,267	1,981
ENVIRONMENTAL	1,312	159	401	298	299	299	298	300	300
STATUTORY APPROPRIATIONS:									
PETRO CLEAN-UP FD		1,611	2,444	2,000	2,000	2,000	2,000	2,000	2,000
SPECIAL REVENUE	25	17			211	211		211	211

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
 PROGRAM: HAZARDOUS WASTE MANAGEMENT
 ACTIVITY: PETROLEUM AND EMERGENCY RESPONSE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	1,939	1,889	2,410	2,513	2,513	2,513	2,379	2,379	2,379
ENVIRONMENTAL	1,325								
TOTAL FINANCING	4,820	5,118	6,920	6,328	6,552	7,311	6,194	6,431	7,145
FTE BY EMPLOYMENT TYPE:									
REGULAR	66.8	67.3	85.4		88.4			88.4	
TEMP/SEAS/PART_TIME	9.0	10.1							
TOTAL FTE	75.8	77.4	85.4		88.4	102.4		88.4	102.4

1996-97 Biennial Budget

PROGRAM: Policy and Operational Support
AGENCY: Pollution Control Agency (MPCA)

PROGRAM DESCRIPTION: This program provides policy direction, management and support services and regional services.

Activities include the 9-member Citizens Board and the Commissioner's Office, Regional Operations, Public Information, Environmental Planning and Review, Information Management, Personnel and Fiscal Services.

The issues associated with these activities are:

- **Solutions that cross divisions and agencies:**
Providing leadership and direction is more demanding as issues become more complicated. Environmental problems do not respect the artificial organizational boundaries set up within the agency or the executive branch. Managing issues which cross division and other agency lines is becoming critical to producing satisfactory results. This requires much more sophisticated communication techniques, setting clear priorities and direction, and time consuming coordination.
- **Regionalization:**
Providing the right level of service in a timely fashion is a struggle for all government agencies. The Minnesota Pollution Control Agency (MPCA) has decentralized its service delivery system so that there are 100% more staff located in the Regional Offices than there were 3 years ago. Authority for decision making has been streamlined and more and more activities are being centered closer to the customer. Managing and supporting the relocation of staff, providing comprehensive physical plant and communication resources and redesigning work assignments are issues in the on-going effort.
- **Computerization:**
The agency has embarked upon an extensive redesign of compliance data bases in all programs and has moved the entire staff to a new computer work environment. This requires the assignment of top staff to re-engineer work and participate in system development. Ongoing work must be prioritized and carefully managed to honor all commitments. Every employee will have to learn new software and hardware to do their job. This level of change in work environment cause high anxiety and requires constant communication and assurance about the future as staff go through the transition.
- **Moving from enforcement to education:**
As the agency moves from concentrating primarily on point sources of pollution to nonpoint sources of pollution, the tools used to achieve compliance change. Today's technical solutions and behavior change solutions require an emphasis on education, training and assistance. The customer is no longer just a regulated industry or public entity but may be many individuals as well. Materials must be prepared for a non-technical audience and made available through many channels. More grass roots organizations and local units of government will be part of the delivery of services. Assessing customer needs and providing help at the right time and place is an issue.

- **Keeping the public informed and involved:**
Citizens demand to be a part of decisions which effect their environment. Providing meaningful opportunities and presenting them so citizens can effectively participate is difficult. Taking the time necessary for public comment is inefficient. Regardless, citizen opinion is essential.
- **Effectively managing human and fiscal resources:**
Rapid technological, political and structural changes constantly pummel the work force and make managing an increasingly diverse human resource a considerable challenge. The fiscal challenge is daunting in that funding sources are ever changing, program solutions are more and more expensive and fee revenues more difficult to assess and maintain at appropriate levels.

PROGRAM STATUS: The agency's 4 year computerization effort, named Project DELTA, is proceeding on schedule and on budget. In addition, a royalty agreement with American Consulting Services may yield some revenue should other states buy the entire or a portion of the system. Several states have shown a keen interest in the systems that have been developed so far.

Delivering environmental programs to customers in more convenient places has been a priority over the past 4 years. Efforts to assign more staff from each program to regional offices has been very successful. In 1991 there were 42 staff in the regions. As of September 1994, there were 87 staff in regional locations, and, by 1997, it is estimated that 109 positions will be centered in Great Minnesota. This means a 160% increase in staff located in the regional offices in 6 years.

PLANNED RESULTS:

- Establish the agency's general direction and prepare and present the agenda to the agency Board and Legislature;
- Make environmental policy determinations in a forum that provides public input and discussion;
- Approve standards and rules, and implement regulatory and enforcement authorities;
- Direct, administer and manage resources and operations of the agency, develop objectives and measures and report results.
- Represent the agency in business with government, industry, interest groups and the public.
- 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 cross division programs: pollution prevention, low-level radioactive waste, mining and other natural resource assessments and requirements for toxic release inventory disclosures;
- Provide communication support to technical programs and provide public information 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 information management, data processing and computer services which support all agency programs and effected public.
- 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 and environmental results are achieved.
- Provide effective service to customers through face-to-face contact, and consistent staff contacts;
- Providing more immediate response to environmental complaints or emergencies.

1996-97 Biennial Budget

PROGRAM: Policy and Operational Support
AGENCY: Pollution Control Agency (MPCA)
 (Continuation)

Dollars in Thousands					
F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	
Type of Revenue:					
Non-dedicated - Gen'l	\$796	\$956	\$698	\$698	\$698
Non-dedicated - Other	178	725	580	558	556
Dedicated - Special	2,642	2,402	3,262	3,488	3,488
Dedicated - Federal	76	20	140	140	140
Total	\$3,692	\$4,103	\$4,680	\$4,884	\$4,882

BUDGET AND REVENUE SUMMARY: The following are the key financial decisions and legislative changes requested under the agency budget plan:

- **Environmental Computer Compliance Management, Phase II.** The agency's requests \$1,278,000 each year of the biennium from the Environmental Fund to complete Phase II of its program to update computer systems. Included in this request are resources for completing computer systems for managing environmental programs and for funding 5.0 FTE to operate the new system. The total request for the 1996-97 biennium is \$4,974,000: \$2,418,000 is included in the base and \$2,556,000 is being requested from the balance in the Motor Vehicle Transfer Account in the Environmental Fund.

Phase I of the agency's modernization will complete compliance management applications for the Air Quality and Solid Waste Programs. In Air Quality, the implementation of the DELTA systems on February 1995, will allow staff to efficiently process the additional permits required by the reauthorization of the Clean Air Act. Regulated facilities will be able to electronically submit permits that have already had a completeness and error check done before they are submitted to the MPCA for review. This, as well as many other time saving and productivity improving aspects of DELTA systems, benefits both the MPCA and the regulated community. Similar business process improvements will be implemented through the Solid Waste DELTA applications in F.Y. 1995.

Phase II of DELTA will carry forward the time saving and productivity improving business processes to the Water Quality, Hazardous Waste, Site Response and Tanks and Spills Program so that all MPCA regulated clientele can benefit from the streamlined and more consistent approach to permitting, compliance determination and enforcement activities. Other governmental units, environmental organizations and the general public will benefit from the accessibility of agency information resources.

The agency will be requesting funding in the 1998-99 biennium for continuation of 10 staff to operate the system.

- **Agency Decision Items:** Appropriation portion for the Policy and Operations Support Program:
- **Individual Septic Treatment Certification.** Of the \$120,000 requested each year for this program, the agency requests \$25,000 each year to fund administrative support.
- **Air Quality Emission Fees.** Of the \$943,000 for 1996 and \$1,167,000 for 1997, the agency requests \$166,000 for 1996 and \$177,000 for 1997 to fund administrative support.
- **Waste Tire Reduction.** Of the \$2,097,000 reduction from the Waste Tire Program, the agency requests that \$135,000 be reduced from the Policy and Operational Support Program each year.
- **Voluntary Petroleum Cleanup Program.** Of the \$250,000 requested each year for this program the agency requests \$39,000 each year to fund administrative support.

REVENUE: From the perspective of the 1996-97 Agency Plan this program generates dedicated and non-dedicated revenue as follows:

Explanations for F.Y. 1996 revenues:

The above revenues include both departmental earnings and other receipts not reported in the Earnings Report.

- **Non-dedicated General Funds:** \$655,000 fines and penalties, \$2,000 sales tax collected and \$41,000 miscellaneous.
- **Non-dedicated Other Funds:** \$5,000 low level radiation fees, \$553,000 fines and penalties deposited to Environmental Enforcement Account.
- **Dedicated Special:** \$3,198,000 federal grant overhead allowance, \$25,000 in-house training, \$265,000 miscellaneous reimbursements.
- **Dedicated Federal:** Various grants from the U.S. Environmental Protection Agency.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor has identified projects recommended for funding by the LCMR that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for these projects be used to finance selected environmental, high priority initiatives including:

- \$120,000 for reduction of mercury contamination in Minnesota.

In addition, the Governor recommends the following initiatives:

- **Ground Water Monitoring and Assessment.** Of the \$436,000 in F.Y. 1996 and \$431,000 in F.Y. 1997, \$28,000 is recommended each year to fund administrative support.
- **Landfill Construction Inspection.** Of the \$178,000 in F.Y. 1996 and \$140,000 in F.Y. 1997, \$24,000 is recommended each year to fund administrative support.
- **Toxics in Products and Packaging.** Of the \$78,000 recommended each year, the Governor recommends \$16,000 each year to fund administrative support.
- **Minnesota River Implementation.** Of the \$1,120,000 recommended for the biennium, \$26,000 is recommended to fund administrative support.
- **Petroleum Tank Leak Prevention Program.** Of the \$917,000 in F.Y. 1996 and \$872,000 in F.Y. 1997, the Governor recommends \$158,000 each year to fund administrative support.
- **Clean Water Partnership.** Of the \$2,225,000 recommended for the biennium, \$80,000 is recommended to fund administrative support.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: POLICY AND OPERATIONAL SUPPORT
ACTIVITY: POLICY AND OPERATIONAL SUPPORT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,895	4,060	4,811	4,811	5,061	5,179	4,811	5,061	5,061
EXPENSES/CONTRACTUAL SRVCS	2,566	2,930	4,784	3,179	4,222	4,320	3,179	4,233	4,331
MISC OPERATING EXPENSES	438	465	464	464	489	565	464	489	565
SUPPLIES/MATERIALS/PARTS	365	344	441	392	503	663	392	559	611
CAPITAL EQUIPMENT	416	227	729	729	729	729	729	729	729
OTHER	661	523	879	879	879	879	879	879	879
SUBTOTAL STATE OPERATIONS	8,341	8,549	12,108	10,454	11,883	12,335	10,454	11,950	12,176
TOTAL EXPENDITURES	8,341	8,549	12,108	10,454	11,883	12,335	10,454	11,950	12,176

AGENCY PLAN ITEMS:

	FUND	
ANNUALIZED NEW PROG COST	ENV	25
NON-DEDICATED FEE SPENDING(UP TO 3%)	ENV	46
NON-DEDICATED FEE SPENDING(UP TO 3%)	LCU	2
NON-DEDICATED FEE SPENDING(UP TO 3%)	PET	8
PROPOSED FEE CHANGE	ENV	166
WASTE TIRE PROGRAM REDUCTION	ENV	<135>
VOLUNTARY PETRO INVESTIGATION & CLEANUP	SR	39
COMPUTER DELTA	ENV	1,278
TOTAL AGENCY PLAN ITEMS		1,429

GOV'S INITIATIVES:

	FUND	
(A) GROUND WATER MONITORING & ASSESSMENT PROG	LCU	28
(A) LANDFILL CONSTRUCTION INSPECTION	LCU	24
(A) TOXICS IN PRODUCTS & PACKAGING	LCU	16
(A) MINNESOTA RIVER IMPLEMENTATION	MNR	26
(A) PETROLEUM TANK LEAK PREVENTION PROGRAM	PET	158
(A) CLEAN WATER PARTNERSHIP	MNR	80
(B) REDUCTION OF MERCURY	MNR	120

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CNTRL AGENCY
PROGRAM: POLICY AND OPERATIONAL SUPPORT
ACTIVITY: POLICY AND OPERATIONAL SUPPORT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
TOTAL GOV'S INITIATIVES						452			226
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	1,956	1,665	2,079	1,903	1,903	1,903	1,903	1,903	1,903
MN RESOURCES						226			
PETRO CLEAN-UP FD		282	283	282	290	448	282	298	456
ENVIRONMENTAL	3,285	3,749	4,663	3,183	4,563	4,563	3,183	4,620	4,620
METRO LANDFILL CONTN	8	8	8	8	8	8	8	8	8
LANDFILL CLEANUP			925	925	927	995	925	929	997
STATUTORY APPROPRIATIONS:									
GENERAL		1							
SPECIAL REVENUE	2,763	2,651	3,700	3,700	3,739	3,739	3,700	3,739	3,739
FEDERAL	77	20	140	140	140	140	140	140	140
ENVIRONMENTAL	246	170	145	148	148	148	148	148	148
METRO LANDFILL CONTN	6	3	5	5	5	5	5	5	5
LANDFILL CLEANUP			160	160	160	160	160	160	160
=====									
TOTAL FINANCING	8,341	8,549	12,108	10,454	11,883	12,335	10,454	11,950	12,176
FTE BY EMPLOYMENT TYPE:									

REGULAR	86.1	87.2	102.0		107.0			107.0	
TEMP/SEAS/PART_TIME	2.3	2.9							
=====									
TOTAL FTE	88.4	90.1	102.0		107.0	108.0		107.0	108.0

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Policy and Operations Support
ACTIVITY: Policy and Operations Support

ITEM TITLE: Reduction of Mercury Contamination in Minnesota

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
MN Resources				
- State Operations	\$120	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
MN Resources	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$60,000 be appropriated in each year from the Minnesota Resources Fund for 1.0 FTE and associated expenses to coordinate mercury reduction efforts at the agency. Funding requested in the first year is requested to be available in the second year.

Funding for this initiative has been made available in the Minnesota Resources Fund because the Governor has identified projects recommended by the LCMR that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative.

The appropriation is available for both years of the biennium.

RATIONALE:

Mercury is a significant environmental problem because it is a neurotoxin and can bioaccumulate in the aquatic food chain to the point that consumption of fish is hazardous to birds and mammals, including loons, ospreys, eagles, mink, otters and humans. Mercury contamination is pervasive in Minnesota to the point that 94% of the lakes surveyed in the state have restrictions on fish consumption advised by the Department of Health. Mercury contamination of fish has been documented in many other regions of the world, including Wisconsin, Michigan, Florida, New Jersey, Canada and Scandinavia. Virtually all of this mercury is a result of atmospheric deposition. Studies suggest that if the mercury emissions to the atmosphere are reduced, fish contamination will be reduced. In late 1992 the agency formed an internal task fore to explore ways of reducing

mercury pollution in Minnesota.

The mercury reduction coordinator activities will include:

- a. Coordinate the mercury reduction and research activities at the agency including those in the Air Quality Division LCMR project and Hazardous Waste Division projects.
- b. Within existing agency programs, advance the mercury reduction strategy wherever possible, which includes; 1) pollution prevention, 2) incentive-based controls, and 3) conventional regulation.
- c. As directed by the agency Strategic Operational Plan, facilities participation by environmental groups, industry and other state agencies in the continuing dialogue about mercury use and reduction in the environment.
- d. Serve as Minnesota's contact with the Environmental Protection Agency for its various mercury initiatives and provide information to other states and regions considering mercury reduction initiatives.

PROGRAM OUTCOMES:

Minnesota is a leader in mercury reduction and should maintain its momentum. The ultimate goal is to reduce mercury in the environment to background, pre-industrial levels. To this end, the agency mercury task force recommended pursuit of the following overall strategy for reducing mercury contamination, through the use of all 3 methods available: 1) pollution prevention 2) incentive-based controls, and 3) conventional regulatory standards. Conventional regulations are necessary to keep local mercury concentrations from exceeding standards but are not sufficient to avoid the general problem of regionally elevated atmospheric mercury deposition. Pursuit of national and global reductions also must continue. The general problem can only be solved by reducing the total mass of mercury that is released to the environment.

LONG-TERM IMPACT:

The long-term impact is to further Minnesota's leadership in the research and reduction of mercury contamination and ultimately to help reduce the bioaccumulation of mercury in Minnesota's fish and wildlife. Such reductions will improve the long-term vitality of Minnesota's fishing and tourism industries and further protect public health.

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1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: ENVIRONMENTAL ASSISTANCE, OFFICE OF

PROGRAM

ENVIRONMENTAL ASSISTANCE

Waste Prevention

Market Development and Problem Materials

Research and Planning

Local Government Assistance

Environmental Education and Information

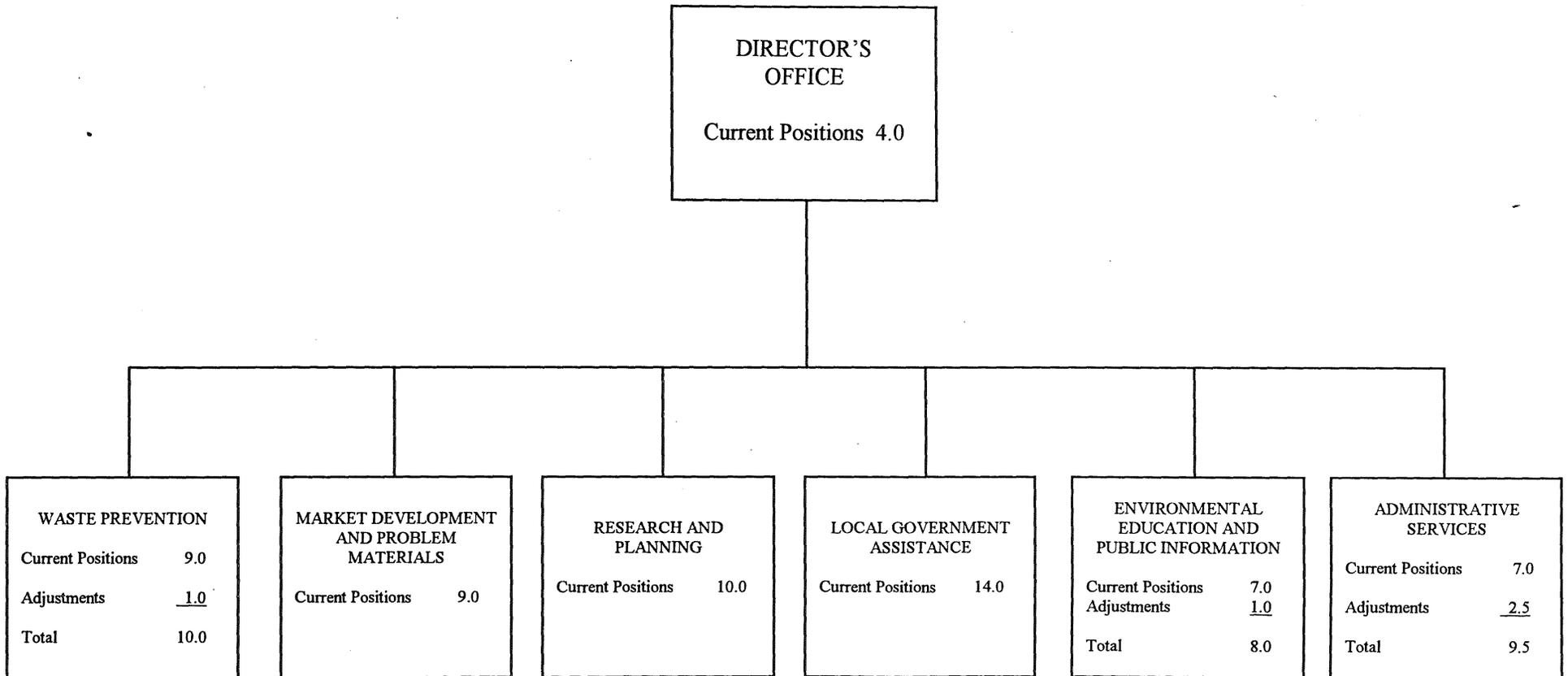
Administrative Services

PAGE

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Office of Environmental Assistance

Organization Chart 7/1/94



June 30, 1994 FTE Employees: 45.4 (reflects 20 positions transferred from OEA to PCA and transferred back on July 1, 1994)

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Environmental Assistance, Office of (OEA)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$20,506	\$20,506	\$41,012
<u>BASE ADJUSTMENT:</u>			
Appropriation Carried Forward	\$(1,370)	\$(1,370)	\$(2,740)
Documented Rent Increase	41	41	82
Attorney General Costs	<u>(31)</u>	<u>(31)</u>	<u>(62)</u>
	\$ (1,360)	\$ (1,360)	\$ (2,720)
<u>CURRENT SPENDING</u>	\$19,146	\$19,146	\$38,292
<u>AGENCY DECISION ITEMS:</u>			
None.			
<u>AGENCY PLAN</u>	\$19,146	\$19,146	\$38,292
<u>GOVERNOR'S INITIATIVES:</u>			
None.			
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$19,146	\$19,146	\$38,292

Brief Explanation of Agency Plan:

- The plan includes a new budget structure in which funds are appropriated at the program level.
- The plan includes a base adjustment of \$41,000 per year for a legislatively approved increase in rent due to moving the Office of Environmental Assistance (OEA) to 520 Lafayette Road.
- The plan calls for OEA to absorb \$55,000 per year from within its budget for additional space at the new location.
- As in previous years, the plan calls for \$14,008,000 per year of General Fund dollars dedicated to the Select Committee on Recycling and the Environment (SCORE) block grants to counties.
- The plan includes a reduction of \$31,000 each year for Attorney General's Office services provided without cost to the agency.

Revenue Summary:

- The agency collects no revenues for the General Fund.

Affected Statutes:

- None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Environmental Assistance, Office of (OEA)

Fund: Environmental

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$1,629	\$1,629	\$3,258
<u>BASE ADJUSTMENT:</u> Approp Carried Forward	(288)	(288)	(576)
<u>CURRENT SPENDING</u>	\$1,341	\$1,341	\$2,682
<u>AGENCY DECISION ITEMS:</u> None.			
<u>AGENCY PLAN</u>	\$1,341	\$1,341	\$2,682
<u>GOVERNOR'S INITIATIVES:</u> None.			
GOVERNOR'S RECOMMENDATIONS	\$1,341	\$1,341	\$2,682

Brief Explanation of Agency Plan:

- The plan includes a new budget structure in which the environmental fund dollars are appropriated at the program level.
- The plan includes \$250,000 per year for ongoing costs related to administration of the Metropolitan Landfill Abatement Account M.S. 473.844 that was transferred to the OEA from the Metropolitan Council as a result of the 1994 legislative session.

Revenue Summary:

- The agency cooperates with the Minnesota Emergency Response Commission to collect fees from organizations throughout the state that emit toxic pollutants. It is expected that the fees collected will be approximately \$1.1 million before refunds.
- The Metropolitan Landfill Abatement Account, now administered by the OEA, is funded by a \$1.50 per cubic yard fee on solid waste landfilled in the seven-county metropolitan area. The fees are collected by the Department of Revenue. Revenues in F.Y. 1995, including interest, are estimated to be \$1,248,000. Revenues have been decreasing for several years due to reduced landfilling in the metro area. Therefore, estimated revenues, including interest, are \$1,009,000 for F.Y. 1996 and \$830,000 for F.Y. 1997.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

AGENCY: Environmental Assistance, Office of (OEA)

AGENCY DESCRIPTION:

The mission of the Minnesota Office of Environmental Assistance (OEA) is to promote an environmentally sound future through education, assistance and partnership building to prevent waste and pollution, conserve and recover resources, and plan for the responsible management of all wastes.

The OEA helps to manage waste in environmentally sound ways, including reducing waste generation at the source and preventing toxic pollution. Whenever possible, the agency stresses the national and state priorities in managing both solid and hazardous waste: reduce, reuse, and recycle.

The OEA's mission is driven by the Minnesota Waste Management Act [M. S. ch. 115A], which was enacted in 1980 and has been amended and strengthened each year. It provides both technical and financial assistance to help local governments, businesses, non-profits, and citizens reduce pollution and better manage waste; fosters the development of the state's solid waste management system; makes certain Minnesota has the capacity to manage its industrial and other hazardous waste; publishes reports, manuals and fact sheets and makes a wide variety of educational materials on waste topics available to the public; and collects data, conducts needed research, writes reports and makes policy recommendations regarding pollution prevention and waste management in Minnesota.

The OEA was established on 7-1-94. The agency is a descendant of the Waste Management Board (established 1980) and the Office of Waste Management (established 1989).

The OEA is organized into 6 areas: 1) waste prevention; 2) market development; 3) local government assistance; 4) research and planning; 5) environmental education and information; and 6) administrative services.

The clientele for the OEA programs includes manufacturers and other private businesses; schools and colleges; environmental organizations; local and state government officials; cities, towns, and municipalities; and other state agencies. It also includes consumers and the general public who can benefit from educational and assistance programs.

The OEA shares primary responsibility with the Minnesota Pollution Control Agency (PCA) for the state's ability to achieve Milestones targets regarding solid waste reduction and recycling and reduction of hazardous waste and toxic pollutants through pollution prevention measures.

AGENCY CHALLENGES:

The following factors are shaping the development of policies and programs at the OEA:

- **Transferring of Metropolitan Council solid and hazardous waste management programs.** Under laws enacted in 1994, on July 1 the solid and hazardous waste management programs of the Metropolitan Council were transferred to the OEA. The OEA has successfully integrated these responsibilities into its operations, but continues to face the challenge of developing an integrated statewide approach to waste management.

- **Losing of waste flow control.** Solid waste management in Minnesota is in a period of evolution. While SCORE-related programs (source reduction, recycling, problem materials management and education) have remained top priorities, management of mixed municipal solid waste (MSW) has been undergoing system-level changes. Reasons for these changes include new restrictions on local government ability to control waste flows and implementation of new regulations for MSW landfills.

As a result, management of MSW is now conducted more on a market-oriented basis than in the past, when local planning and regulation generally determined the management system. This change has led many local systems to reduce the tip fees at MSW processing facilities in order to remain viable; looking to other financing mechanisms such as service fees to make up the difference. These very recent adjustments may have reduced the economic incentive to reduce and recycle waste.

- **Achieving higher recycling goals with the same resources.** The OEA is the primary state agency overseeing the state's solid waste reduction and recycling program. The program has been very successful since it was enacted in 1989. In 1989, the state had an estimated recycling rate of approximately 9%. As of 12-31-93, the statewide rate has grown to 40%. However, state law includes higher recycling goals for counties, to be met by the end of 1996. These goals will be difficult to meet without increased state assistance and creative problem solving.
- **Closing the loop for recycled materials.** The key to a successful recycling program in the state is having markets that can accept and utilize the many materials collected at the curb and from businesses. Developing markets for recyclable and problem materials ensures that recycling programs work, creates more stable pricing, utilizes valuable materials, and avoids landfilling of materials that can be reused and helps reduce government subsidization of recycling.
- **Increasing number of regulatory requirements on both businesses and waste management facilities.** Regulatory requirements are a necessary part of our environmental protection system. With reauthorization of the major federal environmental laws comes increasing costs and resources needed to comply with stricter regulations. For the most part, more stringent regulations create an incentive for companies and local governments to look for ways to reduce their wastes and emissions. However, proposed new air emissions regulations from the federal Environmental Protection Agency (EPA) could cause several of Minnesota's existing waste-to-energy incinerators to close down, rather than spend millions of dollars to comply with the new regulations. The loss of such facilities would cause significant amounts of waste to be landfilled, which is contrary to state policy.

AGENCY STRATEGIES:

During the coming biennium, the OEA will employ the following strategies:

- Strive toward development of solid waste management policies on a statewide basis, while taking into account regional differences and the unique aspects of the Twin Cities metropolitan area.
- Strengthen the relationship between the OEA and the PCA to ensure coordinated delivery of environmental protection services by the state.

1996-97 Biennial Budget

AGENCY: Environmental Assistance, Office of (OEA)
(Continuation)

- Strengthen partnerships with state and local economic development agencies, such as the Department of Trade and Economic Development and Minnesota Technology, Inc., to encourage greater alignment of environmental issues with economic development concerns.
- Develop and implement recycling and waste prevention programs aimed at resorts and other vacation spots in the state.
- Combine all waste prevention grant programs into one, all recycling market development programs into one, and all county recycling block grant programs into one to streamline application requirements, reduce customer confusion, and reduce administrative costs.
- Encourage and assist colleges and universities to integrate waste prevention into curricula for degrees in science and other fields.
- Evaluate expansion of OEA's role in waste management to include issues relating to resource conservation and other waste prevention issues, such as water and energy conservation.
- Continue to provide local governments with technical and financial assistance for integrated solid waste management systems.
- Increase the involvement of industry in developing solutions to pressing hazardous and solid waste management issues.

REVENUE SUMMARY:

The OEA's operating budget has 3 funding sources:

- 1) the General Fund
- 2) the Environmental Fund
- 3) Federal Grants

- Part of the Environmental Fund appropriation is derived from an annual fee imposed upon companies and organizations that emit toxic pollutants. The amount of fees raised is expected to be slightly less than the requested appropriations for OEA, MPCA, and Public Safety, but the account balance is sufficient to fund the appropriations.
- The metropolitan landfill abatement account was transferred to the OEA from the Metropolitan Council on 7-1-94. The account is funded through a \$1.50 cubic yard fee imposed on municipal solid waste disposed at landfills in the Twin Cities metropolitan area. Proceeds from the account are deposited in the Environmental Fund and may only be spent for landfill abatement activities in the metropolitan area. The OEA reports annually to the Legislative Commission on Waste Management on account revenues and expenditures.
- The OEA has received a \$462,000 grant for 18 months from the federal EPA to establish a Recycling and Reuse Business Assistance Center (RRBAC) to help develop new markets for recyclable materials. Implementation of the grant will begin in late-1994 and will carry over into the 1996-97 biennium. The grant has already been approved by the 1994 Legislature.

SUMMARY OF BUDGET REQUEST:

- The OEA is requesting a same-level amount of \$20.4 million per year for a biennial total of \$41 million. This consists of \$19.1 million from the General Fund and \$1.3 million from the Environmental Fund each year.
- The metropolitan landfill abatement account is a statutory appropriation and is therefore not included in this appropriation request, except for ongoing OEA administrative costs of \$250,000 per year.
- The budget includes a General Fund base adjustment of \$41,000 for increased rent. A cost of \$55,000 for additional space will be absorbed within the OEA's budget.
- The budget includes a reduction of \$31,000 each year to the attorney general's office for services provided at no cost to OEA.
- A total of \$14,008,000 each year in general revenue is set aside for SCORE block grants to counties.
- A total of \$875,000 per year is set aside for a grant to the University of Minnesota for operation of the Minnesota Technical Assistance Program (\$265,000 General Fund and \$610,000 Environmental Fund).
- Competitive grant and loan programs utilize \$1.2 million for recycling market development, pollution prevention and solid waste source reduction, waste education, and innovative problem materials management projects.
- A total of \$4.4 million is for OEA fixed and operating costs including salaries, rent, supplies, computer network, travel, printing, professional and technical services, and operation of the OEA's 5 advisory councils.

PLANNED RESULTS:

A detailed discussion of the OEA's past, present, and anticipated performance results can be found in its Annual Performance Report, dated 10-31-94.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor has identified projects recommended for funding by the Legislative Commission on Minnesota Resources that should be addressed in the Capital Budget. The Governor recommends instead, that a portion of the funds allocated for these projects be used to finance selected environmental initiatives of high priority. In the OEA's budget, the Governor recommends a Minnesota River initiative as part of a larger, multi-agency initiative to establish water quality and load reduction goals necessary to improve the Minnesota River water quality and recreational opportunities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
WASTE PREVENTION	1,977	1,579	1,894	1,738	1,738	1,828	1,738	1,738	1,738
MARKET DEVELOPMENT AND PROBLEM MAT	1,630	362	2,726	1,822	1,822	1,822	1,621	1,621	1,621
RESEARCH AND PLANNING	14,508	14,459	16,255	15,805	15,805	15,805	15,521	15,521	15,521
LOCAL GOVERNMENT ASSISTANCE	980	1,053	784	704	704	704	704	704	704
ENVIRONMENTAL EDUCATION AND INFORM	757	740	1,422	1,109	2,759	2,759	697	697	697
ADMINISTRATIVE SERVICES	853	729	906	898	898	898	868	868	868
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	20,705	18,922	23,987	22,076	23,726	23,816	21,149	21,149	21,149
AGENCY PLAN ITEMS:			FUND						
-----			-----						
LCMR NEW ALLOCATIONS			EVT		800				
LCMR NEW ALLOCATIONS			MNR		850				
=====			=====		=====				
TOTAL AGENCY PLAN ITEMS					1,650				
GOV'S INITIATIVES:			FUND						
-----			-----						
(B) MINNESOTA RIVER MNTAP			EVT			90			
=====			=====			=====			
TOTAL GOV'S INITIATIVES						90			
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					800	890			
GENERAL	19,389	17,859	20,506	19,146	19,146	19,146	19,146	19,146	19,146
MN RESOURCES					850	850			
ENVIRONMENTAL	1,014	911	1,629	1,341	1,341	1,341	1,341	1,341	1,341
STATUTORY APPROPRIATIONS:									
GENERAL		1							
SPECIAL REVENUE	22	42	40	90	90	90	60	60	60
FEDERAL	215	60	249	252	252	252	51	51	51
ENVIRONMENTAL			1,512	1,246	1,246	1,246	550	550	550
GIFTS AND DEPOSITS	65	49	51	1	1	1	1	1	1
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	20,705	18,922	23,987	22,076	23,726	23,816	21,149	21,149	21,149

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
FTE BY EMPLOYMENT TYPE:									
REGULAR	52.1	39.0	62.6		62.5			62.5	
TEMP/SEAS/PART_TIME	7.6	6.4	8.0		10.0			5.0	
=====									
TOTAL FTE	59.7	45.4	70.6		72.5	72.5		67.5	67.5

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

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	23,987	23,987	20,506	20,506	3,232	3,232	249	249
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<1,658>	<1,658>	<1,370>	<1,370>	<288>	<288>		
NON-RECURRING EXPENDITURES	<50>	<50>			<50>	<50>		
DED STAT APPROP SPENDING	<256>	<952>			<256>	<952>		
DOCUMENTED RENT/LEASE INC/DEC	41	41	41	41				
FEDERAL RECEIPTS	43	<188>			40	10	3	<198>
ATTORNEY GENERAL COSTS	<31>	<31>	<31>	<31>				
SUBTOTAL BASE ADJ.	<1,911>	<2,838>	<1,360>	<1,360>	<554>	<1,280>	3	<198>
CURRENT SPENDING	22,076	21,149	19,146	19,146	2,678	1,952	252	51

BUDGET ACTIVITY: Waste Prevention
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY DESCRIPTION: Prevention of waste and pollution at the source of generation is one of the highest priority activities for protecting our environment. This activity accomplishes state waste and pollution prevention goals through technical and financial assistance to individuals and organizations that use, generate or release toxic pollutants, hazardous substances, hazardous wastes, or solid waste. Assistance is also provided to governmental organizations and citizens who are concerned about pollution and wish to prevent pollution in their geographic area.

Technical assistance includes assembling, cataloging and disseminating information on waste and pollution prevention; performance of technical research; assisting in the development and operation of a statewide materials exchange program; and outreach programs including conferences, workshops, and training programs. The activity also includes collection of annual pollution prevention fees totaling approximately \$1.1 million; grants to organizations to develop and implement waste and pollution prevention programs; awards to clientele for excellence in pollution prevention; coordination of voluntary challenge programs to provide added incentives for businesses to reduce waste and pollution; and assistance to communities and local units of government in developing local business assistance programs.

Many of the waste prevention activities noted above are done in conjunction with the Minnesota Technical Assistance Program (MnTAP). Minnesota Office of Environmental Assistance (OEA) programs focus on broad-based activities which reach a large number of organizations while MnTAP focuses its services on a specific business or industry group.

MnTAP is located at the University of Minnesota and is supported by an annual grant from the OEA. The program, which has 17 staff members, provides non-regulatory technical and research assistance to Minnesota businesses and other organizations in preventing waste and pollution and ensuring proper management of waste and pollution. MnTAP's major services include: telephone assistance, site visits, a student intern program, technical and educational resources, materials exchange program, workshops and seminars.

BUDGET ISSUES:

- Waste prevention activities are funded from 3 state funds: General Fund, Environmental Fund and the metropolitan landfill abatement account.
 - 1) General Fund dollars pay for those activities related to solid waste source reduction such as business assistance activities performed by the OEA and MnTAP, the Solid Waste Source Reduction Grant Program, and MnTAP assistance related to waste management. Approximately 25 % of MnTAP's funding comes from the General Fund.
 - 2) Most of the pollution prevention activity is funded by the Environmental Fund. However, \$50,000 budgeted for pollution prevention grants comes from the General Fund. All remaining pollution prevention business assistance activities at the OEA and MnTAP, including the pollution prevention grant program, are funded from the Environmental Fund. The pollution prevention fee, paid by industries that report releases of toxic chemicals, provides funding for the OEA pollution prevention program.
- Until 1990, MnTAP was funded entirely by a grant from the OEA's General Fund budget, as well as periodic 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 OEA was significantly expanded through use of funds appropriated from the Environmental Fund. In 1993, MnTAP was awarded additional funding by reallocating existing OEA funds to expand its assistance activities to include a new focus on solid waste source reduction. Until 1993, MnTAP had only focused on hazardous waste and toxic chemical releases.

REVENUE: This activity generates dedicated revenue.

- The OEA's pollution prevention activity collects 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 OEA anticipates that the fee amount collected will change in future years because the fee is based upon amounts of toxic pollutants released, and these amounts should decrease due to the success of the pollution prevention activity. The decreased pollution amounts will, however, be counteracted by changes in federal law that will increase the number of companies and number of chemicals subject to the fee. Further, the 1993 Legislature has expanded the fee to include nonmanufacturing companies that started reporting toxic chemical releases in 1994. This will affect those fees due in January 1995.
- In fall 1994, the OEA entered into an agreement with the Minnesota Emergency Response Commission (ERC) in which ERC collects pollution prevention fees along with other related fees already collected by ERC. This allows fee payers to receive only 1 invoice, rather than 3 or 4, fee invoices.
- A federal grant supporting pollution prevention in the Lake Superior Basin is in the proposal stage.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-Dedicated - Environmental*	\$1,125	\$1,157	\$1,130	\$1,050	1,050
Dedicated - Federal	19	56	11	51	51
Dedicated - Special	26	37	40	50	50

*After Refunds

GRANTS:

- The waste prevention unit presently administers 3 grant programs:
 - 1) The Solid Waste Source Reduction Grant Program [M.S. § 115A.55] provides financial assistance to both public and private entities for the purpose of implementing projects or practices to prevent or reduce the generation of solid waste.
 - 2) Grants authorized under M.S. §115D.04 and §115A.152 provide assistance for pollution prevention to businesses, local units of government, or citizens.
 - 3) Grants authorized under §115D.05 and §115A.154 provide financial assistance to businesses who wish to research new waste reduction or pollution prevention technologies for their own waste.
- In F.Y. 1995, we estimate grant expenditures to be \$1,154,000. In F.Y. 1996, we have a minimum of \$990,000 available for waste prevention and pollution prevention grants. \$875,000 will fund the MnTAP programs and the balance will fund other grant activities.
- The OEA will pursue legislation in 1995 to combine all the waste prevention grant programs into one. The OEA believes that this will benefit the grant applicants by streamlining requirements. It will also reduce grant administration costs.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
ACTIVITY: WASTE PREVENTION

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	352	364	433	472	472	472	472	472	472
EXPENSES/CONTRACTUAL SRVCS	302	137	246	203	203	203	203	203	203
MISC OPERATING EXPENSES	15	26	46	49	49	49	49	49	49
SUPPLIES/MATERIALS/PARTS	6	15	10	15	15	15	15	15	15
CAPITAL EQUIPMENT		4	5	9	9	9	9	9	9
SUBTOTAL STATE OPERATIONS	675	546	740	748	748	748	748	748	748
AIDS TO INDIVIDUALS	132								
LOCAL ASSISTANCE	1,170	1,033	1,154	990	990	1,080	990	990	990
TOTAL EXPENDITURES	1,977	1,579	1,894	1,738	1,738	1,828	1,738	1,738	1,738
GOV'S INITIATIVES:									
			FUND						
(B) MINNESOTA RIVER MNTAP			EVT			90			
TOTAL GOV'S INITIATIVES						90			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST									
GENERAL	790	570	576	546	546	546	546	546	546
ENVIRONMENTAL	971	911	1,271	1,091	1,091	1,091	1,091	1,091	1,091
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	22	42	40	50	50	50	50	50	50
FEDERAL	194	56	7	51	51	51	51	51	51
TOTAL FINANCING	1,977	1,579	1,894	1,738	1,738	1,828	1,738	1,738	1,738

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
ACTIVITY: WASTE PREVENTION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.7	9.3	10.0		10.0			10.0	
TEMP/SEAS/PART_TIME	1.0	.7			1.0			1.0	
=====									
TOTAL FTE	9.7	10.0	10.0		11.0	11.0		11.0	11.0
=====									

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Office of Environmental Assistance (OEA)
PROGRAM: Environmental Assistance
ACTIVITY: Waste Prevention

ITEM TITLE: Minnesota River Legislative Initiative

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- Grants	\$90	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
If yes, statute(s) affected: M.S.				

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$90,000 from the Environmental Trust Fund to provide additional technical assistance in the Minnesota Watershed.

RATIONALE:

Funding is available for this project from the Environmental Trust Fund because the Governor has identified projects recommended by the LCMR that should be addressed in the capital budget. The Governor recommends that the funds, instead, be used to finance selected environmental initiatives of high priority. Targeting pollution prevention opportunities in a geographical area is a priority activity for the Office of Environmental Assistance (OEA) over the 1996-97 biennium.

PROGRAM OUTCOMES:

A staff person from the Minnesota Technical Assistance Program (MnTAP) will be placed in the Mankato area to provide assistance to reduce pollutants and wastes from industrial sources in the Minnesota River watershed. MnTAP is a program funded by the OEA and administered by the University of Minnesota. This staff person will conduct outreach in the watershed area and target industries that have been identified as "point source" dischargers/emitters from the MPCA Minnesota River effort. The staff person will also work with the MPCA on multi-media inspection follow-up for pollution prevention opportunities. Other groups that will be utilized as contact people for resources and outreach include OEA pollution prevention staff Small Business Development Centers, Minnesota Technology, Inc., economic development, and extension contacts.

LONG-TERM IMPACT:

Pollution prevention opportunities will be identified and implemented at facilities within the Minnesota River Watershed that will reduce the level of pollution from industrial sources, the long-term impact will be a cleaner Minnesota River.

1996-97 Biennial Budget

BUDGET ACTIVITY: Market Development and Problem Materials
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY DESCRIPTION:

Recycling and appropriate problem materials management are high priority activities for protecting our environment. This activity accomplishes state waste management goals through technical and financial assistance to businesses, local units of government, other organizations, and individuals to develop and improve end-markets for recyclable materials and improve how Minnesota manages problem materials.

Market development assistance includes: responding to outside requests for information or help; collecting and disseminating information on recycling market development and problem materials management; overseeing technical research; conducting targeted outreach to industries to assist them in making use of recycled materials as feedstock; conducting "Buy Recycled" activities aimed at increasing the consumption of products made from recycled materials by government, businesses, and private citizens; working with local units of government, local solid waste collectors, and solid waste processing and disposal facilities to develop strategies to remove problem materials from the waste stream for proper management; working with manufacturers to assist in the development of more environmentally benign products to replace products posing problems upon disposal; and providing outreach programs including conferences, workshops, programs, and training programs. The activity also includes providing grants and loans to businesses and local units of government to develop end-markets for recycled materials and financial assistance for improved problem materials management.

BUDGET ISSUES:

Market development and problem materials activities are funded from 3 state funds: the General Fund, the Motor Vehicle Transfer Account, and the Metropolitan Landfill Abatement Account.

General Fund dollars go towards technical and financial assistance activities related to market development and problem materials management. Included in this is funding for 3 market development financial assistance programs (see below).

- The activity proposes the same grant and loan level budgeted for the past biennium for market development financial assistance programs. However, funding is proposed to be split evenly each year rather than the 44 % / 56 % split in place for F.Y. 1994-95.
- Motor vehicle transfer account funding is used for grants through the Used Oil Storage Tank Grant Program (discussed below). Motor vehicle transfer account funds were appropriated in F.Y. 1988 and are available until expended; currently approximately \$108,000 remains unallocated in that account.
- The activity will increase focus on providing financial assistance for problem materials management. As Minnesota's waste management systems become more sophisticated and more types of materials are separated for recycling or proper management, the materials removed become increasingly more difficult to manage. The OEA intends to expand its efforts to recycle or otherwise assist the proper management of harder to recycle materials and materials that pose special problems upon disposal. To do this, the OEA hopes to modify an existing financial assistance program authorized by M.S. § 115A.53, refocusing the program to emphasize providing assistance for the collection of problem materials and harder-to-recycle materials.
- The activity proposes continued expansion of OEA information distribution activities. The Minnesota Recycling Directory has not been updated since 1992; the OEA will revise and

redistribute this resource. Project results from funded projects, information from other programs nationwide, and OEA research materials will also be distributed.

- During F.Y. 1996-97 the OEA's state-funded market development efforts will be augmented by a \$460,000 grant from the Federal Environmental Protection Agency (EPA) that will create an expanded Recycling and Reuse Business Assistance Center (RRBAC). With the EPA funds the OEA will hire 4 additional staff for an 18-month period. These staff will provide targeted market development technical assistance to 3 industry groups, and will expand the OEA's cooperative market development activities with the Department of Trade and Economic Development, Minnesota Technology Incorporated, and local economic development officials. The federal funding will also be used to provide contracted assistance to potential markets to help them with business planning, product performance testing, and other special needs. The activity proposes that the federal funding will be matched by existing OEA market development funds and activities; no new state funding is needed. The additional staff will be hired on a temporary basis for the 18-month project period.

Type of Revenue:	Dollars in Thousands		
	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Federal	\$231	\$201	\$0-

GRANTS:

The OEA's market development and problem materials unit presently operates 3 recyclable materials market development grant and loan programs and 1 problem materials grant program.

M.S. § 115A.48, subd. 5 authorizes the OEA to provide grants and loans for research and development activities and for acquisition and betterment of projects that develop markets or end uses for recyclable materials. The OEA operates 3 programs under this authorization: 1) the Directed Research and Feasibility Study Grant Program; 2) the County Grant and Loan Program; and 3) the Capital Loan Program. These programs provide financial assistance to both public and private entities for the purpose of implementing projects that research or create new or expanded end markets for recycled materials. A minimum level biennial total of \$1,769,000 will be allocated to market development grants and loans.

The OEA is in the process of revising program rules to combine the functions of the 3 market development programs. The OEA believes that this will benefit the grant applicants by streamlining requirements and eliminating confusion by applicants about the appropriate program for their project. It will also reduce grant administration costs by utilizing 1 set of rules and administrative procedures for all 3 grant programs.

M.S. § 115A.9162 authorizes the OEA to provide grants of up to \$5,000 to local units of government to install storage tanks to collect used oil. Funds for this program were provided in 1988 on a one-time basis from the motor vehicle transfer account. Funds for this program are available until expended. Currently approximately \$108,000 remains in the account to be used for new tank awards.

The OEA also intends to consider ways to redefine an existing solid waste collection financial assistance program to refocus the program on assisting the collection of harder-to-manage and problem materials. This program would provide local units of government and other parties with assistance in developing programs to remove mercury-containing materials, batteries, and other problem materials from the waste stream during and after collection in order to optimize operations at solid waste processing and disposal facilities and enhance environmental protection. Funds for the program would come from redirection of existing agency resources.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
ACTIVITY: MARKET DEVELOPMENT AND PROBLEM MAT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	305	272	609	609	609	609	470	470	470
EXPENSES/CONTRACTUAL SRVCS	81	10	154	154	154	154	116	116	116
MISC OPERATING EXPENSES	30	10	47	47	47	47	37	37	37
SUPPLIES/MATERIALS/PARTS	2	1	20	20	20	20	6	6	6
OTHER	938		280	250	250	250	250	250	250
SUBTOTAL STATE OPERATIONS	1,356	293	1,110	1,080	1,080	1,080	879	879	879
AIDS TO INDIVIDUALS	231								
LOCAL ASSISTANCE	43	69	1,616	742	742	742	742	742	742
TOTAL EXPENDITURES	1,630	362	2,726	1,822	1,822	1,822	1,621	1,621	1,621
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,587	362	2,334	1,568	1,568	1,568	1,568	1,568	1,568
ENVIRONMENTAL	43		161	53	53	53	53	53	53
STATUTORY APPROPRIATIONS:									
FEDERAL			231	201	201	201			
TOTAL FINANCING	1,630	362	2,726	1,822	1,822	1,822	1,621	1,621	1,621
FTE BY EMPLOYMENT TYPE:									
REGULAR	6.5	5.3	9.0		9.0			9.0	
TEMP/SEAS/PART_TIME	1.1	.7	3.0		5.0			1.0	
TOTAL FTE	7.6	6.0	12.0		14.0	14.0		10.0	10.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Research and Planning
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY DESCRIPTION:

The Minnesota Office of Environmental Assistance's (OEA) Research and Planning unit:

- researches, writes, and prepares all legislatively-mandated and other reports for the OEA, including: the annual Select Committee on Recycling and the Environment (SCORE) report, the biennial report, the biennial Pollution Prevention Evaluation report, the biennial Hazardous Waste Programs report, the annual Packaging Discards report, the annual Solid Waste Abatement Progress report, the annual Metropolitan Landfill Abatement Account workplan and budget, the biennial Solid Waste Policy Report, and the Metropolitan Solid Waste Policy Plan;
- collects, manages, and analyzes a host of data on solid waste reduction, recycling, and processing and disposal; toxic releases; and hazardous waste generation and management;
- administers the \$14 million annual SCORE block grant program to Minnesota's 87 counties;
- administers the annual Local Recycling Development Grant program for the 7 Twin Cities metropolitan area counties;
- provides staffing for the Solid Waste Management Advisory Council, the Metropolitan Waste Management Advisory Committee, and the Hazardous Waste Management Planning Council;
- serves as liaison to and administers a \$131,000 grant to the metropolitan Solid Waste Management Coordinating Board;
- operates the OEA's 65-station personal computer local area network; and
- serves as the central OEA unit to respond to legislative requests for waste management information as well as legislative fiscal notes.

Each of these services support OEA program objectives by helping to prevent generation of waste and pollution, and foster increased recycling, reuse, and treatment of waste.

BUDGET ISSUES:

The OEA's budget plan provides same level funding for all unit services except for data collection. Funding for a one-time expenditure of approximately \$150,000 in F.Y. 1995 for a professional services contract to conduct solid waste composition studies at several locations around the state will be reprogrammed to other OEA priorities in the F.Y. 1996-97 biennial budget.

REVENUE:

This activity generates no dedicated and non-dedicated revenue.

GRANTS:

The Research and Planning unit oversees the OEA's largest single expenditure--disbursement of \$14 million in annual block grants to counties for implementation of SCORE solid waste reduction, recycling, problem materials, and education activities. These grants are authorized under M. S. §115A.557. The formula for distribution is also in the same statute. Each year, the OEA prepares a report for the Legislature that details and evaluates all aspects of the SCORE block grants as well as all other SCORE related activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
ACTIVITY: RESEARCH AND PLANNING

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	310	303	549	538	538	538	538	538	538
EXPENSES/CONTRACTUAL SRVCS	77	54	406	306	306	306	306	306	306
MISC OPERATING EXPENSES	16	12	48	48	48	48	48	48	48
SUPPLIES/MATERIALS/PARTS	29	81	144	71	71	71	71	71	71
CAPITAL EQUIPMENT	58	1							
OTHER	10								
SUBTOTAL STATE OPERATIONS	500	451	1,147	963	963	963	963	963	963
LOCAL ASSISTANCE	14,008	14,008	15,108	14,842	14,842	14,842	14,558	14,558	14,558
TOTAL EXPENDITURES	14,508	14,459	16,255	15,805	15,805	15,805	15,521	15,521	15,521
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	14,487	14,455	15,019	14,846	14,846	14,846	14,846	14,846	14,846
ENVIRONMENTAL			125	125	125	125	125	125	125
STATUTORY APPROPRIATIONS:									
FEDERAL	21	4	11						
ENVIRONMENTAL			1,100	834	834	834	550	550	550
TOTAL FINANCING	14,508	14,459	16,255	15,805	15,805	15,805	15,521	15,521	15,521
FTE BY EMPLOYMENT TYPE:									
REGULAR	6.8	6.6	10.1		10.0			10.0	
TEMP/SEAS/PART_TIME	.5	.5	2.0		1.0				
TOTAL FTE	7.3	7.1	12.1		11.0	11.0		10.0	10.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Local Government Assistance
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

been on the average within 5 % of the O&M cost projected. Of the 64 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 the 64 CAP funded projects, only 4 have required extensions beyond the allotted time (2 years) to be finally designed, built, and begin operations.

ACTIVITY DESCRIPTION:

The Local Government Assistance (LGA) unit oversees several technical and financial assistance programs which provide Minnesota counties with help in developing and implementing economically sound and environmentally protective solid waste management systems. One key priority for LGA staff in the OEA's central and regional offices is providing guidance and review of the development and updating of comprehensive solid waste management plans for all 87 counties in Minnesota. Local units of government, the waste industry, commercial/industrial enterprises, and the public are actively brought into the process of formulating and implementing these plans. Staff are also responsible for oversight and review of waste designation plans and ordinances developed by counties. These "flow control" ordinances have been the subject of great controversy in Minnesota, the federal courts, and in Congress.

LGA also administers permit review and certification processes for the 7 Twin Cities metropolitan counties, which were previously performed by Metropolitan Council. LGA administers the Solid Waste Processing Facilities Capital Assistance Program (CAP), which provides financial assistance to local units of government for the development of solid waste processing facilities that conserve and recover resources and energy and which reduce the need and environmental risk of land disposal. The Compost Utilization Program (CUP) is designed to enhance the utilization of compost derived from mixed municipal solid waste.

BUDGET ISSUES:

The budget for LGA will maintain the current level of effort with respect to LGA's central priorities. LGA activities are funded from the general fund, capital bonding funds, and the metropolitan landfill abatement account. The general fund provides almost all of the LGA administration expenses for technical financial assistance. Bond funds are used only for the actual grants made under the CAP program to help finance the land, buildings, and processing equipment necessary to implement new solid waste resource recovery projects. The expenses related to supporting 2 FTE's within the LGA serving metro area counties are financed by the metropolitan landfill abatement fund.

REVENUE:

This activity does not generate revenue.

GRANTS:

The OEA will continue to review and modify its CAP financial assistance program (capital budget) for F.Y. 1996 and F.Y. 1997 to ensure that this key grant program continues to provide the most useful and necessary assistance. LGA monitors the outcomes of all funded projects. Of a total of 64 projects funded using CAP funds, 61 have been implemented successfully. 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. Operational and maintenance (O&M) costs for CAP funded projects have

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
ACTIVITY: LOCAL GOVERNMENT ASSISTANCE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	553	101	631	631	631	631	631	631	631
EXPENSES/CONTRACTUAL SRVCS	389	147	115	35	35	35	35	35	35
MISC OPERATING EXPENSES	28	4	19	19	19	19	19	19	19
SUPPLIES/MATERIALS/PARTS	2	1	9	9	9	9	9	9	9
CAPITAL EQUIPMENT			10	10	10	10	10	10	10
SUBTOTAL STATE OPERATIONS	972	253	784	704	704	704	704	704	704
LOCAL ASSISTANCE	8	800							
TOTAL EXPENDITURES	980	1,053	784	704	704	704	704	704	704
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	915	1,005	662	632	632	632	632	632	632
ENVIRONMENTAL			72	72	72	72	72	72	72
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	65	48	50						
TOTAL FINANCING	980	1,053	784	704	704	704	704	704	704
FTE BY EMPLOYMENT TYPE:									
REGULAR	13.1	2.2	14.0		14.0			14.0	
TEMP/SEAS/PART_TIME	.3								
TOTAL FTE	13.4	2.2	14.0		14.0	14.0		14.0	14.0

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1996-97 Biennial Budget

BUDGET ACTIVITY: Environmental Education and Information
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY DESCRIPTION:

The Environmental Education and Information program is dedicated to providing Minnesota citizens with up-to-date information about waste management and other emerging environmental issues through a variety of methods. Whether through one-on-one technical assistance or through one of the many hands-on learning opportunities available, the Minnesota Office of Environmental Assistance (OEA) education and information program is reaching a large percentage of the population in Minnesota.

Assistance and information programs include an environmental education grants program; a multi-cultural grant program; a free information clearinghouse; a 24-hour fax information line; numerous fact sheets; consumer publications and videos; a K-12 curriculum and a bi-monthly environmental newsletter. With just a phone call, individuals can borrow a computer kiosk at no charge for their school, church or work place that runs interactive environmental computer games. Also available on a loan basis are traveling table-top displays and/or a large exhibit available for county fairs or other high-visibility education events. Staff conduct workshops and make numerous presentations throughout the year to schools, businesses and civic organizations about issues such as SMART shopping (saving money and reducing trash), recycling, environmental education and waste reduction.

By funding the metropolitan Solid Waste Management Coordinating Board's major public education campaign and by administering grants for cross-cultural activities that provide environmental information, the OEA's education and information program is expanding its reach.

The education and information program also works closely with other state agencies, businesses, county officials and teachers when coordinating annual educational events such as Waste Reduction Week, the Kids Can Make a Difference Contest, and a Statewide Earth Day Pop-tab Recycling Contest.

BUDGET ISSUES:

The Environmental Education and Information program is funded through the General Fund and metropolitan landfill abatement account. With the same level of General Fund dollars during the next biennium, the following program priorities will be implemented. They include:

- Continue the development and implementation of a statewide outreach program on proper waste management focusing on those vacationing at resorts and cabins in Minnesota. With the help of the solid waste officials, Minnesota resort owners, and garbage haulers this program will be tailored to fit a variety of needs throughout the state.
- Continue producing and distributing educational information such as the OEA's bi-monthly publication *The Resource*, Minnesota's Consumer Handbook, a children's activity book,

additional environmental computer games, revised and updated curriculum lessons, and camera ready materials for counties and schools to use.

- Continue distributing a large recycling exhibit, computer kiosks and table-top displays to county functions, schools, and shopping malls.
- Conduct approximately 5 different kinds of workshops and training sessions each year. For example, curriculum training workshops, school waste reduction workshops, and educator evaluation workshops will be held.
- Conduct 2 more rounds of waste education grants during the biennium (see below).

LCMR Recommendations:

Sharing Environmental Education Knowledge (SEEK)

This appropriation is from the trust fund to the office of environmental assistance to plan and develop SEEK, an information data exchange and service center that coordinated the collection, evaluation, dissemination and promotion of environmental education resources and programs. (\$200,000 Environmental and Natural Resources Trust Fund)

Environmental Video Resource Library and Public Television Series

This appropriation is from the future resources fund to the office of environmental assistance for a contract with Twin Cities Public Television to create a resource information center for environmental video and produce and broadcast a 13 week environmental television series about Minnesota's environmental achievements. (\$250,000 Future Resources Fund)

Development, Assimilation and Distribution of Wolf Educational Materials

This appropriation is from the future resources fund to the office of environmental assistance for a contract with the International Wolf Center to collect and develop written, Electron, and photographic audio-visual material about wolf ecology, recover, and management for electronic distribution. Match required \$30,000. (\$100,000 Future Resources Fund)

Electronic Environmental Education Network

This appropriation is from the future resources fund to the office of environmental assistance for contract with the University of Minnesota Raptor Center to develop a program for student participation in satellite-tracking research, data collection and dissemination using INTERNET, workshops, material development and offsite classroom experience. Match required \$38,000. (\$250,000 Future Resources Fund)

Leopold Education Project Curriculum

This appropriation is from the trust fund to the office of environmental assistance for a contract with Pheasants Forever, Inc. to provide teacher training in the use of the leopold education project conservation ethics curriculum. Required match \$100,000 (\$100,000 Environmental and Natural Resources Trust Fund)

Environmental Education Teacher Training

This appropriation is from the trust fund to the office of environmental assistance to collaboratively develop and deliver statewide environmental education training for preservice and inservice teachers. (\$500,000 Environmental and Natural Resources Trust Fund)

1996-97 Biennial Budget

BUDGET ACTIVITY: Environmental Education and Information
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

Redwood Falls School District #637 Environmental Education Project

This appropriation is from the future resources fund to the office of environmental assistance for a contract with the redwood falls school district to accelerate development of an outdoor environmental learning center and integrate environmental education into the K-12 curriculum. Project development will include prairie access improvements including a trail system, establishment of a wetland, and arboretum. (\$250,000 Future Resources Fund)

REVENUE:

This activity generates no dedicated and non-dedicated revenue.

GRANTS:

M. S. §115A.072, subd. 3 requires the OEA to provide grants to:

- persons for the purpose of developing and distributing waste education information; and
- formal and informal education facilities to develop and implement model programs to incorporate waste reduction, recycling, litter prevention, and proper management of problem materials into educational operations.

During the 1994-95 biennium, the waste education grants program was allocated \$100,000 of General Fund money, \$50,000 from the Environmental Fund, and \$412,000 from Landfill Abatement funds. The OEA plans to continue the landfill abatement grants program into F.Y. 1996, but it is expected that this program will be eliminated in F.Y. 1997 because of decreasing revenues.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
ACTIVITY: ENVIRONMENTAL EDUCATION AND INFORM

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	368	370	378	378	378	378	378	378	378
EXPENSES/CONTRACTUAL SRVCS	323	194	431	218	218	218	218	218	218
MISC OPERATING EXPENSES	33	35	59	59	59	59	59	59	59
SUPPLIES/MATERIALS/PARTS	18	12	42	42	42	42	42	42	42
CAPITAL EQUIPMENT	15	13							
SUBTOTAL STATE OPERATIONS	757	624	910	697	697	697	697	697	697
LOCAL ASSISTANCE		116	512	412	2,062	2,062			
TOTAL EXPENDITURES	757	740	1,422	1,109	2,759	2,759	697	697	697
AGENCY PLAN ITEMS:									
LCMR NEW ALLOCATIONS					800				
LCMR NEW ALLOCATIONS					850				
TOTAL AGENCY PLAN ITEMS					1,650				
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					800	800			
GENERAL	757	738	1,009	696	696	696	696	696	696
MN RESOURCES					850	850			
STATUTORY APPROPRIATIONS:									
GENERAL		1							
ENVIRONMENTAL			412	412	412	412			
GIFTS AND DEPOSITS		1	1	1	1	1	1	1	1
TOTAL FINANCING	757	740	1,422	1,109	2,759	2,759	697	697	697

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
 PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
 ACTIVITY: ENVIRONMENTAL EDUCATION AND INFORM

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	7.2	7.1	6.0		6.0			6.0	
TEMP/SEAS/PART_TIME	3.8	3.2	3.0		3.0			3.0	
TOTAL FTE	11.0	10.3	9.0		9.0	9.0		9.0	9.0

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1996-97 Biennial Budget

BUDGET ACTIVITY: Administrative Services
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY DESCRIPTION:

The Administrative Services unit exists to provide managerial, financial, personnel and clerical assistance to Minnesota Office of Environmental Assistance (OEA) staff and to the public. The successful operations of this activity are important since it supports all functions of the OEA and represents the office to outside clients.

Management provides leadership and expertise to staff and to customers. It represents the OEA to the public as well as to the executive and legislative branches of government. This area guides and oversees all functions of the office in order to provide the best possible assistance to its clients.

Budgeting, accounting, vendor payment and payroll services are provided by this activity. Managers are given assistance with their budgets. Vendors are paid per state procurement regulations. Staff payroll is processed. The financial areas of fiscal notes; biennial, annual and supplemental budgets; encumbrances; and single audit are provided for in this activity.

Necessary personnel-related functions are performed in this area. State and union contracts must be adhered to, affirmative action policies and Department of Employee Relations regulations must be followed. Staff is given assistance with insurance, training and other personnel-related needs.

Procurement services and office functional assistance are provided. Clerical staff support the office with word processing, data entry, typing, filing, mailing and other clerical functions which greatly assist the units. The office is represented by the receptionist greeting them over the phone or in person.

BUDGET ISSUES:

This unit is funded by General Fund dollars, but we are requesting federal indirect funding in F.Y. 1996-97. This unit also oversees the distribution of metropolitan landfill abatement account funds to various activities throughout the OEA. The account is a statute appropriation (M.S.473.844) and is spent on landfill abatement activities in the metropolitan area. The OEA is requesting a direct appropriation of \$250,000 per year from the account to fund 4 positions in the Research and Planning, Local Government Assistance, and Environmental Education units.

REVENUE: Metropolitan landfill abatement account revenues:

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Environmental-Dedicated*	\$-0-	\$-0-	\$1,248	\$1,009	\$830
Indirect Federal	\$-0-	\$-0-	\$-0-	\$40	\$10

* Department of Revenue is the collection agency.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OFFICE OF ENVIRONMENTAL ASSISTANCE
 PROGRAM: OFFICE OF ENVIRONMENTAL ASSISTANCE
 ACTIVITY: ADMINISTRATIVE SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	458	428	564	564	564	564	564	564	564
EXPENSES/CONTRACTUAL SRVCS	237	219	286	306	306	306	276	276	276
MISC OPERATING EXPENSES	82	60	36	8	8	8	8	8	8
SUPPLIES/MATERIALS/PARTS	61	19	20	20	20	20	20	20	20
CAPITAL EQUIPMENT	15	3							
SUBTOTAL STATE OPERATIONS	853	729	906	898	898	898	868	868	868
TOTAL EXPENDITURES	853	729	906	898	898	898	868	868	868
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	853	729	906	858	858	858	858	858	858
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE				40	40	40	10	10	10
TOTAL FINANCING	853	729	906	898	898	898	868	868	868
FTE BY EMPLOYMENT TYPE:									
REGULAR	9.8	8.5	13.5		13.5			13.5	
TEMP/SEAS/PART_TIME	.9	1.3							
TOTAL FTE	10.7	9.8	13.5		13.5	13.5		13.5	13.5

1996-97 Biennial Budget

AGENCY: Harmful Substance Compensation Board

AGENCY DESCRIPTION:

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.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
1. Property Damage Claims in Fiscal Year:			(est.)	(est.)	(est.)
Applications Received	28	16	54	59	64
Applications Awarded	19	4	41	44	48
Dollars Awarded	\$52	\$12	\$82	\$86	\$88
2. Personal Injury Claims in Fiscal Year:					
Applications Received	2	5	5	5	5
Applications Awarded	0	0	1	1	1
Dollars Awarded	\$-0-	\$-0-	\$10	\$10	\$10

REVENUES:

This activity generates dedicated revenue from interest on the account.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Dedicated - Env.	\$103	\$83	\$90	\$90	\$90

ISSUES AFFECTING AGENCY'S OPERATIONS:

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 1996-1997: 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.** 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.

AGENCY BUDGET PLAN:

No new appropriation 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.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HARMFUL SUBSTANCE COMP BD
 PROGRAM: HARMFUL SUBSTANCE COMP BD
 ACTIVITY: HARMFUL SUBSTANCE COMP BD

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	33	40	48	49	49	49	50	50	50
EXPENSES/CONTRACTUAL SRVCS	17	34	50	52	52	52	54	54	54
MISC OPERATING EXPENSES	65	28	98	100	100	100	102	102	102
SUPPLIES/MATERIALS/PARTS	1	1	2	2	2	2	2	2	2
CAPITAL EQUIPMENT		5	5	5	5	5	5	5	5
OTHER	2	2	6	7	7	7	8	8	8
SUBTOTAL STATE OPERATIONS	118	110	209	215	215	215	221	221	221
TOTAL EXPENDITURES	118	110	209	215	215	215	221	221	221
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
ENVIRONMENTAL	118	110	209	215	215	215	221	221	221
TOTAL FINANCING	118	110	209	215	215	215	221	221	221
FTE BY EMPLOYMENT TYPE:									
REGULAR	.8	1.0	1.2		1.2			1.2	
TOTAL FTE	.8	1.0	1.2		1.2	1.2		1.2	1.2

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

AGENCY: HARMFUL SUBSTANCE COMP BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	209	209			209	209		
BASE ADJUSTMENTS								
DED STAT APPROP SPENDING	6	12			6	12		
SUBTOTAL BASE ADJ.	6	12			6	12		
CURRENT SPENDING	215	221			215	221		

1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA ZOOLOGICAL GARDEN (MZG)

PROGRAM

BIOLOGICAL PROGRAMS

ENTERPRISE PROGRAMS

OPERATIONS PROGRAMS

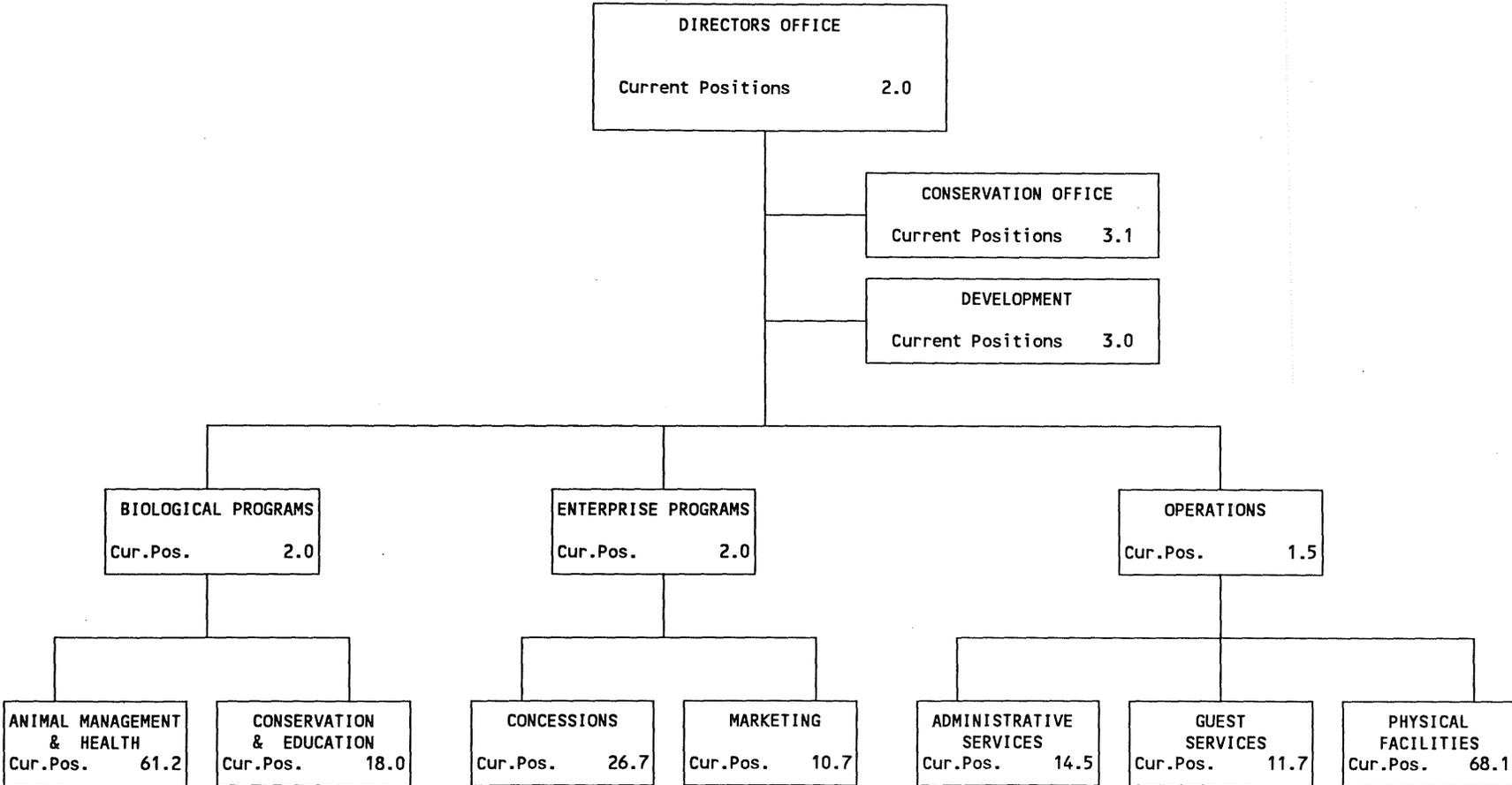
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Minnesota Zoological Garden (MZG) Organization Chart 7/1/94



June 30, 1994 FTE Employees - 224.5

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Minnesota Zoological Garden (MZG)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$5,237	\$5,237	\$10,474
<u>BASE ADJUSTMENT:</u>			
Appropriations Carried Forward	<u>(163)</u>	<u>(163)</u>	<u>(326)</u>
<u>CURRENT SPENDING</u>	\$5,074	\$5,074	\$10,148
<u>AGENCY DECISION ITEMS:</u>			
None.			
<u>AGENCY PLAN</u>	\$5,074	\$5,074	\$10,148
<u>GOVERNOR'S INITIATIVES:</u>			
Technology Resource Funding	<u>\$200</u>	<u>\$-0-</u>	<u>\$200</u>
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$5,274	\$5,074	\$10,348

Brief Explanation of Agency Plan:

The plan includes same level funding for both Fiscal Years. The primary programs funded through the general fund appropriation are the Operations Program (physical facilities maintenance) and the Biological Programs.

The strategic plan for the MZG calls for the significant elevation of technological capabilities to support administration and employee access to computers and the data residing on the local area network (LAN) and wide area network (WAN). This request includes the addition of 2.0 full time staff to assist in implementing the following efforts:

- strategic, tactical and operation decisions based on information resources
- continuous monitoring and improvement of business and operations processes
- moderization of business, operations and information portability and department operability.

Revenue Summary:

The Revenue Estimates for Admissions, Memberships, Supplemental Revenues and Gifts have all been increased based on projected increased attendance from 1,250,000 to 1,380,000 for F.Y. 1997. These incremental receipts to base of F.Y. 94 are dedicated to paying the Marine Education Center Debt Service per the legislative mandate of the 1994 session.

	<u>Dollars in Thousands</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Admissions	0	628
Membership	0	92
Supplemental Revenues	203	251
Gifts	<u>1,173</u>	<u>1,372</u>
	1,376	2,343

Affected Statutes:

- None.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends a General Fund appropriation of \$10,348,000 for the biennium which includes a one-time appropriation of \$200,000 to assist the Zoo with its plan to upgrade its technology capabilities.

1996-97 Biennial Budget

AGENCY: Minnesota Zoological Garden (MZG)

AGENCY DESCRIPTION:

The mission of the Minnesota Zoological Garden (MZG) is 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.

AGENCY CHALLENGES:

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 STRATEGIES:

The agency's budget plan is constructed to achieve the following outcomes:

- to increase attendance to more than 1.3 million visitors by the end of F.Y. 1997;
- to realize a 20% increase in the number of membership households by the end of F.Y. 1997;
- to generate a 5% increase in earned revenues by the end of F.Y. 1997;
- to complete construction of the Marine Education Center by May 1997;
- to continue to expand the number of Minnesotans touched by our environmental education programming; and
- to be active participants in conservation programs and expand our commitment to the preservation of critically threatened animal habitats.

See the Annual Performance Report dated September 1994, for agency results and outcomes.

REVENUE SUMMARY:

The Minnesota Zoo receives over 60% of its agency funds from departmental earning fees through Admissions, Memberships, Gift Store, Food Service Sales and other supplemental revenues.

The major income generating fees for the zoo are Admissions - (\$4.3 million), Memberships - (\$924,000), Food Service and Monorail - (\$1.0 million). This agency generates dedicated revenues.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - special	\$7,153	\$8,760	\$9,226	\$9,429	\$10,197
Dedicated - federal	50	48	28	28	28
Dedicated - gift	723	475	483	1,656	1,855
Total	\$7,926	\$9,283	\$9,737	\$11,113	\$12,080

The agency is dedicating incremental revenues for F.Y. 1996 and F.Y. 1997 to the MEC Debt Service per 1994 Session Legislative mandate. See the agency brief.

SUMMARY OF BUDGET REQUEST:

- The plan provides funding for MEC Debt Service.
- The plan includes a request for funding the significant elevation of technological capabilities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, and provides \$200,000 for upgrading its computer resources.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
BIOLOGICAL PROGRAMS	4,222	4,586	4,479	5,827	5,827	5,827	6,794	6,794	6,794
OPERATIONS	7,552	6,903	7,405	7,161	7,161	7,361	7,161	7,161	7,161
ENTERPRISE PROGRAMS	3,009	3,539	3,401	3,239	3,239	3,239	3,239	3,239	3,239
TOTAL EXPENDITURES BY PROGRAM	14,783	15,028	15,285	16,227	16,227	16,427	17,194	17,194	17,194
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,648	5,146	5,237	5,074	5,074	5,274	5,074	5,074	5,074
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7,595	9,204	9,277	9,469	9,469	9,469	10,237	10,237	10,237
FEDERAL	49	47	31	28	28	28	28	28	28
AGENCY	1,104								
GIFTS AND DEPOSITS	387	631	740	1,656	1,656	1,656	1,855	1,855	1,855
TOTAL FINANCING	14,783	15,028	15,285	16,227	16,227	16,427	17,194	17,194	17,194
FTE BY EMPLOYMENT TYPE:									
REGULAR	170.2	188.2	191.1		191.1			191.1	
TEMP/SEAS/PART_TIME	36.0	31.1	29.2		29.2			29.2	
OVERTIME	4.6	4.7	4.2		4.2			4.2	
TOTAL FTE	210.8	224.0	224.5		224.5	224.5		224.5	224.5

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	15,285	15,285	5,237	5,237	10,017	10,017	31	31
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<163>	<163>	<163>	<163>				
DED STAT APPROP SPENDING	<317>	<317>			<317>	<317>		
SPECIAL LEGIS. ADJUSTMENTS	1,425	2,392			1,425	2,392		
FEDERAL RECEIPTS	<3>	<3>					<3>	<3>
SUBTOTAL BASE ADJ.	942	1,909	<163>	<163>	1,108	2,075	<3>	<3>
CURRENT SPENDING	16,227	17,194	5,074	5,074	11,125	12,092	28	28

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1996-97 Biennial Budget

PROGRAM: Biological Programs
AGENCY: Minnesota Zoological Garden (MZG)

PROGRAM DESCRIPTION:

The mission of the Minnesota Zoo is "to strengthen the bond between people and the living earth". The Biological Programs embraces the zoo's mission by enhancing the visitors experience with the natural world. The division is divided into 3 areas: Animal Management/Animal Health, Conservation and Education. The primary focus of each area is as follows:

- Animal Management/Animal Health - staff provides expert care for a diverse collection of rare and threatened species.
- Conservation - staff is challenged to contribute to both local and international conservation programs.
- Education - staff must meet the demands of a large and diverse group of students. Programs within this area must strive to become self-funding.

PROGRAM STATUS:

The Biological Programs will continue to work to fulfill the zoo's mission. The animal collection is being evaluated toward focusing our energies on the captive breeding of endangered species. Husbandry research continues to better understand the animals within our care. Increased use of computer programming has allowed staff to share our information with our colleagues both in Minnesota and around the globe. Conservation projects have focused on utilizing expertise, not only within the zoo but also within the State Agency system to expand the impact of the zoo's programs. Zoo staff is directly involved in over 40 conservation projects. Such projects focus on a broad range of conservation issues including captive breeding of endangered species and preservation of critical habitats. The efforts of the conservation office have resulted in the Minnesota Zoo's world renowned reputation as a leader in local and international conservation initiatives. Educators are finalizing plans for the School for Environmental Studies to be constructed in conjunction with District 196. Educational programming for K-12 increased in attendance 5% over F.Y. 1992 levels and the total number of students participating in on-site programming was over 119 thousand. Zoomobile, our environmental education outreach vehicle, reached 98 thousand Minnesota residents in F.Y. 1994 an increase of 50% over F.Y. 1993. Through the excellent programming of the education department the zoo is viewed as a "living classroom", a vital resource for learning about the natural world.

PLANNED RESULTS:

The agency budget plan will allow the division to accomplish the established performance measures outlined for the fiscal year. Such initiatives will be achieved as follows:

- Animal Management staff will construct new exhibits that will result in a broader conservation impact for the zoo. These new exhibits will also enhance the experience of our visitors, providing them with an immersion into the wonders of the natural world.

- Staff will evaluate their operational practices to reduce consumption and increase recycling wherever possible.
- The division will continue to be active participants in conservation programs and expand our commitment to the preservation of critically threatened animal habitats.
- Education staff will continue to expand the number of Minnesotans touched by our on and off-site environmental education programming. They will also package our unique curriculum to offer to school systems and zoos outside of Minnesota.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- Same level of funding with increased emphasis on new environmental education programming.
- Increased revenues are targeted for the debt service payment on the Marine Education Center.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the Zoo's plan for this program.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: BIOLOGICAL PROGRAMS
ACTIVITY: BIOLOGICAL PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,821	3,059	3,347	3,344	3,344	3,344	3,344	3,344	3,344
EXPENSES/CONTRACTUAL SRVCS	586	532	248	244	244	244	244	244	244
MISC OPERATING EXPENSES	181	177	184	183	183	183	183	183	183
SUPPLIES/MATERIALS/PARTS	548	582	552	484	484	484	484	484	484
CAPITAL EQUIPMENT	15	79	23	23	23	23	23	23	23
OTHER	64	154	125	1,549	1,549	1,549	2,516	2,516	2,516
SUBTOTAL STATE OPERATIONS	4,215	4,583	4,479	5,827	5,827	5,827	6,794	6,794	6,794
AIDS TO INDIVIDUALS	7	3							
TOTAL EXPENDITURES	4,222	4,586	4,479	5,827	5,827	5,827	6,794	6,794	6,794
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	841	749	713	655	655	655	655	655	655
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,234	3,679	3,415	3,661	3,661	3,661	4,429	4,429	4,429
FEDERAL	49	47	31	28	28	28	28	28	28
GIFTS AND DEPOSITS	98	111	320	1,483	1,483	1,483	1,682	1,682	1,682
TOTAL FINANCING	4,222	4,586	4,479	5,827	5,827	5,827	6,794	6,794	6,794
FTE BY EMPLOYMENT TYPE:									
REGULAR	69.0	74.3	75.9		75.9			75.9	
TEMP/SEAS/PART_TIME	9.9	9.6	7.3		7.3			7.3	
OVERTIME	2.1	2.0	1.6		1.6			1.6	
TOTAL FTE	81.0	85.9	84.8		84.8	84.8		84.8	84.8

1996-97 Biennial Budget

PROGRAM: Enterprise Programs
AGENCY: Minnesota Zoological Garden (MZG)

PROGRAM DESCRIPTION:

The Enterprise Program exists to generate funding for the zoo from other than state sources such as gate receipts, after hours events, sales concessions and development. Enterprise Programs capitalize on opportunities to develop maximum revenue to support the zoo's education, conservation and recreation objectives.

The issues associated with enterprise activities are:

- The interest and willingness on the part of private businesses to partner with the zoo on revenue generating ventures.
- Cost containment and maximum revenue generation in all ventures and enterprise activities.
- Consistency between revenue generating ventures and the zoo's conservation, education and recreation strategies.

PROGRAM STATUS:

The Enterprise Programs provides revenues which supplement the zoo's appropriation. Over the past several years the portion of the zoo budget that is provided from earned revenues has gradually increased to the point whereby the end of fiscal year 1997, less than one-third of the operating budget will come from General Fund dollars. The zoo has experienced sustained growth since 1988. As our customers grow, their needs do as well. Increased revenues generated within this program will support expenditures to accommodate growing visitor numbers as well as fund operations functions. We are not proposing to alter or redefine our strategies but rather expand to meet our customer's needs.

PLANNED RESULTS:

- By the end of F.Y. 1997, attendance will have increased to more than 1.35 million visitors. This is a 4% increase over present attendance levels.
- By the end of F.Y. 1997, earned revenues from all sources -- development, concessions, gift sales, memberships and other entrepreneurial activities will account for 70% of the zoo's operating budget.
- Membership households will increase to 24,000 by the end of F.Y. 1997. This is a 20% increase.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

To maximize earned revenue for the zoo through on-site entrepreneurial activities, gate receipts, development, membership, food service and other concessions, off-site public/private partnerships and other opportunities as they become available.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the Zoo's plan for this program.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: ENTERPRISE PROGRAMS
ACTIVITY: ENTERPRISE PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,275	1,342	1,426	1,413	1,413	1,413	1,413	1,413	1,413
EXPENSES/CONTRACTUAL SRVCS	610	672	737	682	682	682	682	682	682
MISC OPERATING EXPENSES	164	191	201	201	201	201	201	201	201
SUPPLIES/MATERIALS/PARTS	877	1,294	979	885	885	885	885	885	885
CAPITAL EQUIPMENT	14	31	10	10	10	10	10	10	10
OTHER	65	8	48	48	48	48	48	48	48
SUBTOTAL STATE OPERATIONS	3,005	3,538	3,401	3,239	3,239	3,239	3,239	3,239	3,239
AIDS TO INDIVIDUALS	4	1							
TOTAL EXPENDITURES	3,009	3,539	3,401	3,239	3,239	3,239	3,239	3,239	3,239
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,812	3,249	3,081	3,066	3,066	3,066	3,066	3,066	3,066
GIFTS AND DEPOSITS	197	290	320	173	173	173	173	173	173
TOTAL FINANCING	3,009	3,539	3,401	3,239	3,239	3,239	3,239	3,239	3,239
FTE BY EMPLOYMENT TYPE:									
REGULAR	25.6	27.8	28.6		28.6			28.6	
TEMP/SEAS/PART_TIME	11.2	10.8	10.8		10.8			10.8	
OVERTIME	.9	.8	.8		.8			.8	
TOTAL FTE	37.7	39.4	40.2		40.2	40.2		40.2	40.2

PROGRAM: Operations Program
AGENCY: Minnesota Zoological Garden (MZG)

PROGRAM DESCRIPTION:

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's 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.

The issues associated with these activities are:

- The need to invest in an aging facility while still offering new exhibits.
- High quality service to all customers is the key to success. Operations' customers are both internal zoo staff and board members as well as the zoo visitor. Balancing these customer needs is critical.
- Planning the design and construction for the new Marine Education Center, keeping in mind cost containment and revenue generation.

PROGRAM STATUS:

The Operations Program provides all internal support to other zoo staff and programs. In addition it performs all building maintenance, exhibit maintenance, horticultural maintenance as well as managing all design and construction of new exhibits and capital projects. During the F.Y. 1994 - F.Y. 1995 biennium two temporary exhibits were successfully completed; Dinosaurs Alive and BUGS! In May 1994 a new entrance to the zoo was designed including a dolphin fountain. This was made possible through private donations. In June 1994 a new family picnic areas was completed on the Northern Trail. This was designed and built by zoo staff. In August 1994, Phase 1 of the Central Plaza was completed. This is an area where visitors can relax and enjoy many aspects of the zoo. All 3 of these projects are recommendations in the Master Landscape Plan.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Report to be accomplished.

- By the end of F.Y. 1997, the Marine Education Center construction will be complete and the facility open to the public.
- By the end of F.Y. 1997, a preventative maintenance program will be fully implemented. This effort will enhance our maintenance program planning and cost containment.
- By the end of F.Y. 1997, a fully integrated ticketing and scheduling system will be implemented. This is possible with the technology initiative being proposed this legislative session.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- Same level of funding with the exception of the technology initiative request.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the Zoo's plan and recommends a one-time appropriation of \$200,000 for the technology initiative request. Limited General Fund resources precluded full funding of the technology plan; consequently, the Zoo should look to other funding sources to fully implement the plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: OPERATIONS
ACTIVITY: OPERATIONS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,698	3,709	3,975	3,975	3,975	3,975	3,975	3,975	3,975
EXPENSES/CONTRACTUAL SRVCS	586	740	650	622	622	642	622	622	622
MISC OPERATING EXPENSES	650	698	791	791	791	791	791	791	791
SUPPLIES/MATERIALS/PARTS	1,549	1,098	1,150	1,042	1,042	1,122	1,042	1,042	1,042
CAPITAL EQUIPMENT	540	98	58	58	58	158	58	58	58
OTHER	529	560	781	673	673	673	673	673	673
SUBTOTAL STATE OPERATIONS	7,552	6,903	7,405	7,161	7,161	7,361	7,161	7,161	7,161
TOTAL EXPENDITURES	7,552	6,903	7,405	7,161	7,161	7,361	7,161	7,161	7,161
GOV'S INITIATIVES:									
			FUND						
(B) TECHNOLOGY RESOURCES FUNDING			GEN			200			
TOTAL GOV'S INITIATIVES						200			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,807	4,397	4,524	4,419	4,419	4,619	4,419	4,419	4,419
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,549	2,276	2,781	2,742	2,742	2,742	2,742	2,742	2,742
AGENCY	1,104								
GIFTS AND DEPOSITS	92	230	100						
TOTAL FINANCING	7,552	6,903	7,405	7,161	7,161	7,361	7,161	7,161	7,161
FTE BY EMPLOYMENT TYPE:									
REGULAR	75.6	86.1	86.6		86.6		86.6		
TEMP/SEAS/PART_TIME	14.9	10.7	11.1		11.1		11.1		

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: OPERATIONS
ACTIVITY: OPERATIONS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	1.6	1.9	1.8		1.8		1.8		
TOTAL FTE	92.1	98.7	99.5		99.5	99.5	99.5	99.5	

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Minnesota Zoological Garden
PROGRAM: Operations
ACTIVITY: Operations

ITEM TITLE: Technology Resource Funding

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$200	\$-0-	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a General Fund appropriation of \$200,000 to assist the Zoo with its plan to upgrade its technology capabilities and computing resources. Recognizing that the recommended amount is less than the amount needed to fully implement the Zoo's information resource strategy, the Governor encourages the Zoological Garden to solicit matching funds from non-state sources. The Information Policy Office has reviewed and supports this project. The Governor recommends that the Zoo complete the planning tasks identified in its 1996-97 Information Systems Funding Recommendations by the end of F.Y. 1996.

RATIONALE:

The strategic plan for the Minnesota Zoo calls for the significant elevation of technological capabilities. The zoo needs General Fund assistance to achieve the goal due to existing commitments for special revenue funds to pay 100% of the debt service on the \$20.5 million bonds the State has authorized for a Marine Education Center. The following are the components and estimate of resources necessary to implement the proposed Zoo technology plan:

- implement and install ticketing/admissions system
- strategic, tactical and operation decisions based on information resources
- continuous monitoring and improvement of business and operations processes
- modernization of business, operations and information portability and department operability
- planning and implementation of disaster recovery plan
- implementation and install E-mail, word processing, electronic worksheet, database and

- scheduling packages on all personal work stations
- install CAD system, project management system
- install maintenance system
- install bar code, point of sales and scanning
- training information
- information kiosks for customer focus

Dollars in Thousands
F.Y. 1996 F.Y. 1997

Hardware	\$146	\$60
Software	122	26
Staff (2)	52	53
Professional Services	35	4
Facilities/Supplies	<u>24</u>	<u>11</u>
	\$379	\$154

PROGRAM OUTCOMES:

The scope of this project is agency wide and will have an effect on the zoo's daily visitors and internal staff. By improving the zoo's ability to manage information and communicate internally and externally the interactions of our visitors and conservation partners will improve. The goal of this project is to improve the zoo's ability to provide timely information that complies with public information policy to its staff, visitors and conservation partners.

LONG-TERM IMPACT:

Improved communication leading to better visitor experiences will ultimately lead to the zoo more effectively achieving the mission of strengthening the bond between people and the living earth.

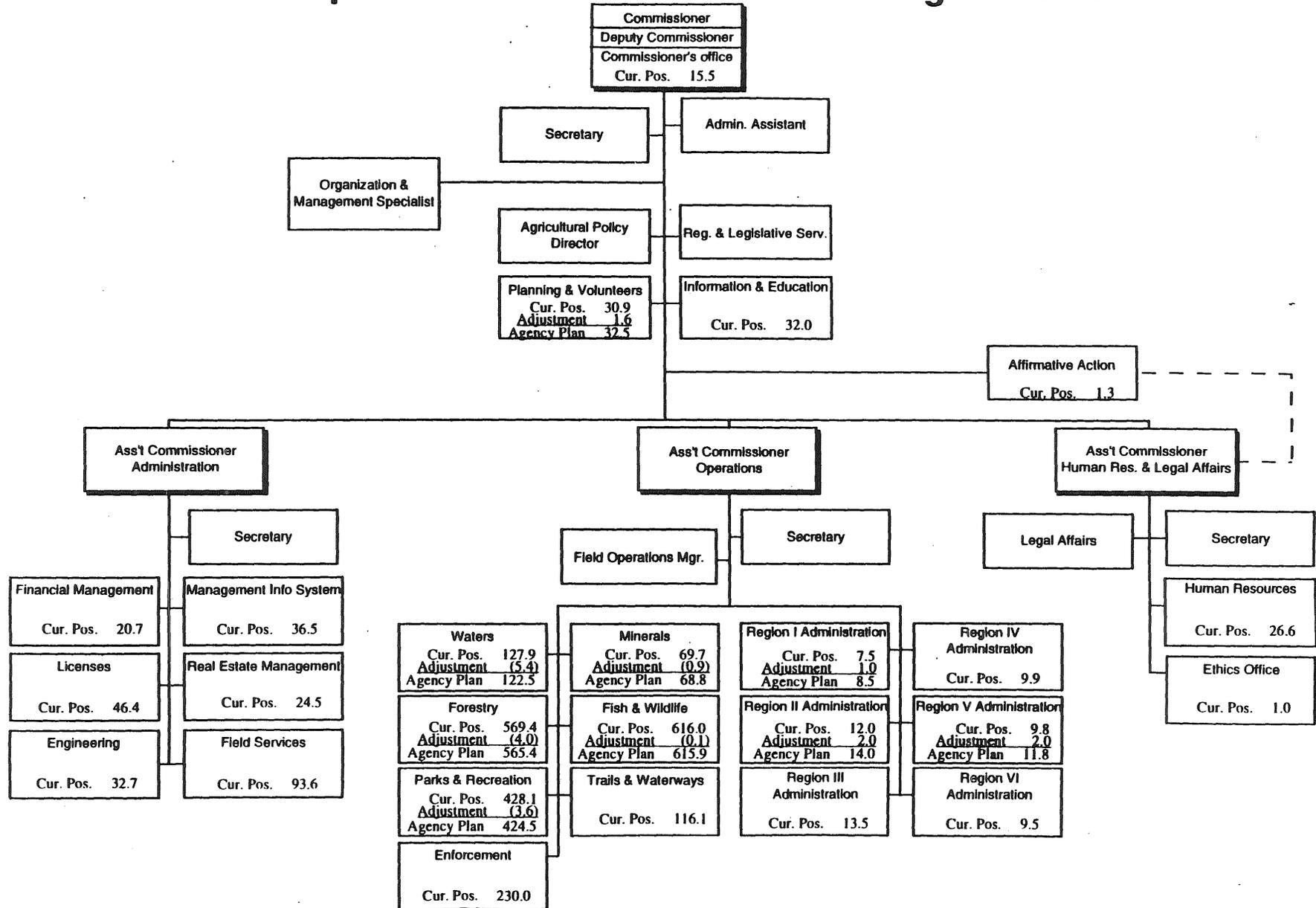
1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: NATURAL RESOURCES, DEPARTMENT OF

<u>PROGRAM</u>	<u>PAGE</u>
MINERAL RESOURCES MANAGEMENT	D-154
WATER RESOURCES MANAGEMENT	D-159
FOREST MANAGEMENT	D-165
Forest Management	
Firefighting	
Youth Programs	
PARKS AND RECREATION MANAGEMENT	D-181
TRAILS AND WATERWAYS MANAGEMENT	D-187
Trails and Waterways Management	
Water Access and Recreation	
Trail Recreation	
FISH AND WILDLIFE MANAGEMENT	D-204
Fish Management	
Wildlife Management	
Ecological Services	
ENFORCEMENT OF NATURAL RESOURCE LAWS AND RULES	D-225
OPERATIONS SUPPORT	D-232
Field Operations Support	
Regional Operations Support	
Special Services and Programs	
Administrative Management	

Minnesota Department of Natural Resources - Organizational Chart



June 30, 1994 FTE Employees: 2,592.5

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$85,790	\$85,790	\$171,580
<u>BASE ADJUSTMENT:</u>			
One-Time Appropriations	(733)	(733)	(1,466)
Appropriations Carried Forward	(3,899)	(3,899)	(7,798)
Documented Rent Increase	13	13	26
Attorney General Costs	<u>991</u>	<u>991</u>	<u>1,982</u>
<u>CURRENT SPENDING</u>	\$82,162	\$82,162	\$164,324
<u>AGENCY DECISION ITEMS:</u>			
Regional Planning Positions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>AGENCY PLAN</u>	\$82,162	\$82,162	\$164,324
<u>GOVERNOR'S INITIATIVES:</u>			
GEIS Implementation	\$ 910	\$1,463	\$2,373
State Parks Operations	743	827	1,620
Treaty Litigation	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>
	<u>\$2,703</u>	<u>\$2,290</u>	<u>\$4,993</u>
GOVERNOR'S RECOMMENDATIONS	\$84,865	\$84,452	\$169,317

Brief Explanation of Agency Plan:

The agency plan includes a budget reallocation of \$153,000 that will transfer funds to the Regional Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. The net effect of the internal transfers on the budget is zero.

Assuming a 3% annual increase in non-salary costs, the impact of inflation on programs funded from the General Fund will amount to \$704,000 in F.Y. 1996 and \$1,430,000 in F.Y. 1997. Approximately 71% of the department's total inflationary increase in the General Fund will impact on 3 programs: Water Resources Management, Forest Management, and Parks and

Recreation Management. In meeting the challenge of reducing program operating costs, the department will continue to pursue statutory and regulatory changes that will improve our efficiency and flexibility to respond to changing needs, such as delegation authority for human resources and administrative activities and budget flexibility to enhance interdisciplinary teamwork in ecosystem-based natural resource management. In addition, the department will have to reduce staffing through attrition and/or reduce the number of work hours provided by part-time/seasonal/labor service.

Revenue Summary:

The department's General Fund receipt forecast is \$11 million annually for the 1996-97 biennium and reflects increases in timber sales and park-user fees. Receipts from water-use permits will decrease after F.Y. 1995 due to a fewer number of once-through cooling system permits required because of conversions to alternative systems that no longer require a permit.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends funding for the following 3 initiatives.

- The Governor recommends funding to start implementing the strategies contained in the Generic Environmental Impact Statement (GEIS) on timber harvesting and forest management in Minnesota. \$2,373,000 for the biennium is the portion of the initiative from the General Fund.
- The Governor recommends an increase in funding for state park operations. The increased funding, \$1,620,000 for the biennium, is equal to increased entrance receipts generated from more visitors to state parks.
- The Governor also recommends a biennial appropriation of \$1,000,000 for the litigation expenses that will be incurred in the Mille Lacs and Fond du Lac cases in F.Y. 1996-97. The full amount of the appropriation will be transferred to the Attorney General's Office for expenses related to treaty litigation activities on these cases.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: Natural Resources

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$19,766	\$19,766	\$39,532
<u>BASE ADJUSTMENT:</u>			
Appropriations Carried Forward	(1,657)	(1,657)	(3,314)
Dedicated Statutory Appropriation	11	6	17
Documented Rent Increase	4	4	8
Attorney General Costs	<u>9</u>	<u>9</u>	<u>18</u>
<u>CURRENT SPENDING</u>	\$18,133	\$18,128	\$36,261
<u>AGENCY DECISION ITEMS:</u>			
Annualization of New Programs	149	149	298
Regional Planning Positions	-0-	-0-	-0-
Exotic Species Management	<u>-0-</u>	<u>(505)</u>	<u>(505)</u>
<u>AGENCY PLAN</u>	\$18,282	\$17,772	\$36,054
<u>GOVERNOR'S INITIATIVES:</u>			
Electronic Licensing: Point-of-Sale	\$ 33	\$ 13	\$ 46
Revenue Accounting Phase I	8	-0-	8
Trail Maintenance	100	100	200
Exotic Species Management	-0-	439	439
Enforcement Operations	<u>304</u>	<u>304</u>	<u>608</u>
GOVERNOR'S RECOMMENDATIONS	\$18,727	\$18,628	\$37,355

Brief Explanation of Agency Plan:

The agency plan provides funds to annualize new program costs for the Off-Road Vehicle and Off-Highway Motorcycle Programs. Both programs were enacted by legislation passed in the 1993 session. The department is requesting \$124,000 per year from the Off-Road Vehicle Account and \$25,000 per year from the Off-Highway Motorcycle Account to establish operational programs for the 1996-97 biennium. The source of funds is provided from

registration fees and unrefunded gasoline tax.

The agency plan includes a budget reallocation of \$1,000 that will transfer funds to the Regional Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. The net effect of the internal transfers on the budget is zero.

The budget for the Exotic Species Management Program will be reduced due to the 12-31-96 sunset provision on the \$2 portion of the \$5 surcharge on watercraft licenses. Beginning in F.Y. 1997, the program budget in the Water Recreation Account will be reduced by \$505,000.

Assuming a 3% annual increase in non-salary costs, the impact of inflation on programs funded from the Natural Resources Fund will amount to \$165,000 in F.Y. 1996 and \$336,000 in F.Y. 1997. In meeting the challenge of reducing program operating costs, the department will continue to pursue statutory and regulatory changes that will improve our efficiency and flexibility to respond to changing needs, such as delegation authority for human resources and administrative activities and budget flexibility to enhance interdisciplinary teamwork in ecosystem-based natural resource management. In addition, the department will have to reduce staffing through attrition and/or reduce the number of work hours provided by part-time/seasonal/labor service.

Revenue Summary:

The Natural Resources Fund consists of 7 separate accounts. Five of these accounts receive dedicated receipts and transfers of unrefunded gasoline tax: Water Recreation (watercraft), All-Terrain Vehicle, Snowmobile, Off-Highway Motorcycle, and Off-Highway Vehicle. The Nongame Wildlife and Land Acquisition Accounts receive only dedicated receipts. The department's annual forecast for this fund includes approximately \$7.9 million in receipts and \$10.9 million in unrefunded gasoline tax. The most significant change occurs in the Land Acquisition Account where receipts of more than \$900,000 in F.Y. 1995 for the Andersen Window/Bayport Wildlife Management Area project will not continue and is removed from the forecast for the 1996-97 biennium. The forecast reflects resources for the 2 new accounts established during the current biennium: Off-Highway Motorcycle (\$30,000 registrations and \$190,000 gasoline tax) and Off-Road Vehicle (\$150,000 registrations and \$690,000 gasoline tax). Also, due to the 12-31-96 sunset provision on the \$2 portion of the watercraft license surcharge, receipts to the Water Recreation Account will decrease \$439,000 annually beginning in F.Y. 1997.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

The Governor further recommends funding for the following initiatives:

- \$46,000 for the biennium for technology upgrades in the DNR's St. Paul licensing center.
- \$8,000 in F.Y. 1996 for the initial design phase of a revenue accounting system that supports the DNR's ecosystem management efforts.
- \$200,000 for the biennium for ATV trail maintenance and grant-in-aid for this activity.
- \$439,000 in F.Y. 1997 for the continuation of the exotic species prevention and control efforts. (This is contingent on removing the sunset clause on the watercraft surcharge so that revenue is available to fund this activity from within the Natural Resources Fund.)
- \$608,000 for the biennium for Enforcement Operations that will provide for the replacement of obsolete equipment, continue their education and community outreach efforts, and maintain the level of enforcement presence expected by citizens and other natural resource program managers.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: Game and Fish

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$51,794	\$51,794	\$103,588
<u>BASE ADJUSTMENT:</u>			
One-Time Appropriations	(4)	(4)	(8)
Appropriations Carried Forward	(2,938)	(2,938)	(5,876)
Documented Rent Increase	12	12	24
Attorney General Costs	<u>124</u>	<u>124</u>	<u>248</u>
<u>CURRENT SPENDING</u>	\$48,988	\$48,988	\$97,976
<u>AGENCY DECISION ITEMS:</u>			
Federal Requirements (State Match)	501	188	689
Regional Planning Positions	-0-	-0-	-0-
Trout Stream Management	<u>(78)</u>	<u>(78)</u>	<u>(156)</u>
<u>AGENCY PLAN</u>	\$49,411	\$49,098	\$98,509
<u>GOVERNOR'S INITIATIVES:</u>			
Sustainable Ecosystems	\$ 68	\$ 68	\$ 136
Fish & Wildlife Programs	550	550	1,100
Electronic Licensing: Point-of-Sale	184	74	258
Administrative Rules Coordinator	56	49	105
Revenue Accounting Phase I	55	-0-	55
Enforcement Operations	<u>728</u>	<u>728</u>	<u>1,456</u>
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$51,052	\$50,567	\$101,622

Brief Explanation of Agency Plan:

The agency plan includes a budget reallocation of \$11,000 that will transfer funds to the Regional Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. The net effect of the internal transfers on the budget is zero.

The state's continued participation in 2 federal programs administered by the U.S. Fish and Wildlife Service is addressed by the agency plan. The Sport Fish Restoration Program requires the state to allocate funds at a level equal to 12.5% of the annual federal apportionment for the payment of up to 75% of the costs for water access acquisition, development, and improvement. The amount requested from the Game and Fish Fund is \$491,000 in F.Y. 1996, with a one-time adjustment of \$329,000 for F.Y. 1993-95 and \$178,000 in F.Y. 1997. The department is requesting \$10,000 annually from the Game and Fish Fund to provide a total of \$60,000 to be used for grants to public and private facilities to add or upgrade marine sanitary waste facilities. The state grant expenditures will be reimbursable under the Clean Vessel Act.

The agency plan includes an annual reduction of \$78,000 for the Trout and Salmon Program. The reduction is necessary to align the budget with estimated resources.

Assuming a 3% annual increase in non-salary costs, the impact of inflation on programs funded from the Game and Fish Fund will amount to \$445,000 in F.Y. 1996 and \$904,000 in F.Y. 1997. Approximately 72% of the department's total inflationary increase in the Game and Fish Fund will impact 2 programs: Fish and Wildlife, and Enforcement. In meeting the challenge of reducing program operating costs, the department will continue to pursue statutory and regulatory changes that will improve our efficiency and flexibility to respond to changing needs, such as delegation authority for human resources and administrative activities and budget flexibility to enhance interdisciplinary teamwork in ecosystem-based natural resource management. In addition, the department will reduce staffing through attrition and/or reduce the number of work hours provided by part-time/seasonal/labor service.

Revenue Summary:

The department's receipt forecast for the Game and Fish Fund is \$51.2 million annually for the 1996-97 biennium, which is slightly higher than the F.Y. 1995 total.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

The Governor further recommends funding for the following initiatives:

- \$136,000 for the biennium for a portion of the DNR's agency-wide sustainable ecosystems initiative.
- \$1,100,000 for the biennium for Fish and Wildlife programs to maximize the federal funding available through existing federal aid programs and to implement ecosystem management changes.
- \$258,000 for the biennium for technology upgrades in the DNR's St. Paul licensing center.
- \$105,000 for the biennium for an administrative rules coordinator.
- \$55,000 in F.Y. 1996 for the initial design phase of a revenue accounting system that supports the DNR's ecosystem management efforts.
- \$1,456,000 for the biennium for Enforcement Operations that will provide for the replacement of obsolete equipment, continue their education and community outreach efforts, and maintain the level of enforcement presence expected by citizens and other natural resource program managers.

1996-97 Biennial Budget

AGENCY: Natural Resources, Department of

AGENCY DESCRIPTION:

The mission of the Minnesota Department of Natural Resources (DNR) is to work with the people of Minnesota to manage the state's diverse natural resources for a sustainable quality of life. Generic departmental responsibilities and duties are specified under M.S. 84. Please refer to the DNR 1994 Annual Performance Report for specific programmatic statutory references.

The DNR is organized into 7 programmatic areas: Mineral Resources Management, Water Resources Management, Forest Management, Parks and Recreation Management, Trails and Waterways Management, Fish and Wildlife Management, and Enforcement of Natural Resource Laws and Rules. These 7 programs are supported by 9 administrative bureaus under Operations Support.

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 by the department include hunting, trapping, and 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; and 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 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 programs of the DNR 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.

DNR takes primary responsibility among state agencies for the state's ability to achieve Milestones targets regarding total water use; song bird diversity; threatened, endangered, or special concern native wildlife and plant species; natural and restored wetlands; forest lands; recreational trails; and lakes and rivers public access sites. DNR contributes to the state's ability to achieve Milestones

targets regarding volunteers for community activities, accessible public facilities, and land area in parks and wildlife refuges.

AGENCY CHALLENGES:

The following factors are shaping the development of policies and programs at the DNR:

1. **Sustainable Development.** *Minnesota Milestones and Economic Blueprint for Minnesota* states "Minnesota will have sustained economic growth consistent with environmental protection." Unifying the goals of environmental protection and economic development is a significant state policy that has a profound influence on how natural resources are managed. Sustainability is the expected outcome of all resource management activities. This requires the DNR to protect and restore natural systems so that their resources can be used indefinitely. Sustainability requires DNR to reconcile human needs and demands with the capacity of ecosystems to meet those demands.
2. **Generic Environmental Impact Statement (GEIS).** This study was commissioned by the Minnesota Environmental Quality Board. The GEIS identifies and assesses the environmental, economic, and social impacts of potential increases in timber harvesting and forest management activities in Minnesota. The GEIS also develops mitigation strategies for these impacts and offers strategic policy recommendations. This information forms the basis for discussion about the future protection and management of Minnesota's forest resources. A GEIS Implementation Roundtable was established at the time the GEIS was approved, consisting of 26 members representing industry, environmental, conservation, sporting, tourism, research, education, and land management interests. Their charge is to advise the DNR Commissioner on the development of a consensus-based plan for implementing the GEIS strategic program recommendations. The roundtable submitted a report to the DNR Commissioner in November 1994, after which the DNR Commissioner will identify the mechanisms (including legislation) and resources needed to begin implementing the GEIS recommendations.
3. **Recreation.** Minnesota's population is aging, increasingly urbanized, and more ethnically diverse. More households have 2 working parents, plus there is a significant increase in single-parent families and varied "family" groupings. These factors are causing a shift in the agency's traditional programs and services, primarily to meeting demand for close-to-home recreation opportunities in the metropolitan areas of the state. Additional facilities are needed to meet growing demand for services, along with additional resources to maintain existing facilities and protect natural resources used for recreation. Another factor affecting recreation services is the 1990 Americans With Disabilities Act. This legislation sets guidelines for accessibility to buildings and facilities by individuals with disabilities. These guidelines are to be applied to the design, construction, and alteration of buildings and facilities, which specifically requires the DNR to revise design and construction standards for new facilities, adapt programming and interpretive materials, and retrofit some existing facilities.

AGENCY STRATEGIES:

The following strategies will affect agency performance and results:

1. **Ecosystem-Based Resource Management.** Ecosystem-based management is the collaborative process of sustaining the integrity of ecosystems through partnerships and interdisciplinary teamwork. Ecosystem-based management focuses on 3 interacting dimensions: the economy,

AGENCY: Natural Resources, Department of
(Continuation)

the social community, and the environment. The goal of ecosystem-based management is sustainability of ecological integrity while simultaneously meeting socioeconomic needs. Ecosystem-based management is DNR's overarching strategy. The agency has adopted the following principles as aids to help incorporate ecosystem-based management into current programs and activities:

- **Systems Approach.** The health of individual natural resources can only be maintained by recognizing the place that each resource has in an interconnected ecosystem. DNR management activities must be based on an understanding of the capabilities and limitations of ecosystems to meet a variety of needs. Ecological processes that maintain the flow of natural resources must not be irrevocably disrupted.
- **Sustainability.** Ecosystems and their component natural resources must be managed for long-term sustained use--both for ecological services and economic development. Sustained use means that the needs of the present will be met without sacrificing the ability of future generations to meet their own needs.
- **Ecological Restoration.** The DNR must foster techniques to restore damaged or degraded natural systems. This means reconnecting isolated parts of the landscape.
- **Cooperative Working Relationships.** Cooperative working relationships must form the basis for agreement on management objectives for entire landscapes and watersheds. Partnerships with groups affected by management decisions will be a standard part of our work.
- **Humans as an Integral Part of Ecosystems.** People are part of ecosystems. The health of Minnesota's ecosystems and the quality of life of its citizens are interdependent. Ecosystems provide people with natural resources, essential services, and other benefits. People use ecosystems in ways that can either sustain the system's productivity and diversity or in ways that can damage the ecosystem's ability to renew itself and sustain future benefits. The DNR will work with citizens to define what ecosystem-based management is and how it will be implemented. DNR management will integrate human values, needs, and aspirations with a scientific understanding of ecosystems as it pursues ecosystem-based management.
- **Integration of Environmental and Economic Decisions.** DNR will continuously refine strategies to reach balance in safeguarding the ecosystem and its economic use. Commodity production will meet environmental protection standards and assure long-term sustainability of resources. Likewise, environmental protection initiatives will be socially responsive and consider economic consequences.
- **Conservation.** The DNR will seek to maintain Minnesota's diverse ecosystems by protecting biological diversity and its essential ecological processes, by encouraging sustainable use of natural resources, and by promoting full environmental costing of decisions and developments.

2. **Administrative Management Strategies.** The long-range goal is a fundamental shift in how resource agencies address their mission. The DNR has undertaken a far-reaching program to accomplish that shift, including:

- **Regional and Local Community Emphasis.** Reallocation of existing funding to support a wide range of ecosystem efforts throughout the state, including an ecosystem manager position, watershed coordinators, and regional planners.
- **Cooperative Partnerships.** The state's resource management agencies (DNR, Pollution Control Agency, Board of Water and Soil Resources, Minnesota Department of Agriculture, etc.) are forging closer cooperative linkages to address a broad range of mutual interests.

REVENUE SUMMARY:

The department is forecasting annual receipts of \$98.0 million and annual unrefunded gasoline tax transfers of \$11.5 million for the 1996-97 biennium. The department is unique because its programs generate receipts at a ratio equal to 53% of the budget amount for current spending. The largest source of receipts is provided through the Game and Fish Fund and is forecasted at \$51.2 million annually for the next biennium. This level is slightly higher than the forecast amount for F.Y. 1995. Annual receipts to the Trust Fund from mining activities and timber sales is expected to increase from \$10.0 million to \$12.7 million. However, the majority of the timber sales receipts deposited to the Trust Fund will ultimately transfer to the General Fund for cost reimbursement. The direct receipt deposits of \$11.0 million to the General Fund reflect a net change of \$600,000 annually due to anticipated increases in timber sales and public use of the state park system and a decrease in water permit fees. The forecast for the Natural Resources Fund reflects decreases in the Land Acquisition Account attributable to the one-time nature of the Andersen Window/Bayport Wildlife Management Area project and in the Water Recreation Account due to the 12-31-96 sunset provision for a portion of the surcharge on watercraft licenses. In response to the sunset provision, the department has reduced the F.Y. 1997 budget for the Exotic Species Management Program.

SUMMARY OF BUDGET REQUEST:

- The agency plan includes changes to General Fund open appropriations for emergency fire suppression activities, payments to the Leech Lake Indian Band, and payments to the Grand Portage and Bois Forte Indian Bands under the 1854 Treaty. The net change to the General Fund for these budget items is \$395,000 in F.Y. 1996 and \$460,000 in F.Y. 1997.
- Beginning in F.Y. 1997, the Statewide Indirect Cost Plan will be modified to reflect changes in the funding mechanism for the new accounting, human resources/payroll, and procurement systems that will come on line. This indirect cost plan will be modified to reflect the full operating and amortization costs of the Statewide Systems Project and will allocate the costs of these activities to agencies by fund. The agency plan includes 2 new open appropriations for these costs. In F.Y. 1997, \$50,000 is requested from the Water Recreation Account in the Natural Resources Fund and \$215,000 from the Game and Fish Fund.
- The agency plan provides \$149,000 per year to annualize new program costs for the Off-Road Vehicle and Off-Highway Motorcycle Programs. The source of funds for this decision item is from anticipated off-road vehicle and off-highway motorcycle registration fees and unrefunded gasoline taxes attributable to off-road vehicle and off-highway motorcycle use under M.S. 296.16.
- The budget for the Aquatic Exotic Species Program will be reduced due in large part to the

1996-97 Biennial Budget

AGENCY: Natural Resources, Department of
(Continuation)

sunset of a portion of the watercraft license surcharge. In F.Y. 1997, the Water Recreation Account in the Natural Resources Fund will be reduced by \$505,000.

- The plan includes a Game and Fish Fund reduction for the Trout and Salmon Program of \$78,000 per year to align the budget with estimated resources.
- Project proposals recommended for funding by the LCMR are included in the agency plan. LCMR project recommendations funded from the Minnesota Future Resources Fund total \$6,983,000 and those funded from the Environment and Natural Resources Trust Fund total \$12,710,000.
- The plan includes \$63,000 in F.Y. 1996 and \$66,000 in F.Y. 1997 to convert the funding for a position responsible for administration of the Federal Land and Water Conservation Program from the Future Resources Fund to the Federal Fund.
- The plan includes a budget reallocation of \$110,000 from the Forestry Division and \$55,000 prorated from all operating divisions, except Enforcement, that will transfer to the Regional Operations Support Activity to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters.
- The state's continued participation in the Federal Sport Fish Restoration Program is addressed in the agency plan. This program, administered by the U.S. Fish and Wildlife Service (USFWS), requires the state to allocate 12.5% of the funds apportioned to it each fiscal year for the payment of up to 75% of the costs for acquisition, development, renovation, or improvement of public access facilities to improve the suitability for recreational boating purposes. The plan provides \$491,000 in F.Y. 1996, including a 1-time adjustment of \$329,000 for F.Y. 1993-95 and \$178,000 in F.Y. 1997 from the Game and Fish Fund.
- The agency plan includes an additional \$10,000 per year from the Game and Fish Fund to provide a total of \$60,000 of state funds to be used as grants to public and private facilities to add or upgrade marine waste facilities where it is deemed appropriate. The \$60,000 annual state expenditure will be reimbursed through USFWS federal funds granted under the Clean Vessel Act.

GOVERNOR'S RECOMMENDATION:

General Fund

The Governor concurs with the agency's plan with the following additions:

- The Governor further recommends funding to start implementing the strategies contained in the Generic Environmental Impact Statement (GEIS) on timber harvesting and forest management in Minnesota. This initiative supports the Governor's policy of developing sustainable approaches to resource management that embody ecosystem management principles and

applications. Funding for this entire initiative is from both the General Fund and the Environmental Trust Fund. The funding portion from the General Fund is \$2,373,000 for the biennium, an amount equal to increased revenues in the biennium from timber sales. The Governor recommends that funding for the GEIS initiative be appropriated at the agency level.

- The Governor recommends an increase in funding for state park operations. The increased funding, \$1,620,000 for the biennium, is equal to increased entrance receipts generated from more visitors to state parks.
- The Governor also recommends a biennial appropriation of \$1,000,000 for the litigation expenses that will be incurred in the Mille Lacs and Fond du Lac cases in F.Y. 1996-97. The full amount of the appropriation will be transferred to the Attorney General's Office for expenses related to treaty litigation activities on these cases.

Natural Resources Fund

The Governor concurs with the agency's plan with the following additions:

- \$46,000 for the biennium for technology upgrades in the DNR's St. Paul licensing center.
- \$8,000 in F.Y. 1996 for the initial design phase of a revenue accounting system that supports the DNR's ecosystem management efforts.
- \$200,000 for the biennium for ATV trail maintenance and grant-in-aid for this activity.
- \$439,000 in F.Y. 1997 for the continuation of the exotic species prevention and control efforts. The Governor also supports removing the clause relating to the \$2 portion of the watercraft surcharge that is due to sunset on 12-31-96. Continuing the \$2 surcharge ensures that the DNR can maintain its exotic species programs.
- \$608,000 for the biennium for Enforcement Operations that will provide for the replacement of obsolete equipment, continue their education and community outreach efforts, and maintain the level of enforcement presence expected by citizens and other natural resource program managers.

Game and Fish Fund

The Governor concurs with the agency's plan with the following additions:

- \$136,000 for the biennium for a portion of the DNR's agency-wide sustainable ecosystems initiative.
- \$1,100,000 for the biennium for Fish and Wildlife programs to maximize the federal funding available through existing federal aid programs and to implement ecosystem management changes.
- \$258,000 for the biennium for technology upgrades in the DNR's St. Paul licensing center.
- \$105,000 for the biennium for an administrative rules coordinator.

AGENCY: Natural Resources, Department of
(Continuation)

- \$55,000 in F.Y. 1996 for the initial design phase of a revenue accounting system that supports the DNR's ecosystem management efforts.
- \$1,456,000 for the biennium for Enforcement Operations that will provide for the replacement of obsolete equipment, continue their education and community outreach efforts, and maintain the level of enforcement presence expected by citizens and other natural resource program managers.

Environmental Trust Fund and Minnesota Future Resources Fund

The Governor has identified projects for funding by the Legislative Commission on Minnesota Resources that should be addressed in the capital budget. With the Department of Natural Resources, these projects are:

<u>Project</u>	<u>Amount</u>	<u>Fund</u>
Metro Regional Park System	\$4,550,000	ETF
State Park Development, Acquisition and Rehabilitation	3,750,000	ETF
State Trail Acquisition and Rehabilitation	250,000	ETF
Water Access	600,000	ETF
RIM Fisheries Habitat Development and Rehabilitation	800,000	MFRF
Local Natural Resource Grant	1,800,000	MFRF

The 1994 Bonding Bill appropriated over \$30 million for these programs, and the Governor's 1994-99 Strategic Budget Plan earmarked nearly \$40 million for them in each of the 1996 and 1998 sessions. The Governor recommends, instead, that a portion of the funds allocated for these projects be used to finance selected environmental, high-priority initiatives including:

- The Governor recommends funding the Sustainable Ecosystems initiative, a significant DNR effort to address environmental issues and problems from a systems perspective. Funding will be a biennial appropriation of \$2,030,000, and will be combined with funding for a portion of this same initiative from the Game and Fish Fund, for a biennial total of \$2,166,000.
- The Governor further recommends funding to start implementing the strategies contained in the Generic Environmental Impact Statement (GEIS) on timber harvesting and forest management in Minnesota. Funding will be a biennial appropriation of \$1,875,000 and will also be combined with funding for a portion of the same initiative from the General Fund, for a biennial total of \$4,248,000.
- The Governor recommends funding for the Geographic Information System (GIS) to support DNR's ecosystem management effort. Funding will be a biennial appropriation of \$1,200,000.

The Governor recommends that funding for these initiatives be appropriated at the agency level.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997			
	Est.	Current	Agency	Governor												
	Spending	Plan	Recomm.													
MINERAL RESOURCES MGMT	6,332	5,661	5,461	5,113	5,196	5,196	5,147	5,145	5,145							
WATER RESOURCES MGMT	9,457	8,600	10,016	9,096	9,233	9,233	9,096	9,093	9,093							
FOREST MANAGEMENT	40,261	39,380	44,375	40,523	40,960	43,745	40,605	40,967	42,430							
PARKS & RECREATION MGMT	22,361	26,026	29,196	26,303	30,045	27,088	26,400	26,392	27,219							
TRAILS & WATERWAYS MGMT	12,662	12,167	21,523	12,179	13,612	12,862	12,179	12,499	12,599							
FISH & WILDLIFE MANAGEMENT	45,996	45,629	54,960	46,093	51,764	51,514	45,901	45,483	46,472							
ENFORCEMENT--NR LAWS&RULES	15,059	15,041	16,843	15,958	16,043	17,075	15,958	15,992	17,024							
OPERATIONS SUPPORT	29,758	35,979	31,113	29,297	38,432	36,716	29,297	29,557	29,761							
TOTAL EXPENDITURES BY PROGRAM	181,886	188,483	213,487	184,562	205,285	203,429	184,583	185,128	189,743							
SOURCES OF FINANCING:																
DIRECT APPROPRIATIONS:																
ENVIRONMENT TRUST	2,600	10,504	11,256		12,710	8,665										
GENERAL	77,160	76,940	85,790	82,162	82,162	84,865	82,162	82,162	84,452							
MN RESOURCES	2,523	4,294	6,087		6,983	4,383										
STATE GOVT SPEC REV	1,064															
NATURAL RESOURCES	18,171	16,964	19,766	18,133	18,282	18,727	18,128	17,772	18,628							
GAME AND FISH	50,567	47,116	51,794	48,988	49,411	51,052	48,988	49,098	50,567							
ENVIRONMENTAL	100															
PERMANENT SCHOOL	547	205	106													
OPEN APPROPRIATIONS:																
GENERAL	11,830	12,389	13,972	13,972	14,367	14,367	13,972	14,432	14,432							
NATURAL RESOURCES	110	69	109	110	110	110	110	160	160							
GAME AND FISH	1,559	1,535	500	500	500	500	500	715	715							
STATUTORY APPROPRIATIONS:																
GENERAL	374	383	200	200	200	200	200	200	200							
NATURAL RESOURCES	69	37	1,417	322	322	322	115	115	115							
SPECIAL REVENUE	9,418	9,483	9,641	9,929	9,929	9,929	10,115	10,115	10,115							
GAME AND FISH	267	184	140	140	140	140	140	140	140							
FEDERAL	4,763	7,429	11,572	9,176	9,239	9,239	9,223	9,289	9,289							
AGENCY	54	127	207													
GIFTS AND DEPOSITS	710	824	930	930	930	930	930	930	930							
TOTAL FINANCING	181,886	188,483	213,487	184,562	205,285	203,429	184,583	185,128	189,743							

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
REGULAR	1,985.1	1,942.9	1,936.5		1,924.0		1,901.8		
TEMP/SEAS/PART_TIME	641.1	606.9	602.7		607.2		597.2		
OVERTIME	43.3	42.7	41.9		41.7		41.7		
TOTAL FTE	2,669.5	2,592.5	2,581.1		2,572.9	2,617.7	2,540.7	2,569.7	

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	213,487	213,487	99,962	99,962	101,953	101,953	11,572	11,572
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<737>	<737>	<733>	<733>	<4>	<4>		
APPROPRIATIONS CARRIED FWD	<9,287>	<9,287>	<3,899>	<3,899>	<5,388>	<5,388>		
NON-RECURRING EXPENDITURES	<176>	<176>			<176>	<176>		
SUNSET PROGRAM/AGENCY	<104>	<104>			<104>	<104>		
DED STAT APPROP SPENDING	<335>	<361>			<335>	<361>		
DOCUMENTED RENT/LEASE INC/DEC	29	29	13	13	16	16		
LCMR-FUNDED PROJECTS	<17,043>	<17,043>			<17,043>	<17,043>		
FEDERAL RECEIPTS	<2,396>	<2,349>					<2,396>	<2,349>
ATTORNEY GENERAL COSTS	1,124	1,124	991	991	133	133		
SUBTOTAL BASE ADJ.	<28,925>	<28,904>	<3,628>	<3,628>	<22,901>	<22,927>	<2,396>	<2,349>
CURRENT SPENDING	184,562	184,583	96,334	96,334	79,052	79,026	9,176	9,223

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Sustainable Ecosystems Initiative

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
State Operations				
- Env. Trust Fund	\$2,030	\$-0-	\$2,030	\$-0-
- Game and Fish Fund	<u>68</u>	<u>68</u>	<u>68</u>	<u>68</u>
	\$2,098	\$ 68	\$2,098	\$68

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the DNR's Sustainable Ecosystems Initiative to attain sustainable conditions in our economy, community, and natural environment. This initiative will treat complex problems comprehensively by managing entire ecosystems through cooperative, long-term alliances. The goals are 1) an environment that supports human and non-human life; 2) an economy that is sustainable; and 3) a community that is liveable. This initiative will promote sustainability of the principal ecosystem types that reflect Minnesota's natural heritage. It will achieve more decentralized and integrated environmental problem solving at the regional and local levels.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Aquatic Ecosystems:				
Stream Habitat Protection	\$ 268	\$ 68	\$ 268	\$ 68
County Geological Atlases	850	-0-	850	-0-
Community Environmental Assistance	<u>980</u>	<u>-0-</u>	<u>980</u>	<u>-0-</u>
	\$ 2,098	\$ 68	\$ 2,098	\$ 68

Funding for this initiative has been made available from the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. Funding from the Environmental Trust Fund should be available in either year of the biennium.

RATIONALE:

Traditional approaches to natural resource management are no longer sufficient for resolving more perplexing resource management problems at the watershed, landscape, and ecoregion levels. The fragmented and narrow approaches of the past are giving way to more integrated and holistic approaches that show promise for closing the gap between expectations and outcomes.

Ecosystem-based management relies on the following key principles:

- **Sustainability.** Guiding today's decisions about use of the land and its resources, with a commitment to maintaining the capacity of the land and its people to provide these and other opportunities tomorrow.
- **Partnerships.** Working together through cooperative action and mutual agreement to face problems, identify opportunities, and find solutions.
- **Ecosystem Focus.** Focusing on how we move towards a long-term desired condition of integrated ecosystems, rather than singular resource goals.
- **Environment/Economy.** Finding solutions that support economic prosperity, lasting livelihoods, and ecosystem health.
- **Education.** Providing technical services and information on the application of sustainable ecosystem concepts, strategies, and tools.
- **Monitoring/Evaluation.** Measuring and tracking progress toward ecosystem health objectives that involve sustaining ecological integrity while simultaneously meeting socioeconomic needs.

The department has made an ongoing commitment to support ecosystem-based management. In the 1994-95 biennium, DNR reallocated funding to create 5 regional planner positions to develop region-specific strategic plans to be implemented cooperatively by all departmental units. DNR also internally funded demonstration projects in watershed management, prairie/agricultural stewardship, and forest ecosystem management.

In the 1996-97 biennium, DNR will move past a project focus and integrate ecosystem-based management into ongoing operations. This will require regional support teams to supplement the expertise of existing field and regional staff. These regional teams will work with local units of government and private citizens to promote sustainability within particular ecosystems. The department intends to build these regional support teams partially with funds from this initiative and partly by assigning existing staff to new roles such as watershed coordinators, regional planners, regional minerals liaisons, or environmental review specialists.

PROGRAM OUTCOMES:

- **Aquatic Ecosystems**

The Challenge. The health and diversity of Minnesota's aquatic natural systems are deteriorating. Fifty percent of the state's sloughs, marshes, and ponds are already gone. "Over 4,100 Minnesota lakes or streams have been identified as threatened or of impaired use" (Minnesota Nonpoint Source Pollution Assessment Report, 1988). Such threats can only be addressed

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Sustainable Ecosystems Initiative
(Continuation)

from the larger and more comprehensive perspective of an integrated aquatic ecosystem.

The Ecosystem-Based Approach. Applying new ecosystem-based approaches, the DNR and its partners will improve Minnesota's aquatic resources by providing citizens and natural resource professionals at the local level with technical information and management tools necessary to monitor, evaluate, and manage aquatic systems.

Project Specifics. The aquatic ecosystems component seeks to accelerate development of accurate natural resource data and state-of-the-art management tools.

Stream Habitat Protection. This effort accelerates the department's capacity to help local communities protect fish, wildlife, and recreational values of streams and rivers. It will identify "in-stream" values, such as fish, wildlife, plants, and aquatic invertebrates, and establish an ecological framework for water withdrawals.

This tool will develop specific in-stream flow recommendations to ensure that withdrawals for off-stream water use protect in-stream resources. Any diversion of water from a stream can affect the habitat values for fish and wildlife. Delineating natural stream flows required of aquatic resources provides the essential baseline for establishing biologically valid protected flow recommendations. These recommendations can then be related to the regulatory analysis of in-stream and off-stream uses. Establishing withdrawal levels without ecological information threatens the biological integrity of aquatic plant and animal communities.

In the past, protected flows were set to ensure the availability of safe drinking water and minimum flow for water withdrawals. This approach does not ensure the health and long-term sustainability of the aquatic community. The in-stream flow tool provides a biologically valid basis for establishing flows on Minnesota streams that reconcile trade-offs between in-stream and off-stream uses. Specific program outcomes include:

- Detailed stream habitat information of each of Minnesota's 39 major watersheds.
- Stream habitat models to predict changes in stream habitat with changes in flow.
- Biologically based protected flow recommendations that will serve as the foundation for public rulemaking.
- Minnesota stream and river management that adequately protects the long-term sustainable biological communities in Minnesota's rivers and streams.

County Geologic Atlases and Regional Hydrogeologic Assessments. This effort provides detailed and comprehensive geologic and hydrogeologic information and interpretations to all government levels, especially to local units. The compilation of these data and preparation of databases, maps, and reports is a joint effort by the DNR and the Minnesota Geological Survey, which will also receive funds through this request.

This program will produce information that is fundamental to water resources management, ground water protection, water supply sustainability, facility siting and economic development initiatives. Some specific products include:

- Basic geologic information compiled and interpreted.
- Maps and reports describing various subsurface characteristics.
- Documentation of subsurface hydrology and natural quality of water.
- Updatable databases and maps in Geographic Information Systems format.
- Interpretation of geologic sensitivity to pollution based upon intrinsic characteristics.
- Description of geologic and hydrogeologic conditions for ecosystem management.
- Documentation of potential subsurface economic resources.

■ **Community Environmental Assistance**

The Challenge. Ecosystems are place-specific and each is unique. They are also dynamic and unpredictable. Each offers many options for uses and services that change over time. Effective ecosystem-based management requires decision-making at the local level where appreciation of ecosystem uses and dynamics is understood firsthand. Ecosystem-based management demands that agencies get "closer to the customer." Management plans and programs need to be tailored to specific requirements of local and regional communities. Support systems, including integrated planning and ecological technical assistance, must be decentralized and ecosystem-based.

The Ecosystem-Based Approach. Sustainable ecosystem management requires a different way of doing business. There will be less focus on managing single resources in isolation of other resources. The focus will be on whole interconnected systems of resources called ecosystems. Implementing ecosystem management will require investing in new types of employees skilled in interdisciplinary approaches to managing land and water systems. The challenge is to overcome long-standing traditions of program fragmentation, turf protection, and insular management.

Project Specifics. A Community Environmental Assistance Program will establish new types of specialized staff within the DNR in order to fill a gap in the department's expertise at the regional level.

Regional Ecologists. Three positions will analyze technical data on the structure, function, and composition of ecosystems and translate such data into useable information. Ecologists will work closely with traditional disciplines and with citizen groups and local units of government to incorporate more comprehensive ecological information into local and regional planning and management efforts. Ecologists will provide DNR regional ecosystem planners and watershed coordinators with sustainability assessments related to ecological capacity and ecosystem responses to different management prescriptions. They will provide techniques for using County Biological Survey data, for restoring ecosystems, and for developing monitoring programs using ecological indicators. Specific outcomes include:

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Sustainable Ecosystems Initiative
(Continuation)

Ecological Interpretations. Provide local units of government, public land managers, and citizen groups with interpretation of Minnesota County Biological Survey data and methods to integrate this biological diversity data into local planning efforts.

Technical Assistance. Technical recommendations to maintain biological diversity, including restoring significant natural habitats, recovering endangered species, and monitoring ecosystems using ecological indicators.

Information Products. Customized maps and descriptive information about biological diversity for priority areas, delivered in a format tailored to the needs of the user.

Training. Workshops to inform local units of government, public land managers, and citizen groups about biological diversity and guidelines for its maintenance at local and regional levels.

Watershed Coordinators. Based on the experience of the pilot efforts at Leech Lake, Phalen Chain of Lakes, and Big Sandy Lake, the department will expand its watershed initiative. The department will establish 5 watershed coordinator positions. Watershed coordinators will implement a proven process for intergovernmental and citizen cooperation in developing long-range, comprehensive watershed management plans.

Each watershed coordinator will create interdisciplinary resource teams and multi-stakeholder committees to develop watershed-specific plans and strategies for carrying out shared resource management goals.

This work requires integrating a broad range of resource sciences and using specialized skills in facilitation and consensus building. Watershed coordinators will work closely with regional ecologists to translate technical data for cooperative management efforts. Specific outcomes include:

Local Empowerment. Strategies to protect and use watershed resources developed by local communities.

Government Coordination. Improved intergovernmental coordination on issues related to sustaining natural resources within a watershed setting.

Strategic Planning. A strategic plan that is watershed-based, long-term, comprehensive, and dynamic.

Goal Setting. Management goals that meet socioeconomic needs while maintaining ecological integrity.

Education. An organized information base for local decision makers and the public on the status of resources and services supplied by watershed ecosystems. A description of demographic and socioeconomic trends that affect resource values within a watershed.

LONG-TERM IMPACT:

This initiative will redefine and strengthen institutional frameworks and strategies necessary to promote sustainability of Minnesota's major ecosystems. Adopting ecosystem-based resource management will unify disparate resource management and environment protection activities. This initiative will provide a strong foundation for reversing the trend toward ecosystem degradation and loss of societal benefits through partnerships with landowners, local communities, and government agencies.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Forest Management
ACTIVITY: Forest Management

ITEM TITLE: Generic Environmental Impact Statement (GEIS) Implementation

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
State Operations				
- General Fund	\$ 910	\$ 1,463	\$ 1,463	\$ 1,463
- Env. Trust Fund	<u>1,875</u>	<u>-0-</u>	<u>1,875</u>	<u>-0-</u>
	\$ 2,785	\$ 1,463	\$ 3,338	\$ 1,463
Revenues: (\$000s)				
General Fund	\$910	\$1,463	\$1,463	\$1,463

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. Chapter 89

GOVERNOR'S RECOMMENDATION:

The Governor recommends that investments in the state's forest resources be made at the levels indicated. These investments are needed to implement the strategic recommendations contained in the Generic Environmental Impact Statement (GEIS) on Timber Harvesting and Forest Management in Minnesota and endorsed by a broad cross-section of forest resource stakeholders. The Governor views the investments identified in this initiative as critical to establishing a framework for sustainable use and management of the state's forest resources to meet economic, social, and environmental objectives and avoiding future costly confrontations between various interests regarding forest resource management, use, and protection. This initiative supports the administration's policy of developing sustainable approaches to resource management that embody ecosystem management principles and applications.

Funding for this initiative has been made available from the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. Funding from the Environmental Trust Fund should be available in either year of the biennium.

RATIONALE:

The Timber Harvesting GEIS is a major analysis of the cumulative environmental impacts associated with expanding timber harvesting activity in the state. This study identifies a number of significant adverse environmental impacts at both current and expanded levels of timber harvesting and

concludes that the state's forests cannot be sustained for the variety of values and uses they currently provide unless these impacts are effectively mitigated. The GEIS suggests a variety of mitigation measures (operational and strategic) to effectively mitigate the identified impacts.

Laws of Minnesota 1992 indicate the Department of Natural Resources (DNR) is responsible for coordinating implementation of the recommendations identified in the Timber Harvesting GEIS. Upon the study's completion in April 1994, the DNR and Minnesota Environmental Quality Board jointly convened a broad cross-section of interests related to the management, use, and protection of Minnesota's forest resources. Termed the GEIS Implementation Strategy Roundtable, this group was charged with identifying a consensus-based strategy for implementing the GEIS recommendations, with a specific focus on addressing the site-level (i.e., operational procedures for executing practices on individual sites) and landscape-level (i.e., long-term planning and implementation strategies coordinated across broad geographic areas) program recommendations. The roundtable issued its report to the DNR Commissioner on 11-16-94.

The following identifies the investments needed to implement the recommendations contained in the roundtable report. It should be noted that several aspects of this initiative could be interagency efforts whereby funding is allocated to the DNR, but implementation could involve establishing partnerships with other state agencies, levels of government, education and research organizations, or the private sector.

PROGRAM OUTCOMES:

- **Forest Resources Council.** The roundtable recommended a Forest Resources Council be established by legislation. This council, consisting of a broad cross-section of forest resources interests, is recommended to be a forum for the discussion and resolution of major state forest resource issues. Appointed by and advisory to the Governor, the council is recommended to provide strategic direction and oversight in the development of comprehensive timber harvesting and forest management guidelines, landscape planning and coordination, and forest resource monitoring programs. The council is also recommended to develop advice to public forest land management agencies with respect to their forest resource policies and programs. Funding is needed for staff support to administer the council and support its operation.

F.Y. 1996: \$165,000 F.Y. 1997: \$165,000

- **Landscape Planning and Coordination.** The roundtable recommended a framework be established for landscape-based forest resource planning and coordination. Regional forest resource committees, composed of representative stakeholders of that region, are recommended to carry out landscape-based forest resource planning and coordination activities across various forested regions of the state and provide a regional perspective to the Forest Resources Council. Staff support for the regional forest resource committees will be provided through a combination of existing resource reallocation and additional staff. Funding is needed for additional staff, as well as to support the operations of the regional forest resource committees.

F.Y. 1996: \$170,000 F.Y. 1997: \$170,000

- **Timber Harvesting and Forest Management Guidelines.** The roundtable recommended comprehensive timber harvesting and forest management guidelines be developed. These guidelines are to be an integrated set of practices that incorporate important forest resource values such as wildlife habitat, historical and cultural resources, riparian management, soil

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Forest Management
ACTIVITY: Forest Management

ITEM TITLE: Generic Environmental Impact Statement (GEIS) Implementation
(Continuation)

nutrient retention, and recreation. These guidelines will be based on the best available scientific information, yet easy to understand and implement. The guidelines will be adopted on state lands, encouraged on federal, county and other public lands, and voluntarily applied on private lands. To date, individual guidelines have been developed to address water quality, wetland, and visual quality concerns. Approximately 1.5 FTEs (full-time equivalency) of existing staff will continue to work with and integrate the existing guidelines within the recommended comprehensive guideline framework. Funding is needed for additional staff (this biennium only) to establish, direct, and provide the technical support needed to develop the guidelines and to publish and distribute the guidelines.

F.Y. 1996: \$340,000 F.Y. 1997: \$380,000

- **Information and Information Systems.** Information and information systems are needed to support forest resource management and planning activities. The roundtable recommended an interagency forest resource information cooperative be established to coordinate the development and use of forest-based data in Minnesota. Cooperative membership would include those organizations with major responsibilities for forest resource information and information system development and use. The roundtable also recommended data coordinators be regionally located in Minnesota to provide technical support for forest data development and use among public and private organizations. Funding is needed for administration and operation of the interagency information cooperative, as well as to start up funds for the county's participation (first biennium only) in the cooperative.

F.Y. 1996: \$160,000 F.Y. 1997: \$160,000

- **Monitoring Systems.** The roundtable identified monitoring programs as being critical to effectively managing Minnesota's forest resources. Funding is needed to establish a monitoring program that assesses broad trends and conditions in the state's forests, that integrates different data on Minnesota's forest resources, and a program that monitors landowner compliance with voluntary timber harvesting and forest management practices. Reallocation of existing staff resources would be used to implement these monitoring programs. Funding is needed to establish and operate these monitoring programs, as well as accelerate the Annual Forest Inventory System, a specific data collection program identified by the roundtable as being extremely important to these monitoring efforts.

F.Y. 1996: \$160,000 F.Y. 1997: \$160,000

- **Forest Resources Research.** The roundtable recommended a periodic assessment of forest resources research activities and an identification of strategic directions in future research be

undertaken and mechanisms established to increase collaboration between public and private organizations on matters related to forest resources research. Funding is needed to conduct priority forest resources research that supports increased understanding of site- and landscape-level impacts as identified by a forest resources research advisory committee and sponsor activities (e.g., research congress) that establish better communication links between forest resource researchers and practitioners.

F.Y. 1996: \$330,000 F.Y. 1997: \$330,000

- **Professional, Practitioner, and Public Education.** The roundtable recommended voluntary certification programs be established for timber harvesters and forest resource professionals and that these programs be administered by private organizations. The roundtable also recommended a center for continuing education of forest resources professionals be established. In addition, the roundtable also recommended the Minnesota Environmental Education Advisory Board (MEEAB) coordinate public education efforts regarding Minnesota's forests, building on existing educational programs and delivery systems. Funding is needed for training and continuing education programs that would support the certification programs of forest resource professionals and timber harvesters and provide MEEAB funding to enhance K-12 and general public educational programs on forest resources.

F.Y. 1996: \$100,000 F.Y. 1997: \$100,000

- **Accelerated Forest Stewardship.** Approximately 6 million acres (40%) of Minnesota's timber land is owned by some 130,000 private individuals. As an ownership class, these lands are not as actively managed as the state's publicly managed forests. The roundtable identified technical and financial assistance as critical to enabling a greater percentage of Minnesota's forests to become more actively managed for timber and non-timber uses. Funding is needed to expand use of the Forest Stewardship Program in Minnesota and address the unmet demand for financial assistance from private landowners currently participating in this program. Funding is also needed for additional natural resource field professionals to provide technical assistance to achieve timber, wildlife, and environmental objectives on private as well as public lands.

F.Y. 1996: \$679,000 F.Y. 1997: \$679,000

LONG-TERM IMPACT:

This initiative will provide the funding needed to begin implementing the Timber Harvesting Generic Environmental Impact Statement (GEIS) mitigations as recommended by the GEIS Roundtable. The site- and landscape-level programs, administrative mechanisms, and supporting activities (e.g., research, monitoring) recommended by the roundtable will collectively enhance many aspects of the forest resource such as biological diversity and wildlife habitat, while protecting water quality, soil nutrient capital, and visual quality. Successful implementation will also enhance the economic opportunities provided by forests through the production of wood fiber and forest-based tourism and recreation opportunities. The investments made today to protect the state's forests through this initiative will help avoid future costly confrontations regarding their management, use, and protection.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM:
 ACTIVITY:

ITEM TITLE: Geographic Information Systems for Ecosystem-Based Management

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$1,200	-0-	\$1,200	-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION: The Governor recommends funding delivery of Geographic Information Systems (GIS) technology support for natural resource management for the statewide DNR's information management activities. The Governor views the investment to be delivered in this initiative as being vital support mechanisms for the department's initiatives for ecosystem-based natural resource management.

Funding for this initiative has been made available from the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. Funding from the Environmental Trust Fund should be available in either year of the biennium.

RATIONALE: DNR is making a concerted effort to embark on an ecosystem-based approach to natural resource management. Ecosystem management requires much sharing of information and knowledge among resource management disciplines at all levels and all locations. This initiative advances the ecosystem management approach by bringing GIS technology to DNR's field managers. Ecosystem management is much more complex than DNR's traditional single-focus resource management. Implementing ecosystem-based management requires new tools in the hands of resource managers.

PROGRAM OUTCOMES:

The outcome of this investment is for field managers of our wildlife, forest, water, and other natural resources to have access to the GIS tools that they will need to manage resources in an ecosystem framework. This result will be achieved by providing a base of support and technical resources for all departmental units in each DNR region throughout the state. To meet these needs, this project will:

- Create focal points for access and use of GIS data throughout the department.
- Provide technical assistance for projects and natural resource management efforts statewide.
- Provide GIS training to all levels of the DNR.
- Support GIS hardware and software use throughout the department.
- Acquire several new GIS data layers.

Some of the many applications directly supported by this initiative include:

- Ecosystem, watershed, and integrated resource management activities.
- Regional planning--maps, plans, and analysis.
- County biological survey.
- Wildlife habitat analysis.
- Generic Environmental Impact Statement implementation to plan and monitor timber harvesting impacts on environment.
- Aspen Parkland management.
- Landscape and ecological classification system delineation and mapping.
- Timber management planning for Forestry and Wildlife.
- Park planning and operation.
- Water and aquatic system management planning.

The deployment of support staff at regional locations is a key element of this initiative. These regional GIS support staff, working with the technical staff in the Management Information Services Bureau and with resource management specialists in DNR divisions and bureaus, will be responsible for helping create and maintain a common library of programs and data needed by resource managers. The regional GIS staff identified in this proposal will enforce data standards and maintain departmental resource databases, equipment, and software. The staff person in each region will 1) be the focal point for access and use of GIS data in the region, 2) advise or lead GIS-based projects and application development efforts, 3) be the support person for GIS hardware and software use throughout the region, and 4) will provide GIS training throughout the region.

LONG-TERM IMPACT: DNR's vision for the Year 2000 is for GIS and database techniques to be solidly in place supporting a successful ecosystem-based approach to natural resource management. The long-term impact of this effort will be the effective implementation of GIS database technology, giving field resource managers easy access to information across resource management boundaries and giving them full support in day-to-day decision-making and long-term policy development. The long-term impact of a well-designed GIS database will extend beyond DNR lands and support cooperation with other state, county, federal, and private resources managers.

The DNR's 5-year GIS vision statement identifies GIS as an essential tool enabling the DNR to meet the department's vision to "...work with the people of Minnesota to manage the state's diverse natural resources for a sustainable quality of life." The importance of GIS to achieve sound resource management is reflected by expenditures by divisions and bureaus in recent years on GIS activities. Tremendous strides have been made by individual disciplines to hire GIS staff specialists, develop or acquire GIS data needed by each discipline, and provide project-specific applications and data. This investment initiative is intended to build upon the existing network of discipline-specific GIS staff and GIS core staff in the central office to meet this mission. It will insure the support the DNR needs to develop and provide quality data and the analytic tools and expertise needed for staff to use this data. The result will be improved and more efficient resource management decision-making.

1996-97 Biennial Budget

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION: The Division of Minerals manages the mineral assets of the state 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:

- mineral rights on 12 million acres of state-owned trust and tax-forfeited land (including 18% of the Mesabi Iron Range mineral rights); and
- surface rights and mineral rights on 8 million acres of state land for peat, industrial minerals, and construction materials.

The Division of Minerals is the trust agent for mineral rights of the Permanent School Fund lands, Permanent University Fund lands, tax-forfeited lands, and other state lands and has the fiduciary responsibility to provide equitable rental and royalty income to the state trust funds through leasing of lands for exploration and mining. The division is responsible for assuring environmentally-sound mineral development and, subsequently, mineland reclamation to provide stable, hazard-free areas suitable for future uses after mining ceases.

Capitalizing on Minnesota's unique geological potential, the division identifies new resources and areas of high mineral potential to attract new industry that will diversify the state's rural economy.

The division sponsors 3 research programs--Iron Ore Cooperative Research, Mineral Diversification, and Cooperative Environmental Research--that work with existing industries to reduce costs and improve quality, assist the development of new products and processes and the identification of areas with high mineral potential, and investigate environmental issues related to mining.

Collectively, these responsibilities contribute directly to the economic health of rural Minnesota through the creation and maintenance of high-wage mining jobs and service industries and to the long-term environmental enhancement of areas impacted by mining through progressive reclamation.

PROGRAM STATUS: The U.S. Bureau of Mines estimated that Minnesota ranked eighth nationally in non-fuel mineral production in 1993, with total production valued at \$1.3 billion and industry employment of about 8,000. Historically, the Division of Minerals has played a significant role in the industry; however, recent budget cuts have made it more difficult for the division to maintain its leadership role.

The following discussion is based on the program goals and objectives contained in the 1994 Annual Performance Report:

- **Fiduciary Responsibilities to the Trusts.** The division has authority to lease mineral rights for the state trust funds, tax-forfeited lands, consolidated conservation lands, and other acquired lands. These activities generated revenues of about \$6.4 million in F.Y. 1993 and over \$6.5 million in F.Y. 1994.

Focus: Negotiating leases, stockpiling agreements, and royalty rates with taconite companies.

During the last biennium, stockpiling agreements negotiated with Eveleth Mines resulted in cost

reductions and greater flexibility in mine planning for the company, maintained a viable taconite resource for the state, improved community safety, and retained jobs. Negotiations are ongoing with USX Corporation for the extension of 24 leases and issuance of 4 new leases. The division issued 3 new leases and 1 lease amendment to National Steel Pellet Company in F.Y. 1994 and is discussing lease issues with National.

- **Mineland Reclamation.** The division issues permits to mine and permit modifications to mining companies and assures that reclamation standards are met through an ongoing compliance program.

Focus: Assuring compliance with permits to mine and issuing new permits and permit modifications.

During the last biennium, new reclamation rules for base- and precious-metal mining were adopted after public hearings. The division conducted an analysis of financial assurance for the iron-mining industry. Renewed interest in horticultural peat resulted in 1 new permit and 2 permit amendments. Use of Geographic Information Systems is currently being implemented to monitor permit compliance.

The division is the responsible government unit for mining under the Wetlands Conservation Act (WCA). The division is evaluating wetland replacement plans for taconite and iron mine operations and is implementing WCA regulations for peat mining under the operators' permits to mine.

- **Mineral Leasing and Operations.** The division maintains a proactive program to lease state-owned lands for exploration and mining. The operations unit of the division inspects all state lease mining operations, verifies mining company data, examines royalty tonnage reports and payments, and assures the state receives proper payments.

Focus: Increasing the availability of lands for exploration through regular lease sales.

In 1994, greater use of computer technology enabled the division to hold the state's largest (3.1 million acres) non-ferrous metallic minerals lease sale and to more efficiently compile and verify mining company data, which resulted in more accurate and timely projections of rental and royalty revenue.

The division sold construction material and also plans to hold its first granite lease sale in late F.Y. 1995 using new leasing rules for industrial minerals. In addition, the division expanded the use of regional geological reconnaissance authorizations, which allow exploration companies to conduct limited geological investigations on state lands without a lease.

Amendments to the non-ferrous metallic minerals leasing rules are expected to be completed in F.Y. 1995. The amendments will incorporate changes in the royalty rate structure and establish a new lease sale system. The outcome will make it easier for exploration companies to acquire mineral leases.

- **Minerals Exploration.** The division maintains oversight of statewide exploration through the Exploratory Boring Law and inspects exploration drilling sites to assure compliance with the law. In conjunction with the boring law, the division's library is the state repository for all mineral exploration data, including bedrock drill core samples. The division also conducts field investigations to evaluate mineral potential and identify areas of interest to industry.

Focus: Maintaining and consolidating mineral potential data and drill core information

1996-97 Biennial Budget

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

for mining companies, governmental agencies, academia, and the public.

During the past biennium, the division prepared a minerals data index for east-central Minnesota that contains locations of gravel pits, drill holes, mineral occurrences, known mineral deposits, and commercial peat occurrences. Maps of geologic anomalies were also produced.

To facilitate information transfer, the division prepared a new digital catalog of mineral data and is examining publication of data (i.e., drill core logs, images of thin sections, etc.) on CD-Rom and the Internet for exploration geologists.

Ongoing programs such as aggregate mapping for non-metro counties and the dimension stone inventory have continued to be successful. All of the 3 quarry prospects in northern Minnesota that were recently leased by the federal government to a Minnesota firm were identified by a division geologist; one quarry is now producing stone for the commercial market.

- **Minerals Research.** The division sponsors 3 research programs that address issues related to mining--Minerals Diversification, Iron Ore Cooperative Research, and Cooperative Environmental Research. Of these, the latter 2 use matching dollars from non-state sources to fund individual projects.

Focus: Processing research and technology development in cooperation with existing minerals industries and government.

The Mineral Diversification and Iron Ore Cooperative Research programs continue to generate successful outcomes. Focusing on ferrous, non-ferrous, and industrial minerals, the Mineral Diversification Program is currently funding work such as geological drilling and mapping in east-central Minnesota and petrology investigations of the southern portions of the Duluth Complex, both directed towards a further understanding of non-ferrous mineral potential and diversification of Minnesota's mining industry.

The success of the Iron Ore Cooperative Research Program, measured in part by exceeding the legislatively-mandated match criteria for non-state dollars, has continued with more than 25% of completed projects resulting in company-sponsored plant tests. Research projects include Minntac's (USX) recently completed test of lime/dolomite hydrate as a pellet binder, Midland Research's demonstration of good iron recoveries in bench-scale tests of lean ore reduction, and research on other technological advancements, such as digital image analysis, that have been incorporated into plant processes.

The division also completed a steel mill study and has continued work to find an energy source that could make DRI (Direct Reduced Iron) production feasible in Minnesota enabling the state's taconite industry to become more competitive.

Focus: Expanding environmental research.

The Cooperative Environmental Research Program was established by the legislature in 1993. Addressing a broad range of environmental issues related to mining such as the use of native

species for gravel pit reclamation, wetland creation, and mine waste characterization, the program received matching funds, which exceeded statutory requirements, from industry and local and federal government during its first biennium.

The division's commitment to waste characterization and mitigation of the long-term effects of mining resulted in capital bonding to build a new reclamation research facility in Hibbing, replacing the facility near Babbitt.

Current Ecosystem-Based Management Efforts

The division is currently reviewing the Land Type Association (LTA) mapping that the Division of Forestry has contracted with an outside vendor. LTAs, which are based primarily on landforms, are a foundation piece vital for implementing ecosystem management. In conjunction with ecosystem management efforts, the division is also creating a Geographic Information Systems data layer for public land survey information, which is necessary to link resource information with land ownership data. The division is also increasing its participation in regional management to ensure that mineral management issues are addressed in ecosystem-based management decisions.

Activities Curtailed or Eliminated in the F.Y. 1994-95 Biennium

New mineral potential field studies have been curtailed in favor of further analysis of existing data and drill core. Geological and process research at the University of Minnesota, funded through the Mineral Diversification Program, has been reduced. The division reduced the identification of severed mineral ownerships owned or available to be claimed by the state. The division also began working with the Minnesota Department of Agriculture in order to consolidate the division's water chemistry work at the Agriculture laboratory and close the division's chemistry laboratory in Hibbing.

Four supervisory positions were changed to professional positions, a number of staff were cross-trained, and the staff size was reduced through attrition. The division eliminated activities at its Ironton office, which was closed, and manual drafting was replaced with computer-aided drafting. Finally, management has continued to focus on reducing operating costs through actions such as reducing the size of the division's fleet and eliminating the division's radio system.

PLANNED RESULTS: The work planned for the upcoming biennium is a continuation of the division's comprehensive effort to improve and diversify the state's mineral industry in order to maintain and improve the economic and environmental future of the state. The work includes issuing new mineral leases and permits, continuing a progressive reclamation program, investigating innovative means to maintain a strong and viable minerals industry, and increasing efficiency. Specific program goals include:

- Continuing to negotiate fair and equitable royalty rates that will lead to increased income for the state trust funds. Taconite leasing issues will be significant in the forthcoming biennium as several companies have requested lease extensions. Leasing activity will also include a granite lease sale and a revised metallic minerals leasing program.
- Working closely with industry, the public, local units of government, and regulatory agencies to maintain an efficient, proactive, and innovative permitting program to address the complex environmental and social issues associated with maintaining the state's current mineral industry and anticipated expansions.
- Increasing and further diversifying mineral development in the state. Electronic distribution of geological data to exploration companies worldwide will begin during the next biennium if funds

1996-97 Biennial Budget

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

are available. The potential for further mineral development in the state is illustrated by the Governor's Commission on Mining and Minerals' focus on the state's copper/nickel deposits, titanium interest, and interest in various industrial minerals such as kaolin clay and granite. It appears that more effective exploration methodologies and advancements in hydrometallurgy justify additional research.

- Continuing taconite research, which should result in adoption of innovative technologies to reduce pellet costs and improve pellet quality. Silica reduction research is well underway with innovative work on silica flotation. Work on the mild gasification of western coal has shown that the technology might be used to reduce the cost and improve the quality of DRI (Direct Reduced Iron) produced in Minnesota. These 2 elements, combined with hydrate binder/flux and coal char, could provide the basis for creation of a DRI industry in Minnesota. However, a large amount of very costly engineering work remains to be done.
- Seeking new sources for matching funds to increase environmental research. Formalizing the Cooperative Environmental Research Program was the first step in creating a mechanism to build new partnerships with industry and other governmental agencies. Research focus will be on topics such as mine waste characterization, land use, and the utilization of municipal solid waste for reclamation.
- Working with the industrial minerals industry, local units of government, the environmental community, and the public to examine questions of resource protection, regulation, reclamation, and marketing. Proactive leadership from the division is needed to ensure an adequate supply of industrial minerals and an environmentally-sensitive mining industry that provides for subsequent land uses.
- Completing the construction of the new reclamation research facility and the expansion of the drill core library in Hibbing during the summer of 1995.
- Completing the laboratory consolidation effort with the Department of Agriculture during the upcoming biennium so that the division can evaluate the permanent closure of the chemical laboratory in Hibbing.
- Continuing program development that reflects the Department of Natural Resources' (DNR) priorities and maintaining a staff presence in each region of the DNR.

BUDGET AND REVENUE SUMMARY:

Revenue This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Special	\$ 1,111	\$ 1,358	\$ 384	\$ 413	\$ 393
Dedicated - Federal	43	39	-0-	-0-	-0-
Dedicated - Trust Fund	5,004	4,979	6,518	6,358	5,781
Total	\$ 6,158	\$ 6,376	\$ 6,902	\$ 6,771	\$ 6,174

The decline in Dedicated - Special Revenue for F.Y. 1995-97 reflects an anticipated shift in iron ore mining activity on tax-forfeit lands to University lands.

Program Plan

The first priority of the division will continue to be the management of mineral and surface rights on state-owned trust and tax-forfeited land. Revenue from these management activities for the 1994-95 biennium will be more than double the revenue from the 1990-91 biennium (\$6.09 million). In the 2 forthcoming bienniums, revenue is expected to stabilize at about \$12.9 million.

The focus of the division will be working with the taconite industry to negotiate new leases and to develop new technologies that increase operational efficiencies and foster the development of value-added facilities. Reclamation research will remain a critical activity, focusing on methods to mitigate environmental impacts of ferrous and non-ferrous mining. Division staff will continue to provide assistance and support to the public and department to ensure that environmental standards are met for mineral development.

The division will not be able to undertake many of the recommendations of the Governor's Task Force on Mining and Minerals and recommendations of the Governor's Sustainable Development Initiative due to lack of staff and funding. Further, it must cut back mineral potential field work and mapping activities, which underlie the diversification of the state's mineral industries. The division will also need to limit assistance to local governments and the public in southern Minnesota on issues such as sand and gravel land-use conflicts. Finally, it will not be able to pursue new mineral research programs, which support technological advances for future decades.

The agency plan includes a budget reallocation of \$2,000 that will transfer to the Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.

LCMR Recommendations:

Glacial Lake Agassiz Beach Ridges - Mining and Protection. This project provides funds to coordinate a long-term plan for the beach ridges in Clay County that balances protection of native prairies with a sustainable aggregate industry. (\$85,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: MINERAL RESOURCES MGMT
ACTIVITY: MINERAL MGMT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,301	3,276	3,433	3,354	3,374	3,374	3,354	3,354	3,354
EXPENSES/CONTRACTUAL SRVCS	1,595	991	1,043	1,003	1,038	1,038	1,003	1,003	1,003
MISC OPERATING EXPENSES	997	1,174	466	453	468	468	487	487	487
SUPPLIES/MATERIALS/PARTS	228	161	286	180	193	193	180	178	178
CAPITAL EQUIPMENT	197	48	222	112	112	112	112	112	112
OTHER	14	11	11	11	11	11	11	11	11
SUBTOTAL STATE OPERATIONS	6,332	5,661	5,461	5,113	5,196	5,196	5,147	5,145	5,145
TOTAL EXPENDITURES	6,332	5,661	5,461	5,113	5,196	5,196	5,147	5,145	5,145
AGENCY PLAN ITEMS:									
LCMR NEW ALLOCATIONS						85			
REGIONAL PLANNER - REGION 5						<2>		<2>	
TOTAL AGENCY PLAN ITEMS						83		<2>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,386	4,409	5,035	4,719	4,717	4,717	4,719	4,717	4,717
MN RESOURCES						85			
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	861	1,198	385	379	379	379	413	413	413
FEDERAL	65	43	26						
GIFTS AND DEPOSITS	20	11	15	15	15	15	15	15	15
TOTAL FINANCING	6,332	5,661	5,461	5,113	5,196	5,196	5,147	5,145	5,145

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: MINERAL RESOURCES MGMT
ACTIVITY: MINERAL MGMT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	62.7	64.9	65.0		63.4		63.4		
TEMP/SEAS/PART_TIME	8.7	5.1	4.6		5.3		4.6		
OVERTIME	.1	.1	.1		.1		.1		
TOTAL FTE	71.5	70.1	69.7		68.8	68.8	68.1	68.1	

PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

The Department of Natural Resources' Division of Waters is the principal water resources management agency of state government involved with the planning and management of water quantity and related 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. Efforts continue to incorporate these specific activities into comprehensive watershed or ecosystem management approaches.

- **Ground and Surface Water Appropriation or Diversion.** Monitoring and regulating the amount of water used for commercial, industrial, municipal, agricultural, and other purposes; reviewing and approving conservation plans for public water supplies; monitoring the elimination of once-through heating and cooling systems; and restricting withdrawals when necessary during drought conditions to ensure adequate supplies for in-stream flow needs and other higher priority uses.
- **Dam Safety.** 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, and grants to local governments for the same purposes.
- **Construction in Protected Waters and Wetlands.** Maintaining and enhancing natural resource values while providing for reasonable use of streams, lakes, and protected wetlands by regulating development activities in these waterbodies through a permit system; regulating and maintaining water level control structures; preventing destruction and loss of wetlands through implementation of the Wetlands Conservation Act; and 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.
- **Technical Ground and Surface Water Analyses.** Conducting investigations that collect, analyze, and interpret data on climate, ground water, and surface water; adding to and maintaining information systems that provide crucial information to guide state and local water policy-making; providing water resources information and technical assistance to local units of government in development of water plans that detail local roles in regulation of water and land use; and preventing degradation of ground water supplies by providing standards for assessing geologic sensitivity to pollution and applying those criteria throughout the state and continuing development of county ground water atlases.
- **Land-Use Management.** 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; maintain scenic and fish/wildlife habitat values; and reduce the risk of loss of life, injury, and property damage associated with floods through regulation; providing grants for projects to avoid flood damage; and coordinating governmental response during major flood events.

PROGRAM STATUS:

- **Ground and Surface Water Appropriation or Diversion.** Major functions of the water appropriation permit program are to review applications for new water uses, monitor the amount of water being used, approve water conservation plans, and resolve water-use conflicts. Efforts are underway to reduce the number of appropriators that use water for once-through cooling and heating. Legislation passed in 1990 requires that these systems be phased out by 2010. Permits for these systems have been amended and it is primarily a question of capital expenditures by the companies involved to implement these changes.
- **Dam Safety.** Dams are an important piece of the state's infrastructure, and they need to be thought about in the same terms as highways or water and sewer plants in that they periodically need maintenance and repairs. The ability to repair and, if appropriate, remove publicly owned dams was enhanced with a \$4.1 million bonding appropriation from the 1994 legislature. Dam safety inspections continue to occur on a regular basis to insure that dams are in a safe condition. A consistent level of bonding funds for dam safety projects is the key to insuring that repairs are scheduled as they are needed.
- **Construction in Protected Waters and Wetlands.** The protected waters permit program is responsible for regulating activities that are allowed to occur in protected waters and wetlands. This involves balancing the need to maintain water resources quantity and quality, protect health and safety, and preserve or enhance habitat, while allowing reasonable use of the resources. Efforts are underway to investigate alternative methods for implementing the protected waters permit program to improve resource protection and program efficiency and effectiveness. Some options under consideration include delegating approval authority and deregulating some types of activities.

The state's "no-net-loss" wetlands policy continues in effect. The department regulates activities in some wetlands and provides assistance and training to local government units to regulate alterations to other wetlands. The division is also involved in computerizing, producing, and distributing national wetland inventory maps and training local officials in the use of these materials.

Calcareous fens are a class of wetland that are afforded special protection because of their rarity and their close link to ground water aquifer systems. A concerted effort is needed to inventory fens and to develop approaches for specific management plans to protect the unique characteristics of fens.

- **Technical Ground and Surface Water Analyses.** Technical analyses conducted by the division continue to support other activities such as water appropriation permitting, floodplain management, protected waters permitting, ordinary high water determinations, water-use conflict resolution, and others. These analyses are also provided for other state agencies and local governments in their water resource planning and management activities.

The division carries out major ground water studies to quantify and evaluate ground water supplies through a joint funding agreement with the U.S. Geological Survey. Through detailed field studies, estimates are developed of the amount of withdrawal that can be sustained with limited water level decline. Additional smaller scale evaluations are conducted to evaluate permit applications. Aquifer tests and water level measurements are made as part of these and other studies to characterize changes in the seasonal and long-term availability of water.

PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

Drilling test holes and observation wells has been done under contract by licensed private firms. In the southwestern part of the state, more extensive drilling is needed to determine whether any aquifers exist, and it has been determined that it is cost-effective for the division to purchase a drilling rig. The equipment will pay for itself within 2 years.

Funding in the division base has been earmarked for pass-through to the Minnesota Geological Survey (MGS) since 1989 to produce county geologic atlases and regional geologic maps. Environmental Trust funding was allocated to the department and the MGS for the last 2 biennia for a cooperative program to complete maps and interpretive reports for counties and regions more quickly. The Legislative Commission on Minnesota Resources is recommending that continuation of this program be supported from the General Fund.

Monitoring programs for streamflow, lake levels, ground water levels, and precipitation continue to expand. This is accomplished through cooperative agreements with local governments, other state and federal government agencies, and citizen volunteers. The information from these programs is essential for water resources planning and management activities and to support development and preservation activities. Local groups, such as lake associations, are interested in obtaining and using water resource data.

The division has made significant strides in the computerization of water resources data over the last 10 years. In addition to continuing these efforts, it is now time to convert this information into a system that can be easily accessed and used by a wide variety of users. Databases need to be completed and modified to be more compatible and easier to access and to understand for all users. Local water planning activities continue to expand and improve creating new demands for technical assistance and for computerized information about water resources. The division continues to review local water plans and to work with other agencies to provide water resources data for local water planning efforts. The requests for water resources technical data and the need to provide information about water resources are growing beyond the resources of the division to deal with them. There is also an increasing need to provide training and materials on water resources to teachers in order to get students involved with water resource issues and stewardships at an early age.

- **Land-Use Management.** Extensive flooding during the spring and summer of 1993 continues to have an impact on the division. Training sessions were held in early 1994 to help local officials prepare for the possibility of additional flooding in 1994. Major floods did not materialize, but the division is still involved with the Minnesota Long-Term Grants Coordination Group to assist communities in recovering from the 1993 floods and to prevent future flood damages. To date, approximately 125 floodplain structures have been acquired by local government units with state and federal financial assistance. Demand remains high for grant funds from the Flood Hazard Mitigation Grant Assistance Program to help local governments prevent damages from future flood events. Six larger flood control projects will be started or completed with funds from bonding allocations approved by the 1994 legislature. Solid

administration of local floodplain ordinances is one of the best means to prevent flood damages, and the division provides assistance to communities to ensure that new development is protected from flooding. The Federal Emergency Management Agency (FEMA) will be entering into a contract with the department to update and to automate floodplain maps for several counties. This could become a long-term joint project between the department and FEMA.

Communities with lakeshore and rivershore continue to adopt shoreland management ordinances based on the rule changes in 1989. Shoreland grants were transferred to the Board of Water and Soil Resources in 1993, and the division assists in the allocation and monitoring of these grants. Assistance in ordinance administration is provided to communities that have adopted shoreland and wild and scenic rivers ordinances.

The National Park Service will soon begin to update the management plan for the St. Croix National Scenic Riverway. The department will be entering into an agreement with the state of Wisconsin and the National Park Service to hire a watershed planner for this update project. It is essential that this plan use a comprehensive watershed management approach to address the unique values of this river system. State and local governments need to have a strong role in this planning process. The National Park Service will also be implementing a Mississippi National River and Recreation Area Comprehensive Management Plan through the metropolitan area. State and local coordination will be needed for the plan to succeed.

Current Ecosystem-Based Management Efforts

Minnesota has long been recognized for its progressive and effective water resources management programs. There are still areas of the state, however, where the quality and quantity of our water resources are being threatened by development activities, inadequate planning, or ineffective management. We have not yet achieved total watershed or ecosystem management that extends beyond the limits of state ownership or direct and indirect regulatory activities. Because of this the division has a long history of working with local governments, including cities, counties, watershed districts, soil and water conservation districts, and local water planning groups, as well as businesses and individuals to promote stewardship of and responsible development of our water and related land resources. Some examples of these cooperative management programs are floodplain, shoreland, and wild and scenic rivers management; the Wetlands Conservation Act; county geologic atlases; local water planning, local river planning; rainfall, streamflow, ground water level and lake level monitoring; dam repair, stream maintenance, and flood hazard mitigation grants; and input on appropriation and protected waters permits. During the 1996-97 biennium, the division will continue to expand on these activities to achieve comprehensive watershed management.

PLANNED RESULTS:

- **Ground and Surface Water Appropriation or Diversion.** In general terms, the water supply is sufficient to meet the aggregate demand for water. 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 anticipated in planning efforts. By the end of F.Y. 1997, 250 public water supply emergency and conservation plans will be submitted for departmental approval. Approximately 5 more once-through cooling or heating systems will be converted. The division will work with all appropriators to try to minimize the periods when water supplies are disrupted.
- **Dam Safety.** There are approximately 915 publicly owned dams in the state. Many of these

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PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

dams date back to the late 1800s and early 1900s and as a result there is a need for regular maintenance and periodic repair just as there is for roads and bridges. Because of this all 29 non-federal high hazard dams, those which could cause loss of life and property, will be inspected each year. Six dams will undergo major repairs and one dam will be removed as a result of a bonding appropriation by the 1994 legislature.

- **Construction in Protected Waters and Wetlands.** The number of protected waters permit applications is expected to stay at the current level of 1,100 applications per year. Studies are being conducted to streamline protected waters permit procedures. The state currently has about 7.9 million acres of remaining wetlands. The state's goal is to achieve no net loss in the quantity, quality, and biological diversity of these wetlands. Of these 7.9 million wetland acres, approximately 1.2 million are subject to regulatory control under the protected waters permit program. The division also provides data, maps, training, and assistance to local government units under the Wetlands Conservation Act to protect wetlands not subject to state controls.
- **Technical Ground and Surface Water Analyses.** The division collects, analyzes, and computerizes rainfall, ground water level, streamflow, and lake level information as a part of its data collection efforts. This data is used to conduct surface and ground water technical studies such as resolving water-use conflicts, establishing ordinary high water marks, evaluating surface water-ground water interaction, analyzing low flows and developing floodplain models. Ground water level, lake level, and streamflow networks will expand to over 1,400 reading sites to provide better coverage for these data types. Efforts to improve computerization of the data and to develop geographic information systems to analyze the data will require additional funding.

Cooperative studies with the U.S. Geological Survey and local interests will be completed in the southwestern part of the state to define the water supply potential of a buried drift aquifer, to examine the relationship of ground water pumpage to streamflow in the Rock River Basin, and to address the relationship of lake levels to streamflow and ground water levels in the Heron Lake Basin. Examination of the potential yield of the potential aquifer in Olmsted County will be completed in cooperation with the city of Rochester. The Stearns County Geologic Atlas and the Southwest Regional Hydrogeologic Assessment will be completed.

Technical analysis capabilities will be maintained to provide computer modeling and analysis. This will provide effective and efficient responses to resource problems and public concerns. Modeling efforts will be directed at understanding and explaining surface water-ground water interactions and their resource management implications.

The observation well network will include 70 of the 87 counties and will measure 700 wells. The coverage will include 15 more aquifers to provide a measure of the availability of water for use. The climate data network will incorporate real-time measurements into historical records, so that analyses can include current and historical data.

- **Land-Use Management.** The division oversees and assists local governments to manage and protect 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 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.

Efforts to train and provide assistance to local government officials implementing land-use management ordinances will be continued. Approximately 240 communities will have adopted shoreland management ordinances. Seventy to 75 communities each year will send officials to be trained on land-use ordinance administration. Ninety communities each year will receive "specific" assistance on their floodplain ordinances, and 7 communities each year will receive assistance on wild and scenic river ordinance administration. By the end of F.Y. 1997, approximately 400 additional structures will be removed from the floodplain due to acquisition efforts or the construction of flood control projects with state funding assistance.

BUDGET AND REVENUE SUMMARY:

Revenue

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$3,467	\$2,567	\$2,322	\$2,012	\$2,012
Dedicated - Special	69	68	110	72	73
Dedicated - Federal	97	152	226	254	254
Total	\$3,633	\$2,787	\$2,658	\$2,338	\$2,339

The agency is not proposing any fee increases at this time. Revenues from existing fees are estimated at \$2 million in F.Y. 1996 and \$2 million in F.Y. 1997. These fees are not dedicated and currently go to the General Fund.

Grants

- **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 effect 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. 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.

General Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$176	\$176	\$176	\$176

PROGRAM: Water Resources Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

- **Root River, Middle River/Snake River, and Morrison County.** Appropriations from the General Fund for grants to Houston County for reimbursement of the cost of emergency flood damage repairs to the dike on the Root River (\$70,000); Middle River/Snake River Watershed District for bank stabilization (\$40,000); and Morrison County under M.S. 103G.701 for improving water flow along the easterly shoreland of the Mississippi River near Highway 10 (\$60,000).

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General Fund	\$75	\$95	\$-0-	\$-0-

- **Local River Planning - (LCMR).** Appropriation from the Future Resources Fund for contracts of up to 2/3 of the cost to counties or groups of counties, acting pursuant to a joint powers agreement, to develop comprehensive plans for the management and protection of rivers in northern and central Minnesota.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Future Resources Fund	\$132	\$281	\$104	\$-0-

- **Federal Funds.** The National Park Service proposes to provide the DNR with a grant of up to \$150,000 per year to assist with implementation of the Mississippi National River and Recreation Area Comprehensive Management Plan within the metropolitan area. Tasks include oversight of the existing Mississippi River Critical Area Plan (administration of which is being transferred from the Environmental Quality Board to the department in F.Y. 1995), assistance to local governments for implementation of a higher level of land-use controls if local officials opt to participate, additional recreation law enforcement, and natural heritage research.

The Federal Emergency Management Agency (FEMA) proposes to enter into a contract for up to \$25,000 to update and automate floodplain maps. Lyon and Yellow Medicine Counties have been selected as pilot studies because of the need to improve mapping data in these areas. If successful, other counties may be updated and digitized in future years.

The department is developing a proposal in conjunction with the University of Minnesota for U.S. Environmental Protection Agency (USEPA) funding to develop an analysis of Minnesota's pre-settlement and existing wetlands in a watershed and ecoregion-based format. The proposal builds upon existing data sources and procedures funded by the USEPA and the Legislative Commission on Minnesota Resources. The request for federal funds is \$200,000 per year.

For each year of the biennium, the National Park Service and the state of Wisconsin propose to contribute up to \$30,000 each to support a watershed planner position for the development of an updated management plan for the St. Croix National Scenic Riverway.

The department is seeking federal funds for flood hazard mitigation efforts. These funds require a 25% state match and will allow proactive work with local units of government to reduce flood damages during non-disaster conditions. Working in concert with FEMA and the Minnesota Department of Public Safety, Division of Emergency Management, these funds would be used to develop, implement, and monitor federally funded hazard mitigation grant projects; participate in the development of the Multi-Hazard State Hazard Mitigation Plan; and develop prototype Multi-Hazard Local Hazard Mitigation Plans. The request for federal funds is \$62,500 per year.

Program Plan

The agency plan for the Water Resources Management Program is as follows:

The division will 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.

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 answers on their projects. Deregulation could be expected to free up some 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. Some efficiencies will be realized through this development; however, there will be more data to analyze and interpret 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 for assistance in interpreting and using the data.

Also, the agency plan includes a budget reallocation of \$3,000 that will transfer to the Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.

LCMR Recommendations:

Local River Planning. Funds are recommended for the third biennium of a 3-biennium project to assist counties statewide in developing comprehensive plans for the management and protection of rivers through matching grants that address locally identified issues while maintaining consistency with state floodplain and shoreland laws (\$140,000 Future Resources Fund). The appropriation in Laws 1993, Ch. 172, Sec. 14, Subd. 11, Par. (b), is available until 6-30-97.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: WATER RESOURCES MGMT
ACTIVITY: WATER RESOURCES MGMT

ACTIVITY SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	5,913	5,992	6,336	5,841	5,877	5,877	5,841	5,841	5,841
EXPENSES/CONTRACTUAL SRVCS	1,570	1,561	1,675	1,643	1,643	1,643	1,643	1,643	1,643
MISC OPERATING EXPENSES	300	324	340	339	339	339	339	339	339
SUPPLIES/MATERIALS/PARTS	147	125	975	975	972	972	975	972	972
CAPITAL EQUIPMENT	127	41	18	18	18	18	18	18	18
OTHER	88	118	124	124	124	124	124	124	124
SUBTOTAL STATE OPERATIONS	8,145	8,161	9,468	8,940	8,973	8,973	8,940	8,937	8,937
AIDS TO INDIVIDUALS			156	156	156	156	156	156	156
LOCAL ASSISTANCE	1,312	439	392		104	104			
TOTAL EXPENDITURES	9,457	8,600	10,016	9,096	9,233	9,233	9,096	9,093	9,093
AGENCY PLAN ITEMS:									
									FUND
LCMR NEW ALLOCATIONS						140			MNR
REGIONAL PLANNER - REGION 5						<3>			GEN
TOTAL AGENCY PLAN ITEMS						137			<3>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	914	230	196						
GENERAL	8,011	7,586	8,087	8,043	8,040	8,040	8,043	8,040	8,040
MN RESOURCES	242	307	638		140	140			
NATURAL RESOURCES	99	100	242	241	241	241	241	241	241
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	44	63	70	70	70	70	70	70	70
FEDERAL	147	313	778	737	737	737	737	737	737
GIFTS AND DEPOSITS		1	5	5	5	5	5	5	5
TOTAL FINANCING	9,457	8,600	10,016	9,096	9,233	9,233	9,096	9,093	9,093

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: WATER RESOURCES MGMT
ACTIVITY: WATER RESOURCES MGMT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	114.5	114.2	113.9		107.9		106.9		
TEMP/SEAS/PART_TIME	18.0	14.7	13.8		13.6		13.6		
OVERTIME	.3	.8	.2		.2		.2		
TOTAL FTE	132.8	129.7	127.9		121.7	121.7	120.7	120.7	

1996-97 Biennial Budget

PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

Forest Management, Firefighting and Youth Programs are the activities of this program.

Forest management issues are:

- Management of forest resources for sustainable development. The ability to provide increased, yet sustainable, levels of forest outputs, while at the same time maintaining (or improving) the health and diversity of forest ecosystems, 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 and the GEIS Implementation Strategy Roundtable Report. The Department of Natural Resources (DNR) must provide the lead in implementing recommendations in the GEIS.
- Improved stewardship of privately owned forest lands, through the assistance of professional resource managers, will be necessary to assure that private lands will be able to provide needed wood products while maintaining ecological integrity and fulfilling landowner needs.
- Increasing residential development in forested and other wildland areas is causing greater wildfire risks and an increasing need for a well-equipped and trained wildfire suppression force.
- Several reductions in budget and staffing since 1986 have caused the Division of Forestry to provide services and products by adapting its approach to management and service delivery. A continuous improvement process is being established.
- Increased interest at the state and national levels in youth service programs may result in more project funding within the Youth Programs Activity. Additional funding would provide additional opportunities to provide meaningful work and educational experiences for unemployed youth, as well as accomplish needed resource management projects.
- Continued investment in Forestry employees through training in ecosystem management concepts, organizational management and supervision, and involvement in continuous improvement processes is critical to meet future challenges.

PROGRAM STATUS:

The Forest Management Program within the DNR works directly with the following goals: Minnesota's environment will support a rich diversity of plant and animal life; we will have opportunities to enjoy our outdoor recreation resources; and Minnesotans will enhance the beauty of our surroundings.

The Division of Forestry has reorganized from 4 administrative levels to 3 with the intent to have more employees directly involved in field work, improve efficiency, and better position the division to deal with future budget shortfalls. A continuous improvement process is also being implemented.

Current Ecosystem-Based Management Efforts

The DNR's guiding principles of sustainability, ecosystem-based management, and the conservation of biological diversity have resulted in a change in natural resources management direction and reassignment of staff. The division is shifting from resource management based on administrative units to managing entire ecological systems. The division will continue to implement GEIS recommendations initiated during the past biennium. These include a continued lead in the development of an ecological classification system (ECS) for Minnesota as a critical building block for ecosystem-based management, implementation, and monitoring of aesthetic best management practices, protection of cultural/historic resources, and biodiversity training. Recommendations in private forest management (Woodland Stewardship) plans will continue to be based on ecoregions identified by the ECS. Regional forestry planners have been reassigned as regional department planners to develop ecosystem-based natural resource management plans.

Additional program focus needs to be placed on implementing recommendations from the GEIS Implementation Strategy Roundtable, including development of comprehensive forest management guidelines, coordinating development and use of forest-based data, establishment and enhancement of monitoring programs, and accelerated forest stewardship assistance for non-industrial private landowners. Current levels of funding provide for a continuation of the department's basic forest management program but will be inadequate to continue absorbing inflation, address statewide GEIS needs and opportunities, and provide a workforce that is fully capable of withstanding the physical rigors of wildfire suppression.

PLANNED RESULTS:

The agency budget will impact the 1994 performance objectives in a slightly negative manner because inflationary factors will reduce purchasing power by \$246,000 in F.Y. 1996 and \$500,000 in F.Y. 1997. This reduction will be addressed through a reduction in operation costs and staffing of 5 positions through attrition. The main impact is one of quality rather than quantity of services and resource management provided. However, projected increases in some performance measures will not be possible given the reduction in staffing. Quality will be reduced in certain areas of state forest management, private forestry assistance, and community forestry assistance. Gains in efficiency resulting from the division's reorganization and continuous improvement process will offset some budget impacts. However, the gains will take time to be realized and the results during this biennium are uncertain at this time.

- Non-industrial private forest land activities will remain constant at the estimated F.Y. 1994 level of 24,000 acres per year. This represents an approximate 7.5% reduction under the measures shown in the 1994 agency performance report.
- The percent of annual timber harvest on DNR-administered forest lands conducted using uneven-aged methods will remain constant at F.Y. 1993 levels (i.e., 6%). This represents a 25% reduction in the performance measure shown in the 1994 Annual Performance Report.
- The amount of extended rotation forest designated on DNR-administered lands will be approximately 80,000 acres by the end of F.Y. 1997. This represents a 10% reduction in the performance measure shown in the 1994 Annual Performance Report.

PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET AND REVENUE SUMMARY:

Program Plan

- A significant amount of base budget (\$570,000/year) is specifically directed at natural resource sustainability through implementation of Generic Environmental Impact Statement recommendations. Two positions have been allocated specifically to the implementation effort.
- A recent reorganization of the division and a continuous improvement process which is being established will improve the division's ability to deal with cost containment.
- Revenues from state land timber sales will increase \$910,000 in F.Y. 1996 and \$1,463,000 in F.Y. 1997.
- An increase of \$500,000 to the open appropriation in the General Fund for fire suppression activities. This adjustment is necessary to increase the level of funding in the agency plan to approximate the normal level of expenditures incurred in F.Y. 1993 and F.Y. 1994. The base level funding for F.Y. 1995 is lower than normal due to fewer numbers of fires suppressed during the first 5 months of the fiscal year.
- A budget reallocation of \$138,000 that will transfer to the Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.

LCMR Recommendations:

Trees for Teens - Training, Resources, Education, Employment, Service. This project provides for an agreement with Twin Cities Tree Trust to develop a pilot program and curriculum materials for educating high school students about urban forestry and assisting them in carrying our peer education and community service projects. This project must be done in cooperation with the Minnesota Releaf Program. (\$75,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

The Governor further recommends funding to start implementing the strategies contained in the Generic Environmental Impact Statement (GEIS) on timber harvesting and forest management in Minnesota. This initiative supports the Governor's policy of developing sustainable approaches to

resource management that embody ecosystem management principles and applications.

Funding for this initiative is from both the General Fund and the Environmental Trust Fund. Funding from the General Fund is available in each year of the biennium in an amount equal to increased revenues from timber sales. Funding from the Environmental Trust Fund is available because the Governor has identified a number of projects recommended by the LCMR that should more appropriately be addressed in the capital budget. The Governor is recommending that funds allocated by the LCMR for those projects be used to fund this and other initiatives.

The Governor recommends that funding for the GEIS initiative be appropriated at the agency level.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FOREST MANAGEMENT	34,287	33,870	36,506	34,789	34,651	37,436	34,869	34,731	36,194
FIRE FIGHTING	4,181	3,624	5,210	3,560	4,060	4,060	3,560	4,060	4,060
YOUTH PROGRAMS	1,793	1,886	2,659	2,174	2,249	2,249	2,176	2,176	2,176
TOTAL EXPENDITURES BY ACTIVITY	40,261	39,380	44,375	40,523	40,960	43,745	40,605	40,967	42,430
AGENCY PLAN ITEMS:									
			FUND						
OPEN APPROPRIATIONS ADJUSTMENTS			GEN		500			500	
LCMR NEW ALLOCATIONS			MNR		75				
REGIONS 1&2 PLANNER POS. FROM FORESTRY			GEN		<110>			<110>	
REGIONAL PLANNER - REGION 5			GEN		<28>			<28>	
TOTAL AGENCY PLAN ITEMS					437			362	
GOV'S INITIATIVES:			FUND						
(A) GENERIC ENVIRONMENTAL IMPACT STATEMENT			GEN			910			1,463
(A) GENERIC ENVIRONMENTAL IMPACT STATEMENT			EVT			1,875			
TOTAL GOV'S INITIATIVES						2,785			1,463
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST						1,875			
GENERAL	24,692	24,677	27,858	26,307	26,169	27,079	26,307	26,169	27,632
MN RESOURCES	310	244	125		75	75			
STATE GOVT SPEC REV.	1,064								
NATURAL RESOURCES	368	360	517	442	442	442	442	442	442
GAME AND FISH	322	306							
OPEN APPROPRIATIONS:									
GENERAL	7,490	7,108	7,500	7,500	8,000	8,000	7,500	8,000	8,000
STATUTORY APPROPRIATIONS:									
GENERAL	278	276	200	200	200	200	200	200	200
NATURAL RESOURCES		2	57	58	58	58	53	53	53
SPECIAL REVENUE	3,413	3,473	3,064	3,113	3,113	3,113	3,163	3,163	3,163
FEDERAL	2,284	2,902	4,968	2,817	2,817	2,817	2,854	2,854	2,854

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GIFTS AND DEPOSITS	40	32	86	86	86	86	86	86	86
TOTAL FINANCING	40,261	39,380	44,375	40,523	40,960	43,745	40,605	40,967	42,430
FTE BY EMPLOYMENT TYPE:									
REGULAR	379.6	371.6	374.7		370.7			369.7	
TEMP/SEAS/PART_TIME	184.7	185.3	183.7		183.7			183.7	
OVERTIME	12.0	11.0	11.0		11.0			11.0	
TOTAL FTE	576.3	567.9	569.4		565.4	583.4		564.4	579.4

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1996-97 Biennial Budget

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

This activity has a role in the management of all state, county, and non-industrial private forest lands (NIPF) including:

- Sustainable management of 4.5 million acres of state forest lands, protection of soil and water, and provision of key habitat features that support wildlife and biological diversity.
- Management of a 2,000-mile state forest road system which provides access for public use and resource management of state and county lands.
- Maintenance of 46 state forest campgrounds, 44 picnic areas, and many public accesses and recreational trails for public use.
- Forest stewardship planning and technical and cost-share assistance to NIPF landowners (covering 60,000 acres per year).
- Technical urban forestry and cost-share assistance to 220 communities each year.
- Annual production of 14 million tree seedlings for planting on public and private lands.
- Monitoring the health, growth, and compositions of Minnesota's forests through a system of inventories and surveys and providing this information to resource managers, industries, and other stakeholders.
- Technical assistance to counties that own forest land but don't have land departments.
- Development, monitoring, and evaluation of management concepts, such as Best Management Practices and Ecological Classification Systems, to improve management on forest lands.
- Coordination of forestry-related environmental education programs in the state with schools and other agencies.

BUDGET ISSUES:

The agency budget plan will affect Forest Management activities as follows:

- Professional forest management assistance to private landowners will remain at current levels despite the identified need to increase technical and cost-share assistance to address impacts identified in the Generic Environmental Impact Statement. The reduction in overall division staffing in the budget plan will make it difficult to shift additional resources to this effort to achieve the increased targets projected in the performance report.
- Uneven-aged management of state forest lands will likely remain at current levels. Projected increase will not be feasible under the budget plan. Uneven-aged management requires additional staff time that will not be available.
- The quality of services provided to private forest landowners and community forestry programs will be decreased due to the planned reduction in staffing levels. Demands for these services continue to grow. To meet the growing demand with reduced resources, the time spent with each customer will be reduced.
- The identification and designation of areas to be managed as extended rotation forests will proceed but at a reduced rate due to proposed reductions in staffing.

Planned budget results and issues will be affected by the rate at which efficiencies resulting from the division's reorganization and continuous improvement process are realized. The extent of this effect is unknown.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 1,085	\$ 1,561	\$ 1,070	\$ 1,309	\$ 1,406
Dedicated - Special	1,920	2,636	1,920	2,238	2,370
Dedicated - Federal	1,643	2,374	1,700	1,505	1,455
Dedicated - Forest Nursery	2,052	1,722	1,806	1,806	1,806
Dedicated - Trust Fund	3,563	4,398	3,931	4,272	4,607
Total	\$ 10,263	\$ 12,691	\$ 10,427	\$ 11,130	\$ 11,644

GRANTS:

- **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 is M.S. 89.70 and M.S. 296.421.

Special Revenue Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$264	\$264	\$264	\$264

- **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 disperses the federal rural community fire funds pursuant to M.S. 88.063, Public Law 95-313, Section 7.

Federal Fund General Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$138	\$136	\$136	\$136
	136	136	136	136

- **Forest Health, Urban Forestry, and Small Business Administration - Tree Planting Programs.** Various federal grants are made under several federal projects to communities, counties, cities, and other government entities for the purpose of planting trees or contracting with small businesses to plant trees or for oak wilt and other disease suppression activities.

Federal Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$1,118	\$673	\$448	\$448

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FOREST MANAGEMENT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	17,398	17,563	18,013	17,971	17,861	18,807	18,005	17,895	18,590
EXPENSES/CONTRACTUAL SRVCS	5,255	5,338	6,886	6,299	6,299	7,273	6,334	6,334	7,081
MISC OPERATING EXPENSES	6,353	6,394	7,229	7,165	7,165	7,186	7,165	7,165	7,178
SUPPLIES/MATERIALS/PARTS	1,775	1,752	2,214	1,917	1,889	1,899	1,933	1,905	1,913
CAPITAL EQUIPMENT	426	620	523	20	20	74	20	20	20
OTHER	682	466	568	569	569	569	564	564	564
SUBTOTAL STATE OPERATIONS	31,889	32,133	35,433	33,941	33,803	35,808	34,021	33,883	35,346
AIDS TO INDIVIDUALS	17								
LOCAL ASSISTANCE	2,381	1,737	1,073	848	848	1,628	848	848	848
TOTAL EXPENDITURES	34,287	33,870	36,506	34,789	34,651	37,436	34,869	34,731	36,194
AGENCY PLAN ITEMS:									
			FUND						
REGIONS 1&2 PLANNER POS. FROM FORESTRY			GEN		<110>			<110>	
REGIONAL PLANNER - REGION 5			GEN		<28>			<28>	
TOTAL AGENCY PLAN ITEMS					<138>			<138>	
GOV'S INITIATIVES:									
			FUND						
(A) GENERIC ENVIRONMENTAL IMPACT STATEMENT			GEN			910			1,463
(A) GENERIC ENVIRONMENTAL IMPACT STATEMENT			EVT			1,875			
TOTAL GOV'S INITIATIVES						2,785			1,463
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST						1,875			
GENERAL	22,916	22,836	25,337	23,890	23,752	24,662	23,890	23,752	25,215
MN RESOURCES	310	244	125						
STATE GOVT SPEC REV	1,064								

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FOREST MANAGEMENT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OPEN APPROPRIATIONS:									
GENERAL	4,540	4,558	5,500	5,500	5,500	5,500	5,500	5,500	5,500
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES		2	57	58	58	58	53	53	53
SPECIAL REVENUE	3,358	3,408	3,038	3,087	3,087	3,087	3,137	3,137	3,137
FEDERAL	2,080	2,790	2,363	2,168	2,168	2,168	2,203	2,203	2,203
GIFTS AND DEPOSITS	19	32	86	86	86	86	86	86	86
TOTAL FINANCING	34,287	33,870	36,506	34,789	34,651	37,436	34,869	34,731	36,194
FTE BY EMPLOYMENT TYPE:									
REGULAR	367.6	361.8	358.1		353.1			353.1	
TEMP/SEAS/PART_TIME	52.1	47.5	47.2		47.2			47.2	
OVERTIME	1.2	1.5	1.5		1.5			1.5	
TOTAL FTE	420.9	410.8	406.8		401.8	419.8		401.8	416.8

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1996-97 Biennial Budget

BUDGET ACTIVITY: Firefighting
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

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. Conservation reserve programs have added to the fire potential in Minnesota. Prevention education is targeted at urban wildland users as well as rural residents.
- 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, DNR's 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. Clients served include rural and suburban residents and landowners, local fire departments, general public, and other fire protection and public safety agencies.

BUDGET ISSUES:

The agency budget plan will increase the continuing need for different approaches to wildfire protection. Since 1986, division staff has decreased by 120 positions with a further reduction of 5 positions expected by the end of F.Y. 1997. Many of these positions were at the field level with

direct fire suppression roles. In addition, more employees who meet the rigorous requirements for firefighting are needed. The following actions are planned:

- The activity will rely more on helicopters and seasonal employees to assure immediate initial attack on wildfires at a higher cost to the emergency fire fund. However, effective initial attack reduces overall suppression costs.
- A recent reorganization of the division and a continuous improvement process which is being implemented will improve efficiency and allow redirection of more field personnel effort to prevention and presuppression tasks.
- Open burning restrictions will be increased during periods of fire danger to reduce the numbers of fire starts.

Finally, an increase to the open appropriation for fire suppression activities was included in the agency plan to approximate the normal level of fire expenditures that were incurred in F.Y. 1993 and F.Y. 1994.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	<u>Dollars in Thousands</u>				
	<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>
Dedicated - General	\$271	\$276	\$200	\$200	\$200
Dedicated - Special	21	27	25	24	24
Dedicated - Federal	<u>195</u>	<u>154</u>	<u>536</u>	<u>336</u>	<u>336</u>
Total	\$487	\$457	\$761	\$560	\$560

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FIRE FIGHTING

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,096	1,964	3,692	2,242	2,642	2,642	2,242	2,642	2,642
EXPENSES/CONTRACTUAL SRVCS	1,755	1,190	799	759	859	859	759	859	859
MISC OPERATING EXPENSES	49	105	390	315	315	315	315	315	315
SUPPLIES/MATERIALS/PARTS	276	356	329	244	244	244	244	244	244
CAPITAL EQUIPMENT	5	9							
SUBTOTAL STATE OPERATIONS	4,181	3,624	5,210	3,560	4,060	4,060	3,560	4,060	4,060
TOTAL EXPENDITURES	4,181	3,624	5,210	3,560	4,060	4,060	3,560	4,060	4,060
AGENCY PLAN ITEMS:									
			FUND						
OPEN APPROPRIATIONS ADJUSTMENTS			GEN		500			500	
TOTAL AGENCY PLAN ITEMS					500			500	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	749	680	736	736	736	736	736	736	736
OPEN APPROPRIATIONS:									
GENERAL	2,950	2,550	2,000	2,000	2,500	2,500	2,000	2,500	2,500
STATUTORY APPROPRIATIONS:									
GENERAL	278	276	200	200	200	200	200	200	200
SPECIAL REVENUE		46	24	24	24	24	24	24	24
FEDERAL	204	72	2,250	600	600	600	600	600	600
TOTAL FINANCING	4,181	3,624	5,210	3,560	4,060	4,060	3,560	4,060	4,060
FTE BY EMPLOYMENT TYPE:									
REGULAR	3.7	2.6	4.6		4.6			4.6	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FIRE FIGHTING

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	43.1	45.4	45.4		45.4		45.4		
OVERTIME	10.7	9.4	9.4		9.4		9.4		
TOTAL FTE	57.5	57.4	59.4		59.4	59.4	59.4		59.4

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1996-97 Biennial Budget

BUDGET ACTIVITY: Youth Programs
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

The Office of Youth Programs operates the Minnesota Conservation Corps (MCC) and Youth in Natural Resources programs.

MCC provides 2 primary services:

- a 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 opportunity for youth of color. The program provides youth with 8 weeks of training in career/education options related to natural resource management. Youth in Greater Minnesota work in teams and experience a broad exposure to resource issues and management techniques. Metropolitan youth have individualized internships tailored to match their interests and abilities.

Further, the Office of Youth Programs contracts with several agencies to provide services ranging from river cleanup in the Red River Valley to employment opportunities for hearing-impaired youth to assisting with flood recovery in southwestern Minnesota.

BUDGET ISSUES:

The impact of inflation on the agency budget plan will result in a projected reduction in program level of effort of \$14,663 and \$29,327 in F.Y. 1996 and F.Y. 1997, respectively. The reductions will be offset by curtailing purchases of supplies and services.

Note: Legislation passed in the 1993 session provides the DNR Commissioner authority to provide group health and accidental death insurance coverage to MCC members. Coverage would be issued by a private insurer under contract with the National Association of Service and Conservation Corps.

The legislation also establishes a post-service incentives program to encourage Corps members to complete their 1-year commitment to MCC (entry level members currently earn

the federal minimum wage). An incentive payment of \$500 or an education voucher of \$1,000 would be awarded. The associated costs must be covered by the existing program budget. MCC staff are currently reviewing the implications of those costs on program operations. Implementation of one or both of the initiatives is anticipated on 7-1-95.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Dedicated - Special	\$ 82	\$ 52	\$ 10	\$-0-	\$-0-
Dedicated - Federal	<u>-0-</u>	<u>41</u>	<u>318</u>	<u>-0-</u>	<u>-0-</u>
Total	\$ 82	\$ 93	\$ 328	\$-0-	\$-0-

Changes proposed in the agency plan will not affect projected revenues.

GRANTS:

Youth in Natural Resources Program. This program provides youth of color with 8 weeks of training in career/education opportunities related to natural resource management.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General Fund	\$49	\$48	\$48	\$48

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: YOUTH PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,432	1,528	2,239	1,857	1,885	1,885	1,858	1,858	1,858
EXPENSES/CONTRACTUAL SRVCS	175	163	196	182	217	217	182	182	182
MISC OPERATING EXPENSES	45	52	49	42	42	42	42	42	42
SUPPLIES/MATERIALS/PARTS	118	77	138	54	66	66	54	54	54
CAPITAL EQUIPMENT	9	4	3	3	3	3	3	3	3
OTHER	14	13	34	36	36	36	37	37	37
SUBTOTAL STATE OPERATIONS	1,793	1,837	2,659	2,174	2,249	2,249	2,176	2,176	2,176
LOCAL ASSISTANCE		49							
TOTAL EXPENDITURES	1,793	1,886	2,659	2,174	2,249	2,249	2,176	2,176	2,176
AGENCY PLAN ITEMS:									
			FUND						
LCMR NEW ALLOCATIONS			MNR	75					
TOTAL AGENCY PLAN ITEMS				75					
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,027	1,161	1,785	1,681	1,681	1,681	1,681	1,681	1,681
MN RESOURCES					75	75			
NATURAL RESOURCES	368	360	517	442	442	442	442	442	442
GAME AND FISH	322	306							
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	55	19	2	2	2	2	2	2	2
FEDERAL		40	355	49	49	49	51	51	51
GIFTS AND DEPOSITS	21								
TOTAL FINANCING	1,793	1,886	2,659	2,174	2,249	2,249	2,176	2,176	2,176

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FOREST MANAGEMENT
ACTIVITY: YOUTH PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.3	7.2	12.0		13.0			12.0	
TEMP/SEAS/PART_TIME	89.5	92.4	91.1		91.1			91.1	
OVERTIME	.1	.1	.1		.1			.1	
TOTAL FTE	97.9	99.7	103.2		104.2	104.2		103.2	103.2

1996-97 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

The mission of the Minnesota State Park System is to provide a state park system which preserves and manages Minnesota's natural, scenic, and cultural resources for present and future generations, while providing appropriate recreational and educational opportunities.

The issues associated with these activities are:

- How to manage state park natural, cultural, archeological, and historical resources within the context of Minnesota's ecosystems for sustainability.
- How to provide appropriate recreational opportunities within state parks and recreation areas.
- How to provide accessible interpretive services which create a sense of stewardship for Minnesota's natural and cultural heritage.
- How to provide adequate and stable funding to insure quality public service.

PROGRAM STATUS:

This program provides for the management, maintenance, operation, and development of 230,600 acres of outstanding natural resources that comprise 65 state parks, 2 state recreation areas, and 11 waysides. The 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, 1,600 buildings, 260 miles of road, 60 boat accesses, and all other physical development. The division also provides law enforcement, operates and leases concessions, provides night security services, conducts environmental education and interpretive programs for park visitors, and practices sustainable ecosystem-based management.

In 1990, the division established minimum standards for maintenance and operations of state parks. This system provides a means to establish budgets, allocate funds equitably, communicate management expectations, and evaluate park staff performance. The state park system has never had enough funding to fully fund minimum operation standards.

Current Ecosystem-Based Management Efforts

During F.Y. 1993, Minnesota state park staff were involved in 59 ecosystem-based management projects across Minnesota. This extensive involvement indicates the state park staff's dedication to preserving Minnesota's resources and providing for their enjoyment.

PLANNED RESULTS:

The division's budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished as follows:

- The division will continue to increase the amount of state park lands maintained in its desired future condition. At the close of F.Y. 1997, the division will have completed a resource assessment on 12 parks to identify a desired future condition for the ecosystems within each park.
- The number of sustainable ecosystem-based management projects that state park staff are involved in will increase. State park administrative staff will support park staff involvement in appropriate ecosystem-based management programs. This management philosophy will be part of annual performance reviews, and annual awards will continue to be presented to staff for outstanding efforts in sustainable ecosystem-based management. At the close of F.Y. 1997, the division will be involved in 80 ecosystem-based management projects.
- The state park system preserves and manages the uniqueness and diversity of Minnesota's natural, scenic, and cultural resources for present and future generations. State park natural and cultural resource preservation efforts are often endangered by private in-holdings of land within a state park. Private in-holdings within state parks create numerous constraints for effective park operations. The division will work to acquire the remaining 23,600 acres of private land within the statutory boundaries of state parks by the year 2020. The division will seek funding to complete acquisition of 4,500 acres of land within state park statutory boundaries by the end of F.Y. 1997.
- Division managers must continually balance the amount of effort invested in resource management and customer service. Both these activities are necessary for continuing to satisfy our customers, but each visitor has a different idea of what the mix should be. Division management will decide as each budget is distributed what amount of staff hours we can afford to dedicate to providing public service as compared to resource management activities. The division will ensure that 94% or more of state park customers are satisfied with the services provided. Visitor research will help determine these funding priorities and measure results.
- By continually improving the state park interpretive program and expanding the program through a variety of options, we will continue to have a positive effect on the environmental awareness of park visitors. A survey instrument will be developed that measures the level of knowledge and awareness regarding environmental issues for a random sample of park visitors and non-park visitors by F.Y. 1997.
- The interpretive program will continue to expand its clientele by embracing the shifting trends in recreation and sustainable ecosystem-based management and by employing ever-improving media and techniques at the emerging edge of environmental interpretation. This will increase the number of people participating in formal environmental learning opportunities in state parks.
- State parks will seek legislative support to increase funding for minimum operating standards each biennium. Division management staff will continue to seek efficiency measures to ensure that the identified needs truly are minimum operating standards.

1996-97 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

BUDGET AND REVENUE SUMMARY:

Revenue

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 5,780	\$ 5,914	\$ 6,651	\$ 7,156	\$ 7,197
Dedicated - Special	51	57	50	61	63
Dedicated - Working Capital/ Douglas Lodge	<u>1,770</u>	<u>2,440</u>	<u>2,650</u>	<u>2,928</u>	<u>3,031</u>
Total	\$ 7,601	\$ 8,411	\$ 9,351	\$ 10,145	\$ 10,291

Grants

Metropolitan Council. Appropriation from the General Fund for payment of a grant to the Metropolitan Council for Metropolitan Area Regional Parks maintenance and operations (Laws of 1993, Ch. 172, Sec. 5).

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General Fund	\$2,238	\$2,238	\$2,238	\$2,238

Program Plan

The agency plan for the Parks and Recreation Management Program is as follows:

- State park revenue from the main 1994 operating season (May — September 1994) increased by 13.3% over the same period 1 year earlier. Applying that 13.3% factor to the F.Y. 1994 General Fund revenue base of \$5,960,000 yields a projected annual General Fund revenue increase of approximately \$800,000.
- A budget reallocation of \$8,000 that will transfer to the Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.

LCMR Recommendations:

State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation. This project provides funds as follows: 1) \$1,670,000 for state park and recreation area acquisition, of which up to \$670,000 may be used for state trail acquisition of a critical nature; 2) \$680,000 for state park and recreation area development; and 3) \$1,400,000 for betterment and rehabilitation of state parks and recreation areas. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$3,750,000 Environmental and Natural Resources Trust Fund; of this amount, \$1,445,000 is from the Trust Fund acceleration.)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the following changes: the Governor recommends an increase of \$793,000 in F.Y. 1996 and \$827,000 in F.Y. 1997 from the General Fund for state park operations and ecosystem management. The increased funding is equal to increased entrance receipts as a result of more visitors to state parks.

The Governor does not recommend approval of the LCMR allocation for State Park and Recreation Area Acquisition, Development, Betterment and Rehabilitation. That project was adequately funded in the 1994 Capital Budget and is an appropriate project for future capital budgets.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: PARKS & RECREATION MGMT
ACTIVITY: PARKS & RECREATION MGMT

ACTIVITY SUMMARY	FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:						
DETAIL BY CATEGORY:						
STATE OPERATIONS:						
PERSONAL SERVICES	15,058	15,755	16,340	16,268	16,268	16,956
EXPENSES/CONTRACTUAL SRVCS	2,734	3,254	2,485	2,521	3,015	2,515
MISC OPERATING EXPENSES	887	967	1,085	1,085	1,083	1,083
SUPPLIES/MATERIALS/PARTS	2,240	2,499	3,385	3,476	3,476	3,581
CAPITAL EQUIPMENT	251	133	90	90	90	90
OTHER	1,175	1,149	3,573	625	3,875	625
SUBTOTAL STATE OPERATIONS	22,345	23,757	26,958	24,065	27,807	24,850
LOCAL ASSISTANCE	16	2,269	2,238	2,238	2,238	2,238
TOTAL EXPENDITURES	22,361	26,026	29,196	26,303	30,045	27,088
AGENCY PLAN ITEMS:						
LCMR NEW ALLOCATIONS					3,750	
REGIONAL PLANNER - REGION 5					<8>	<8>
TOTAL AGENCY PLAN ITEMS					3,742	<8>
GOV'S INITIATIVES:						
(A) LCMR REDISTRIBUTION					<3,750>	
(B) STATE PARKS OPERATIONS FUNDING					793	827
TOTAL GOV'S INITIATIVES					<2,957>	827
SOURCES OF FINANCING:						
DIRECT APPROPRIATIONS:						
ENVIRONMENT TRUST		961	2,689		3,750	
GENERAL	19,314	21,489	22,459	22,353	22,345	23,178
MN RESOURCES	112					
NATURAL RESOURCES	1,342	754	730	687	687	687

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: PARKS & RECREATION MGMT
ACTIVITY: PARKS & RECREATION MGMT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES	69								
SPECIAL REVENUE	1,441	2,389	2,872	3,178	3,178	3,178	3,280	3,280	3,280
FEDERAL	42	348	363	2	2	2	2	2	2
GIFTS AND DEPOSITS	41	85	83	83	83	83	83	83	83
TOTAL FINANCING	22,361	26,026	29,196	26,303	30,045	27,088	26,400	26,392	27,219
FTE BY EMPLOYMENT TYPE:									
REGULAR	207.2	212.4	216.9		214.6		214.6		
TEMP/SEAS/PART_TIME	207.5	210.2	207.7		206.4		206.4		
OVERTIME	3.5	3.5	3.5		3.5		3.5		
TOTAL FTE	418.2	426.1	428.1		424.5	424.5	424.5		424.5

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Recreation Management
ACTIVITY:

ITEM TITLE: State Parks Operations Funding

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$793	\$827	\$864	\$900
Revenues: (\$000s)				
General Fund	\$793	\$827	\$864	\$900

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in funding to recover projected increases in revenues for state park operations and ecosystem-based management efforts in state parks and state park areas.

RATIONALE:

- In 1990, the division developed 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 minimum operating standards process accurately reflects the needs of state parks in fulfilling its mission of preserving and managing Minnesota's natural, scenic, and cultural resources for present and future generations, while providing appropriate recreational and educational opportunities. Currently, the division stands at \$2,900,000 below minimum standards for operations and resource management. Any funding below minimum standards results in fewer outdoor recreation opportunities, reduced resource protection, deterioration of park facilities, and loss of jobs. Standards for all state park programs will be completed by January 1995.

State parks are enjoying a record season in attendance and revenue in 1994. General Fund receipts are up over 13% and overnight occupancy is up 10%, while overall attendance has increased by 6%.

Increased attendance has a direct impact on park costs. Additional customers mean more service demands, including cleaning of sanitation buildings or other public spaces, additional facility and campsite maintenance, more public contact staffing, and increased enforcement.

- The division's resource management program has the objective of achieving ecosystem-based management by:

Keeping what we have by preserving natural communities, archaeological and historic sites, and rare and endangered plants and animals.

Restoring what we've lost by working in partnerships with communities and landowners surrounding state parks to re-create examples of Minnesota landscape prior to settlement by Europeans.

Striking the balance between use and protection by minimizing the impact of public use and facility development on natural and cultural resources. It also requires enhancing the natural and historical setting in which outdoor recreation and interpretation occurs.

PROGRAM OUTCOMES:

With the increased usage of state parks, staff and facilities are being stretched beyond current capacity. Additional funding is needed to maintain and enhance park facilities and the cultural and natural landmarks which are the cornerstone of Minnesota state parks and to provide the services our customers demand. The increase in funding will help attain the following Department of Natural Resources' objectives:

- To manage state park natural, cultural, archeological, and historical resources within the context of Minnesota's ecosystems.
- To provide appropriate recreational opportunities within state parks and recreation areas.
- Additional and more comprehensive resource management prescriptions will benefit the department's goal of ecosystem management.

LONG-TERM IMPACT:

The increased funding of state park operations will enhance visitor services, interpretive programs, and park maintenance for the future. Funding for resource management will mean that state parks will be better equipped to manage significant portions of the natural communities and ecosystems of the state.

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1996-97 Biennial Budget

PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

The Trails and Waterways Unit carries out its dual charge through the Trail Recreation and Water Recreation programs in liaison with other state and federal agencies, the Minnesota Legislature, the Governor's Office, and various boards, commissions, committees, and citizens' groups. Primary program responsibilities include:

Trail Recreation Program

- Acquire, develop, operate, and maintain 1,028 miles of legislatively authorized state trails.
- Assist in the development and maintenance of 2,033 miles of DNR unit trails.
- Administer grants-in-aid to local governments to support trail development and maintenance.
- Administer the Adopt-a-River Program.

Water Recreation Program

- Acquire, develop, operate, and maintain 1,400 public water access sites.
- Acquire, develop, install, and maintain 150 fishing piers and 10 shore fishing sites.
- Maintain access and wayside facilities along 2,865 miles of designated river recreation routes.
- Acquire, develop, and operate 5 Lake Superior safe harbors in cooperation with local governments.

PROGRAM STATUS:

Since the Trails and Waterways Unit began in 1979, this popular system has grown to include 1,400 access sites, 150 fishing piers, and numerous access and wayside facilities located along Minnesota's 2,865 miles of designated river recreation routes. Safe harbors in Knife River, Two Harbors, Silver Bay, Grand Marais, and Grand Portage are authorized in M.S. 86A.20.

Trail users enjoy more than 16,500 miles of trails for various motorized and non-motorized recreation activities. The Trails and Waterways Unit administers grants to local units of government for the construction and maintenance of more than 14,000 miles of local snowmobile, all-terrain vehicle, and cross-country ski trails. The unit also manages the 1,028-mile state trail system. Sixteen state trails have been legislatively authorized in M.S. 85.015. The unit assists in developing and maintaining the 2,033 miles of DNR unit trails located mostly in state parks and on state forest lands.

- **Increased Maintenance and Operating Costs.** Funding for facility maintenance, operations, and services has not kept pace with increased operating costs and growing visitor use. Inflation and other underfunded liabilities have seriously eroded operating dollars. As new facilities are added, the problem has grown more acute. Regular funding is unavailable for routine preventative maintenance and operation of water access and trail facilities. Deferred maintenance is becoming increasingly problematic in terms of its impact on visitor satisfaction and infrastructure integrity. Dollars spent on needed repairs extends the useful life of these facilities and can

help avoid costly replacement or major redevelopment projects later on.

- **Capital Funding Availability.** New facility construction depends upon regular capital appropriations. The amount, timing, and specific legislative direction accompanying capital appropriations helps determine project priorities. Competition for capital bonding dollars has greatly increased in recent years given the need to supplement and revitalize Minnesota's aging public infrastructure. However, capital appropriations for new construction without associated maintenance and operations dollars results in reduced maintenance over the entire system.
- **Social, Economic, and Demographic Change.** Minnesota's aging, increasingly urbanized, and ethnically diverse population will enjoy less leisure time and disposable income than did their predecessors. Today's visitors demand accessible, high-quality facilities conveniently located near major transportation routes, population centers, and tourist destinations. Many local businesses depend upon recreation visitors for their livelihood. These businesses are directly affected by cutbacks in facility operations and maintenance. Demographic shifts and changes in household composition illustrate the need to tailor recreation programs and services to reflect the changing face of Minnesotans. The Trails and Waterways Unit is committed to providing safe, convenient, affordable, accessible recreation facilities, especially for those who would otherwise be unable to enjoy the outdoors.

Current Ecosystem-Based Management Efforts

The DNR is actively moving toward more integrated, interdisciplinary recreation resource management planning in order to ensure a balanced, coordinated, and environmentally sustainable approach to meeting fast-growing demands for outdoor recreation. This approach calls for multi-resource planning over broad geographic areas or ecoregions. As such, strong cooperative working relationships must be forged with area landowners, business and commercial interests, local citizens' groups, recreation user groups, and other potentially affected "stakeholders." Biodiversity benchmarks may then be applied, in collaboration with stakeholders, to gauge the long-term sustainability of recreation plans, policies, programs, and management practices. This new approach, while a good means of reconciling human demands with the natural capacity of ecosystems to satisfy these demands, is considerably more difficult and time consuming than past methods. It may also make attaining the Trails and Waterways Division goals and objectives more difficult and less certain.

PLANNED RESULTS:

The Trails and Waterways' program plan for 1996-97 reflects its continuing commitment to providing high-quality trail and water recreation programs, facilities, and services. Every effort will be made to maintain the character and quality of these programs and services despite budget restraints by working more efficiently on unit priorities. Current funding levels will permit system operation at reduced levels of service. The \$616,000 cut in F.Y. 1995 Water Recreation Program funding will reduce land acquisition and halt boater access construction with state program funds until funding is restored. Although no programs will be eliminated, deferred facility maintenance and repair will eventually need to be addressed to halt deterioration and protect the state's considerable investment in these facilities.

PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET AND REVENUE SUMMARY:

Program Plan

The agency plan for the Trails and Waterways Program is as follows:

- Beginning in F.Y. 1997, the Statewide Indirect Cost Plan will be modified to reflect changes in the funding mechanism for the new accounting, human resources/payroll, and procurement systems that will come on line. This indirect cost plan will be modified to reflect the full operating and amortization costs of the Statewide Systems Project and will allocate the costs of these activities to agencies by fund. Each fund which has been allocated costs will be liable for payment unless a waiver is approved by the Department of Finance or granted by statute. The agency plan provides an additional \$50,000 for the open appropriation from the Natural Resources Fund for these costs in F.Y. 1997.
- The agency plan provides funds to annualize new program costs for the Off-Road Vehicle and Off-Highway Motorcycle Programs. Due to limited receipts available to establish adequate base budgets in F.Y. 1995, DNR is requesting \$85,000 annually for the next biennium from anticipated off-road vehicle and off-highway motorcycle registration fees and unrefunded gasoline taxes attributable to off-road vehicle and off-highway motorcycle use under M.S. 296.16 to establish operational programs.

1993 legislation establishing the off-road vehicle and off-highway motorcycle programs requires repayment of start-up General Fund appropriations. Because of insufficient revenue from registrations and unrefunded gasoline taxes, the department requests a 1-year delay in paying back the General Fund.
- The state has been granted funding by the U.S. Fish and Wildlife Service (USFWS) through the Clean Vessel Act to survey marina facilities in Minnesota to determine the availability of marine sanitary waste facilities on Minnesota waters, to determine the adequacy of pumpout and dumpout facilities, and to make grants to public and private facilities to add or upgrade marine sanitary waste facilities where it is deemed appropriate. The state has completed the survey and the plan and is currently selecting the facilities that will receive grant funds. In federal F.Y. 1995, Minnesota has been awarded \$60,000. The agency plan includes an additional \$10,000 from the Game and Fish Fund to provide a total of \$60,000 of state funds annually to be used for the grants which will then be reimbursed by the USFWS-awarded funding.
- The state's continued participation in the federal Sport Fish Restoration Program is addressed in the agency plan. This program, administered by the USFWS, requires the state to allocate 12.5% of the funds apportioned to it for each fiscal year for the payment of up to 75% of the costs of acquisition, development, renovation, or improvement of public access facilities to improve the suitability for recreational boating purposes. The agency plan provides additional

resources to align the level of state funds with the required federal 12.5% apportionment. The amount requested from the Game and Fish Fund is \$491,000 in F.Y. 1996, which includes a one-time adjustment of \$329,000 for F.Y. 1993-95, and \$178,000 in F.Y. 1997.

- A budget reallocation of \$3,000 that will transfer to the Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.
- The Water Recreation and Snowmobile Accounts are projected to remain solvent through 1999, at which time expenditures are expected to exceed available funds. However, if gas tax revenues and/or registration fees are increased, these user-funded accounts would be positively affected.

LCMR Recommendations:

- **State Trail Rehabilitation and Acquisition.** This project will provide for rehabilitation and acquisition in accordance with state trail plan priorities. The commissioner must submit grant requests for supplemental funding for federal Intermodal Surface Transportation Efficiency Act money and report the results to the Legislative Commission on Minnesota Resources. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$250,000 Environmental and Natural Resources Trust Fund. Of this amount, \$100,000 is from the Trust Fund acceleration.)
- **Water Access.** This project provides funds to accelerate public water access acquisition and development statewide. Access includes boating access, fishing piers, and shoreline access. Up to \$100,000 of this appropriation may be used for a cooperative project to acquire and develop land, local park facilities, an access trail, and a boat access at the LaRue pit otherwise consistent with the water access program. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$600,000 Environmental and Natural Resources Trust Fund.)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the following changes: the Governor recommends increased funding of \$100,000 in F.Y. 1996 and \$100,000 in F.Y. 1997 from the Natural Resources Fund for all-terrain vehicle (ATV) activities. The increased expenditures will be evenly divided between trail development and maintenance and the ATV grants-in-aid program.

The Governor does not recommend the approval of the LCMR's allocations for State Trail Rehabilitation and Acquisition or for Water Access. Both projects were adequately funded in the 1994 Capital Budget and are appropriate projects for future capital budgets.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	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.
TRAILS & WATERWAYS MGMT	1,151	1,290	3,294	1,345	1,593	1,343	1,345	1,343	1,343	1,345	1,343	1,343	1,345	1,343	1,343
WATER ACCESS & RECREATION	6,127	5,875	11,160	5,653	6,753	6,153	5,653	5,890	5,890	5,653	5,890	5,890	5,653	5,890	5,890
TRAILS RECREATION	5,384	5,002	7,069	5,181	5,266	5,366	5,181	5,266	5,366	5,181	5,266	5,366	5,181	5,266	5,366
TOTAL EXPENDITURES BY ACTIVITY	12,662	12,167	21,523	12,179	13,612	12,862	12,179	12,499	12,599	12,179	12,499	12,599	12,179	12,499	12,599
AGENCY PLAN ITEMS:	FUND														
OPEN APPROPRIATIONS ADJUSTMENTS	NRF														
ANNUALIZED NEW PROG COST	NRF														
FED REQUIREMENTS (STATE MATCH)	G&F														
LCMR NEW ALLOCATIONS	EVT														
REGIONAL PLANNER - REGION 5	GEN														
REGIONAL PLANNER - REGION 5	NRF														
TOTAL AGENCY PLAN ITEMS	1,433														
GOV'S INITIATIVES:	FUND														
(A) LCMR REDISTRIBUTION	EVT														
(B) TRAIL MAINTENANCE	NRF														
TOTAL GOV'S INITIATIVES	<750>														
SOURCES OF FINANCING:	FUND														
DIRECT APPROPRIATIONS:	EVT														
ENVIRONMENT TRUST	NRF														
GENERAL	EVT														
MN RESOURCES	NRF														
NATURAL RESOURCES	EVT														
GAME AND FISH	NRF														
OPEN APPROPRIATIONS:	EVT														
NATURAL RESOURCES	NRF														
STATUTORY APPROPRIATIONS:	EVT														
SPECIAL REVENUE	NRF														
FEDERAL	EVT														
GIFTS AND DEPOSITS	NRF														

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.												
TOTAL FINANCING	12,662	12,167	21,523	12,179	13,612	12,862	12,179	12,499	12,599						
FTE BY EMPLOYMENT TYPE:															
REGULAR	68.4	68.5	71.5		71.5			71.5						71.5	
TEMP/SEAS/PART_TIME	47.1	45.3	44.4		44.4			44.4						44.4	
OVERTIME	.3	.2	.2		.2			.2						.2	
TOTAL FTE	115.8	114.0	116.1		116.1	116.1		116.1	116.1					116.1	116.1

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1996-97 Biennial Budget

BUDGET ACTIVITY: Trails and Waterways Management
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

This activity exists to provide recreation for state residents and tourists. It supports the DNR's overall trail program through 1) trail planning, interpretation, promotion, and marketing; 2) maintenance, operations, and administration of all state trails; and 3) river cleanup through the Adopt-a-River Program.

The Trails and Waterways Unit administers the 1,028-mile state trail system and assists in developing and maintaining 2,033 miles of DNR unit trails (i.e., trails within state parks and state forests). In all, trail enthusiasts enjoy more than 3,000 miles of trail for various non-motorized recreational activities. This activity enables Minnesotans to access and enjoy the outdoors safely and responsibly, prompting increased environmental awareness while fostering improved personal health and wellness. These facilities, and the people who use them, also play an important role in local economic growth, local tourism, civic pride, and community well-being.

State trails primarily appeal to hikers, bicyclists, joggers, and those who simply wish to walk and enjoy the out-of-doors. The fact that no special training, skills, or equipment is needed to use and enjoy these scenic corridors adds to their allure. Besides trail users, local business and commercial interests have been very supportive of trail development. Trail user associations and advocacy groups have also been very active in promoting trail extensions and connections to recreation sites, population centers, and other worthwhile destinations.

The Adopt-a-River Program enlists the aid of volunteers in removing trash along sections of Minnesota's waterways, restoring the health and natural beauty of these once majestic rivers. Some 225 groups and individuals have now adopted over 750 miles of river bank. Fish and wildlife habitat is improved and the potential for toxic releases is reduced when trash is removed. Volunteers meanwhile rediscover this hidden beauty and learn to appreciate the severity of the problem. A newfound respect for our natural world results from this learning, growing volunteer experience.

BUDGET ISSUES:

Facility maintenance and operations funding has not kept pace with inflation, increased operating costs, growing facility use, or with expansion of the state's system of trails. Recent development of the Gateway Segment of the Willard Munger State Trail between Saint Paul and Pine Point Park in Washington County illustrates this dilemma. The state has invested \$4,576,000 in acquiring and developing the Gateway Trail, yet there has been no appropriation of funds for its maintenance or operations. This 17-mile trail now receives 200,000 to 300,000 visitors per year without full-time staff or maintenance funding.

For trail users, this means reduced mowing and litter pick up, shortened seasons for portable toilets, no drinking water is provided, informational maps and trail publicity are rarely available, unrepaired vandalism and graffiti persist for long periods, and DNR personnel are seldom available to provide on-site visitor assistance or support. It may also mean that pavement washouts or other safety

hazards are simply fenced off for a period of time instead of being promptly repaired. Stolen and vandalized information and caution signs may also go unrepaired or unreplaced until part-time trail personnel are able to remedy this situation.

Absorbing the maintenance conducted on the Gateway Trail is accomplished at the expense of the entire state trail system. That is, maintenance on other state trails must be postponed or reduced in order to free up resources for the Gateway Trail. New trail segments currently planned for F.Y. 1996 will place a still greater burden on existing budgets and make this already untenable situation still more critical.

Meeting growing demands with existing budgets has and will continue to result in reduced maintenance systemwide. Reduced trail maintenance has led to deterioration of some existing trail facilities. Consequences of trail deterioration include reduced visitor satisfaction and, ultimately, less use by dissatisfied trail users. Should trail use decline, visitor expenditure in adjacent communities can also be expected to diminish.

Since its inception as a pilot project in 1989, the Adopt-a-River Program has enjoyed unprecedented volunteer support and public acceptance. The program now boasts over 840 miles of river bank adopted by some 230 groups and organizations. Volunteers remove tons of garbage and debris from Minnesota rivers annually. Despite its success, however, no funding has been provided to expand or improve this program. If this popular program is to continue to grow, additional budget resources will need to be secured. The additional budget would allow the existing 230 organizations to receive the help necessary to do more effective cleanups. Staff time presently cannot reach all organizations with technical assistance.

REVENUE:

This activity does not generate revenue.

GRANTS:

National Recreational Trails Program. Under the direction of the DNR, the National Recreational Trails Program (Symms National Trails Act of 1991) provides federal funding to local sponsors for various motorized and non-motorized trail projects within Minnesota. The program is administered by the Federal Highway Administration and is subject to annual congressional appropriations.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal Fund	\$-0-	\$319	\$350	\$350

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS & WATERWAYS MGMT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	763	763	831	795	795	795	795	795	795
EXPENSES/CONTRACTUAL SRVCS	144	146	561	95	123	93	95	93	93
MISC OPERATING EXPENSES	20	43	63	65	65	65	65	65	65
SUPPLIES/MATERIALS/PARTS	36	33	46	30	30	30	30	30	30
CAPITAL EQUIPMENT	8	9							
OTHER	133	296	1,474	10	230	10	10	10	10
SUBTOTAL STATE OPERATIONS	1,104	1,290	2,975	995	1,243	993	995	993	993
LOCAL ASSISTANCE	47		319	350	350	350	350	350	350
TOTAL EXPENDITURES	1,151	1,290	3,294	1,345	1,593	1,343	1,345	1,343	1,343
AGENCY PLAN ITEMS:									
LCMR NEW ALLOCATIONS					250				
REGIONAL PLANNER - REGION 5					<2>			<2>	
TOTAL AGENCY PLAN ITEMS					248			<2>	
GOV'S INITIATIVES:									
(A) LCMR REDISTRIBUTION						<250>			
TOTAL GOV'S INITIATIVES						<250>			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	33	353	1,974		250				
GENERAL	1,025	926	992	990	988	988	990	988	988
MN RESOURCES	84								
NATURAL RESOURCES	6	5							
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3								

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS & WATERWAYS MGMT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL		6	323	350	350	350	350	350	350
GIFTS AND DEPOSITS			5	5	5	5	5	5	5
TOTAL FINANCING	1,151	1,290	3,294	1,345	1,593	1,343	1,345	1,343	1,343
FTE BY EMPLOYMENT TYPE:									
REGULAR	15.3	14.5	14.5		14.5			14.5	
TEMP/SEAS/PART_TIME	3.0	3.9	3.8		3.8			3.8	
TOTAL FTE	18.3	18.4	18.3		18.3	18.3		18.3	18.3

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1996-97 Biennial Budget

BUDGET ACTIVITY: Water Access and Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION: The Water Access and Recreation Activity encompasses a broad range of activities including boat access to public waters, river recreation, fishing piers, shore access, and harbors on Lake Superior.

Currently, the DNR manages and maintains approximately 1,400 accesses to public waters and continues to acquire and develop boat access sites on high-priority lakes and rivers. These sites average 2 acres in size, contain a boat launch ramp, a parking lot, an entrance road; and visitor services such as toilets, docks, and information kiosks. The DNR emphasizes partnerships in establishing or upgrading water access sites with the DNR providing the capital investment and with local communities maintaining and operating the public access facilities.

Obtaining public input, involving stakeholders, and seeking acceptable solutions to access issues is critical to access site selection and development. Environmental reviews, permit processes, archaeological investigations, exotic species management, and public participation all contribute to the goal of ensuring wise use of our natural resources while preserving opportunities for future generations.

Research has shown that Minnesotans rely heavily upon public access sites to access lakes and rivers. A 1988 boater survey conducted by the University of Minnesota showed that 3/4 of the state's boat owners launch a boat at a public water access site at least once per year. In addition, over 80% report using these sites for activities other than boating (i.e., shore fishing, ice fishing, wildlife observation, etc.). The growing demand for water recreation is evidenced by the increased number of registered boats, the popularity of lake and river recreation, and the backlog of requests for fishing piers.

The DNR manages and maintains 150 public fishing piers and numerous shore access sites in cooperation with local units of government. The DNR installs the piers on priority waters based upon a ranking system which considers the fisheries resource, local initiatives, and proximity to population or recreation resource centers, et. al.

The Trails and Waterways Unit provides facilities and services to ensure the safety of canoeists and boaters on some 2,865 miles of river recreation routes. Facilities include primitive campsites, rest areas, portage trails, and water access sites. New access sites are acquired and developed according to management plans and demonstrated need. Services include river cleanup, snag removal, the printing of maps and information guides, water level reports, and hazard signing.

The Trails and Waterways Unit will also implement the *North Shore Harbors Plan* and subsequent legislation which specified the number, size, and location of Lake Superior harbors and associated water accesses. The highest priority site is in Silver Bay, Minnesota. These harbors will provide boaters and anglers with an opportunity to use and enjoy Lake Superior safely.

BUDGET ISSUES:

- The primary budget issue concerns the impact of the reduction of \$616,000 in F.Y. 1995 due

to a projected shortfall in the Water Recreation Account. These funds had been a regular part of the budget since the inception of the Water Recreation Account in 1985. These funds are used for cooperative access projects with local governments, major rehabilitation of deteriorating access sites, and the purchase of sites popular with local interests. This is a significant reduction because it eliminates our ability to respond to local needs for access. Boat access construction has been reduced by 10-12 annually and land acquisition by about 3 acquisitions per year. This reduction severely limits our ability to earn federal funds. Over \$1,500,000 in state acquisition and development funds earn over \$1,300,000 in federal funds. The federal Wallop Breaux Act requires that 12.5% of dedicated funds be spent on boat access projects, which amounts to about \$950,000 per year. Federal reimbursement to the states is at 75%. An additional \$500,000 of federal money is available on a 50% match basis through the U.S. Coast Guard.

- The impact of no inflationary increase, coupled with growing maintenance costs, new sites being added, and a shortfall in the Game and Fish Fund, has reduced our ability to provide service. While new sites are developed with state and federal capital dollars, there has not been an increase in maintenance funding since 1989. Meanwhile, high-maintenance, multi-purpose sites are being added to the system with funding approved by the legislature as recommended by the LCMR and with regular capital funds (i.e., Lake Minnetonka). The net result is less maintenance and operations funding spread among more sites which are, in turn, more expensive to maintain and operate.
- Fishing pier and shore fishing funding has been approved by the legislature as recommended by the LCMR. This system has grown to include over 150 piers and 10 shore sites. The piers are owned by the DNR and operated by local units of government. The DNR is responsible for major structural repairs and maintenance, while local governments monitor day-to-day maintenance needs. Since the piers were first installed in 1984, major structural damage has begun to appear on some of the older piers. As yet, no funds have been made available to enable the DNR to fulfill its responsibility by repairing this serious structural damage.

REVENUE: This activity does not generate revenue. See the Enforcement Program for watercraft registration receipts and unrefunded marine gas tax.

GRANTS:

- **St. Louis River Land Acquisition.** This grant provided funds to the St. Louis River Board for the implementation of the St. Louis River Management Plan.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Trust Fund	\$50	\$-0-	\$-0-	\$-0-

- **Water Access Development.** Two water access development projects were completed on a cost-share basis with the U.S. Forest Service. Also, recreational boating surveys were conducted on a cost-share basis with the Lake Minnetonka Conservation District.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Natural Resources Fund	\$62	\$-0-	\$-0-	\$-0-

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: WATER ACCESS & RECREATION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,254	2,265	2,541	2,543	2,543	2,543	2,543	2,543	2,543
EXPENSES/CONTRACTUAL SRVCS	1,038	1,012	1,276	880	1,043	963	880	917	917
MISC OPERATING EXPENSES	118	114	292	136	136	136	136	136	136
SUPPLIES/MATERIALS/PARTS	652	732	821	625	724	624	625	624	624
CAPITAL EQUIPMENT	54	11							
OTHER	1,760	1,629	6,230	1,469	2,307	1,887	1,469	1,670	1,670
SUBTOTAL STATE OPERATIONS	5,876	5,763	11,160	5,653	6,753	6,153	5,653	5,890	5,890
LOCAL ASSISTANCE	251	112							
TOTAL EXPENDITURES	6,127	5,875	11,160	5,653	6,753	6,153	5,653	5,890	5,890
AGENCY PLAN ITEMS:									
FUND									
OPEN APPROPRIATIONS ADJUSTMENTS			NRF					50	
FED REQUIREMENTS (STATE MATCH)			G&F		501			188	
LCMR NEW ALLOCATIONS			EVT		600				
REGIONAL PLANNER - REGION 5			NRF		<1>			<1>	
TOTAL AGENCY PLAN ITEMS					1,100			237	
GOV'S INITIATIVES:									
FUND									
(A) LCMR REDISTRIBUTION			EVT			<600>			
TOTAL GOV'S INITIATIVES						<600>			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		894	1,802		600				
MN RESOURCES	462	43	3,055						
NATURAL RESOURCES	4,272	3,883	4,394	3,922	3,921	3,921	3,922	3,921	3,921
GAME AND FISH	765	610	1,031	833	1,334	1,334	833	1,021	1,021

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: WATER ACCESS & RECREATION

ACTIVITY SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	109	69	109	109	109	109	109	159	159
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	32	22	23	23	23	23	23	23	23
FEDERAL	473	339	744	764	764	764	764	764	764
GIFTS AND DEPOSITS	14	15	2	2	2	2	2	2	2
TOTAL FINANCING	6,127	5,875	11,160	5,653	6,753	6,153	5,653	5,890	5,890
FTE BY EMPLOYMENT TYPE:									
REGULAR	32.7	34.4	37.4		37.4			37.4	
TEMP/SEAS/PART_TIME	28.1	26.0	25.2		25.2			25.2	
OVERTIME	.3	.2	.2		.2			.2	
TOTAL FTE	61.1	60.6	62.8		62.8	62.8		62.8	62.8

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1996-97 Biennial Budget

BUDGET ACTIVITY: Trail Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

This activity provides a range of recreational trail opportunities across the state. Included are operations, maintenance, grants to local units of government, technical assistance, and the promotion of cross-country ski trails, all-terrain vehicle (ATV) trails, and snowmobile trails. In addition, legislation was recently passed to expand this activity to include off-highway motorcycles (OHM) and off-highway vehicles (OHV). This program provides Minnesotans and their visitors the opportunity to access and enjoy the outdoors in a safe, responsible manner while protecting sensitive resources and fostering local economic development.

Grants-in-aid (GIA) trails appeal to both trail users and to local commercial and economic development interests that benefit from the increased tourism and commercial activity attributable to trail users. Various civic and community groups have also been formed to generally support maintenance and expansion of Minnesota's system of GIA trails.

BUDGET ISSUES:

The absorption of past inflation and underfunded liabilities (i.e., salary supplement) has been a major issue on DNR snowmobile trails: This has translated into reduced maintenance of state and unit trails, a cutback of hours spent on fall trail repair and preparation work, reduced trail grooming frequency, and shortened labor seasons. Reduced expenditures on materials and supplies and a reduction in the number of trail grooming contracts has also resulted. Grooming of state forest trails has also been reduced.

The snowmobile GIA program has also had to absorb inflationary costs during the past 5 years, thereby reducing the effectiveness of this program by approximately 20%. This has resulted in more dependency on increased donations of time and funding by the local sponsors and clubs well beyond the program guidelines. Several very important trail connections are presently awaiting funding. During the 1994 legislative session, a one-time appropriation of \$600,000 was made from the General Fund to help alleviate the maintenance and grooming problems.

In 1993, legislation was enacted to initiate both OHV and OHM grant programs. This legislation included a trails assistance (or GIA) program, a registration system, a safety training provision, and enforcement measures. At that time, a one-time General Fund appropriation was made to initiate these programs. These General Fund dollars were to be reimbursed by revenues from these activities, but because of revenue shortfalls it is anticipated that it will take an additional year to fully reimburse the General Fund. During the 1994 legislative session, legislation was subsequently enacted to incorporate the gas tax attributed to off-road use into the Natural Resources Fund for these purposes.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Dedicated - Special	\$ 95	\$ 17	\$ 15	\$ 20	\$ 20
Dedicated - Federal	14	18	319	-0-	-0-
Dedicated - Snowmobile	5,322	5,623	5,509	5,523	5,556
Dedicated - Cross-Country Ski	207	199	180	180	180
Dedicated - ATV	913	1,026	926	939	953
Dedicated - OHM	-0-	12	216	220	224
Dedicated - ORV	-0-	3	4	826	842
Total	\$ 6,551	\$ 6,898	\$ 7,169	\$ 7,708	\$ 7,775

GRANTS:

Trail Grants-in-Aid Program. The DNR has been directed by the state 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 acting 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 trails, ATV trails, cross-country ski trails, and as funding is made available, for OHVs and OHMs.

The program pays 65% of the cost for acquisition, development, maintenance, and trail administration, with the local sponsor providing the remaining 35%. State assistance pays for 90% of winter trail grooming costs, with the remaining 10% being paid by local sponsors.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Snowmobile Grants (M.S. 84.83)	\$2,368	\$2,849	\$2,249	\$2,249
Cross-Country Ski Grants (M.S. 85.44)	160	178	178	178
ATV Grants (M.S. 84.927)	165	305	305	305
Cooperative Trails Grant Program (Future Resources Fund)	72	728	-0-	-0-
Total	\$2,765	\$4,060	\$2,732	\$2,732

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS RECREATION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,356	1,342	1,439	1,429	1,459	1,459	1,429	1,459	1,459
EXPENSES/CONTRACTUAL SRVCS	566	552	557	524	554	584	524	554	584
MISC OPERATING EXPENSES	86	76	368	180	190	190	180	195	195
SUPPLIES/MATERIALS/PARTS	279	163	281	261	276	296	261	271	291
CAPITAL EQUIPMENT	93	4	80	5	5	5	5	5	5
OTHER	520	100	284	50	50	50	50	50	50
SUBTOTAL STATE OPERATIONS	2,900	2,237	3,009	2,449	2,534	2,584	2,449	2,534	2,584
AIDS TO INDIVIDUALS			728						
LOCAL ASSISTANCE	2,484	2,765	3,332	2,732	2,732	2,782	2,732	2,732	2,782
TOTAL EXPENDITURES	5,384	5,002	7,069	5,181	5,266	5,366	5,181	5,266	5,366
AGENCY PLAN ITEMS:									
FUND									
ANNUALIZED NEW PROG COST			NRF		85			85	
TOTAL AGENCY PLAN ITEMS					85			85	
GOV'S INITIATIVES:									
FUND									
(B) TRAIL MAINTENANCE			NRF			100			100
TOTAL GOV'S INITIATIVES						100			100
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	300		200						
GENERAL	180	239	808	189	189	189	189	189	189
MN RESOURCES		72	782						
NATURAL RESOURCES	4,618	4,473	5,013	4,782	4,867	4,967	4,782	4,867	4,967
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	286	218	266	210	210	210	210	210	210

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS RECREATION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	5,384	5,002	7,069	5,181	5,266	5,366	5,181	5,266	5,366
FTE BY EMPLOYMENT TYPE:									
=====									
REGULAR	20.4	19.6	19.6		19.6			19.6	
TEMP/SEAS/PART_TIME	16.0	15.4	15.4		15.4			15.4	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	36.4	35.0	35.0		35.0	35.0		35.0	35.0

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Trails and Waterways Management
ACTIVITY:

ITEM TITLE: Trail Maintenance

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Natural Resources Fund -				
All-Terrain Vehicle Acct.				
- State Operations	\$ 50	\$ 50	\$ 75	\$ 75
- Grants	<u>50</u>	<u>50</u>	<u>75</u>	<u>75</u>
	\$ 100	\$ 100	\$ 150	\$ 150

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends this increase from the Natural Resources Fund for all-terrain vehicle (ATV) activities.

RATIONALE:

This trail maintenance and development activity and grant program--which includes trail development, sign replacement, clearing and maintenance of existing trails (i.e., erosion control, clearing of deadfalls, etc.), and maintenance of bridges, parking lots, etc.--has been impacted by shortfalls created by inflation over the past 3 bienniums.

The ATV program has been expanding through the ATV grants-in-aid (GIA) program which parallels the snowmobile GIA program, where the Department of Natural Resources administers grants to local units of government for these activities. This activity has not seen a base level change in the past 3 bienniums.

PROGRAM OUTCOMES:

This initiative will enable the adequate maintenance--including blading and shaping of trails, erosion control, clearing of trails, signing, and bridge and trail head maintenance--of existing ATV trails and also allow for additional opportunities where feasible.

LONG-TERM IMPACT:

As the ATV program expands, users' demands and expectations will be better met. Also, through a managed program, riding opportunities can be provided while better protecting the environment.

1996-97 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

Protection and management of Minnesota's populations and natural communities of fish, wildlife, and native plants are the activities of this program.

The issues associated with these activities are:

- Ecosystem management of fish, wildlife, and native plants for intrinsic values and sustainable benefits to people.
- Maintaining the tremendous diversity of species and habitats that occur in the natural communities in Minnesota.
- Providing the public with varied, high-quality recreational and educational opportunities related to fish, wildlife, and native plants.

PROGRAM STATUS:

Declining revenue in the Game and Fish Fund in the 1994-95 biennium resulted in the 1994 legislature shifting several payments from the Game and Fish Fund to the General Fund. These included Indian treaty payments to the Bois Forte, Grand Portage, and Leech Lake Bands; in-lieu-of-tax payments to counties for wildlife management lands; and ditch assessments on wildlife lands.

The 1994 legislature established citizen oversight committees to review the annual report on revenue and expenditures for the Game and Fish Fund and other dedicated accounts in the fund. The 6 committees--Game and Fish Fund; Trout and Salmon Fund; Fishing Fund; Small Game Surcharge, Hunting, Deer/Bear Fund; Migratory Waterfowl Fund; and Pheasant Fund--are to make recommendations to the commissioner and the legislature on improvements in management and use of the money in the Game and Fish Fund.

Current Ecosystem-Based Management Efforts

The Fish and Wildlife Division's goals are to provide sustainable wild populations of fish, wildlife, and native plants; provide sustainable recreational and commercial opportunities for users; provide sustainable natural communities and ecosystems; and have people knowledgeable about fish, wildlife, and native plant communities.

These goals are the basis for the program budget. The program is moving towards ecosystem-based management. This requires more interaction among units in the department and closer cooperation with other natural resources agencies. Partnerships with local units of government and citizen groups increase the effectiveness of achieving common goals.

PLANNED RESULTS:

The program budget plan will allow the reported performance measures from the 1994 Annual Report to be accomplished or accelerated as follows:

- Maintain lake and stream ecosystems by improving and protecting habitat; protecting unique or at-risk species; protecting wetlands; having biologically based protected streamflows; reviewing of permits and projects with environmental impacts; minimizing the spread of exotic species; and preparing lake maps.
- Maintain terrestrial and wetland ecosystems by improving and protecting critical wetland and terrestrial habitats and communities; and maintain populations for wild birds, mammals, reptiles, and amphibians.
- Maintain fish and wildlife populations at levels that accommodate the needs of anglers, hunters, trappers, and wildlife viewers.
- Provide educational opportunities about terrestrial and aquatic ecosystems management principles and values of sustainable wild populations of plants and animals.

BUDGET AND REVENUE SUMMARY:

Program Plan

The agency plan for the Fish and Wildlife Program is as follows:

- Net reduction to the General Fund open appropriations of \$105,000 in F.Y. 1996 and \$40,000 in F.Y. 1997 for payments made to the Grand Portage and Bois Forte Indian Bands under the 1854 Treaty and to the Leech Lake Indian Band. The reduction is attributable to the higher level of fishing and hunting licenses sold in F.Y. 1994 compared to the forecast for F.Y. 1996-97.
- Beginning in F.Y. 1997, the Statewide Indirect Cost Plan will be modified to reflect changes in the funding mechanism for the new accounting, human resources/payroll, and procurement systems that will come on line. This indirect cost plan will be modified to reflect the full operating and amortization costs of the Statewide Systems Project and will allocate the costs of these activities to agencies by fund. The agency plan provides an additional \$215,000 for the open appropriation from the Game and Fish Fund for these costs in F.Y. 1997.
- A budget reallocation of \$11,000 that will transfer to the Operations Support Program to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.
- Reduction in the Trout and Salmon Program of \$78,000 annually to align budget with estimated resources.
- A budget reduction due to the amount of resources available for the aquatic exotic species activity will total \$504,000 in F.Y. 1997. This reduction is due in large part to the sunset of a

1996-97 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
(Continuation)

- A budget reduction due to the amount of resources available for the aquatic exotic species activity will total \$504,000 in F.Y. 1997. This reduction is due in large part to the sunset of a portion of the watercraft license surcharge totaling \$439,000 in F.Y. 1997.
- Significant Game and Fish Fund program reduction in F.Y. 1994 and F.Y. 1995 amounted to \$3.3 million reduction to the base budget. That budget reduced program workforce by 25 FTEs (full-time equivalency), which is continued in this program budget plan.
- General Fund activities such as Reinvest in Minnesota; Heritage, Scientific and Natural Areas; and Ecological Services have substantially reduced funding, affecting their ability to carry out activities.
- The program will absorb non-salary inflation which is estimated at \$889,000 for the next biennium.

LCMR Recommendations:

- **Reinvest in Minnesota (RIM) - Accelerate Fisheries Acquisition for Angler Access.** This project will provide increased angler access by accelerating easement and fee title acquisition of land adjacent to streams and lakes, including access for non-boat owners and urban users. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$300,000 Environmental and Natural Resources Trust Fund)
- **Statewide Experimental Fishing Regulations.** This project will provide for baseline data collection to evaluate experimental fishing regulations. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$500,000 Future Resources Fund)
- **RIM - Accelerate Statewide Fisheries Habitat Development, Hatchery Rehabilitation, and Streamflow Protection.** This recommendation will accelerate implementation of projects for the acquisition, restoration, improvement, and development of fisheries habitat and hatchery rehabilitation. Up to \$215,000 is available to continue the Streamflow Protection Program for the second biennium of a proposed 8-biennium effort to establish a watershed level stream habitat database and develop the tools to set protected flows for ecosystem diversity. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$800,000 Future Resources Fund)
- **Accelerate Native Grass and Forbs on Road Rights-of-Way.** This project provides funds to the agency, in cooperation with the Interagency Roadside Committee, to accelerate native plant establishment and management in roadsides using integrated resource management techniques, including an educational program about benefits of low maintenance and biologically diverse roadsides statewide. This project must be completed and final products delivered by 12-31-97,

and the appropriation is available until that date. (\$150,000 Environmental and Natural Resources Trust Fund)

- **Reinvest in Minnesota (RIM) - Accelerate Critical Habitat Match Program.** This project will accelerate the RIM Program to acquire and improve critical habitat for game and nongame fish, wildlife, and native plants under M.S. 84.943. Projects must occur in both urban and rural areas. (\$250,000 Environmental and Natural Resources Trust Fund)
- **RIM - Accelerate Wildlife Land Acquisition.** This project will accelerate acquisition activities in the RIM Program by acquiring land identified in North American Waterfowl Management Plan project areas. This appropriation must first be used for projects qualifying for a match, which may include costs for acquisition, enhancement, and wetland restoration. (\$450,000 Environmental and Natural Resources Trust Fund)
- **County Biological Survey - Continuation.** Funds recommended for this segment represent the fifth biennium of a proposed 12-biennium project to accelerate the county biological survey for the systematic collection, interpretation, and distribution of data on the distribution and ecology of rare plants, animals, and natural communities. (\$900,000 Environmental and Natural Resources Trust Fund.)
- **Accelerate Landscape Management Activities in Whitewater Watershed.** This project will expand activities in the Whitewater Watershed through shared funding and staffing to assist and coordinate with the Whitewater Watershed Project on landscape management activities such as sustainable land use, watershed restoration, and improved water quality. (\$60,000 Future Resources Fund.)
- **Deliver Ecological Information and Technical Assistance to Local Governments.** This project will provide for interpretation of ecological data collected by the county biological survey. (\$100,000 Future Resources Fund.)
- **Sustainable Grassland Conservation and Utilization.** This project provides funds to develop integrated grassland projects in northwest Minnesota and to evaluate different management strategies. (\$125,000 Future Resources Fund.)
- **Urban Wildlife Habitat Program.** This project provides for an agreement with the St. Paul Neighborhood Energy Consortium to provide workshops and native planting materials to households for landscaping for wildlife, demonstrating plant diversity, and alternative lawn care practices in the urban environment. This project must be done in cooperation with the DNR Nongame Wildlife and Releaf Programs. This appropriation must be matched by at least \$35,000 of non-state money. (\$150,000 Future Resources Fund)
- **Biomass Production, Management, and Restoration of Brushland Habitats.** This project provides for an agreement with the University of Minnesota-Duluth in cooperation with the Natural Resources Research Institute and the Minnesota Sharptailed Grouse Society to assess brushland harvesting, brushland as wildlife habitat, and habitat management strategies. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$200,000 Future Resources Fund.)
- **RIM - Accelerate Wildlife Habitat Stewardship.** This project provides for improvement of wildlife habitat and natural plant communities statewide, both urban and rural public lands, to

1996-97 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
(Continuation)

protect and enhance wildlife, native plant species, and ecological diversity. (\$450,000 Future Resources Fund.)

- **Beneficial Fungal Inoculum for Prairie and Wetland Reclamation.** This project provides funds for an agreement with the University of Minnesota for the characterization and development of inoculum production methods for soil fungi associated with the roots of native and naturalized Minnesota plants in prairies and wetlands to assist in restoration projects. (\$100,000 Environmental and Natural Resources Trust Fund.)
- **Forest Management to Maintain Structural and Species Diversity.** This project provides funds to document forest management practices in a pilot area, assess the long-term effects of current and alternative timber harvest practices on structural aspects of biological diversity (especially old-growth forest characteristics), and prepare forest management guidelines to maintain these features in commercial forests. (\$160,000 Environmental and Natural Resources Trust Fund)
- **Biological Control of Eurasian Watermilfoil and Purple Loosestrife - Continuation.** Funds are recommended for the second biennium of a 5-biennium project to develop biological controls for Eurasian watermilfoil and purple loosestrife. (\$300,000 Environmental and Natural Resources Trust Fund.)
- **Forest Bird Diversity Initiative - Continuation.** Funds are recommended for the third biennium of a proposed 6-biennium project for a comprehensive monitoring and research program that develops management tools to maintain diversity of forest birds and establishes benchmarks for using birds as ecological indicators of forest health. (\$400,000 Environmental and Natural Resources Trust Fund.)
- **Upper Mississippi River Protection Project.** This project provides for an agreement with the Mississippi Headwaters Board in cooperation with the Metropolitan Council to protect the Mississippi River from water-quality impairment. This appropriation must be matched by at least \$100,000 of non-state contributions, either cash or in-kind. (\$200,000 Future Resources Fund.)
- **Environmental Action Grants for Minnesota Schools.** This project provides for an agreement with St. Olaf College for the school nature area project matching grants to schools for school area nature sites. This appropriation must be matched by at least \$50,000 of non-state money. (\$200,000 Environmental and Natural Resources Trust Fund.)
- **Sugarloaf Site Assessment and Interpretation.** This project provides for an agreement with the Sugarloaf Interpretive Center Association for inventories, native habitat restoration, and the interpretation of the natural and cultural characteristics of Sugarloaf Cove. The data collection must be coordinated with the DNR's Natural Heritage Program. Reasonable public use and

access must be provided. This appropriation must be matched by \$30,000 of non-state money. (\$70,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the following changes: the Governor recommends an increase in funding of \$550,000 in F.Y. 1996 and \$550,000 in F.Y. 1997 from the Game and Fish Fund to maximize existing federal aid programs and implement ecosystem management activities.

The Governor further recommends removing the sunset on the watercraft surcharge, which will continue to provide funding for the DNR's program to control and combat aquatic exotic species.

The Governor does not recommend approval of the LCMR's funding allocation for RIM Accelerated Statewide Fisheries Habitat Development, Hatchery Rehabilitation, and Streamflow Protection. That project can more appropriately be funded in future capital budgets.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FISH MANAGEMENT	23,681	22,749	24,351	23,028	24,225	23,934	23,038	23,130	23,424
WILDLIFE MANAGEMENT	18,419	18,811	25,715	18,978	22,078	22,312	18,776	18,771	19,005
ECOLOGICAL SERVICES	3,896	4,069	4,894	4,087	5,461	5,268	4,087	3,582	4,043
TOTAL EXPENDITURES BY ACTIVITY	45,996	45,629	54,960	46,093	51,764	51,514	45,901	45,483	46,472
AGENCY PLAN ITEMS:				FUND					
OPEN APPROPRIATIONS ADJUSTMENTS					<105>			<40>	
OPEN APPROPRIATIONS ADJUSTMENTS								215	
LCMR NEW ALLOCATIONS					3,210				
LCMR NEW ALLOCATIONS					2,655				
REGIONAL PLANNER - REGION 5					<11>			<11>	
TROUT STREAM MGT REDUCTION					<78>			<78>	
AQUATIC EXOTIC SPECIES-BOAT LIC SURCHARGE								<504>	
TOTAL AGENCY PLAN ITEMS					5,671			<418>	
GOV'S INITIATIVES:				FUND					
(A) LCMR REDISTRIBUTION						<800>			
(P) FISH AND WILDLIFE PROGRAM IMPROVEMENTS						550			550
(B) EXOTIC SPECIES MANAGEMENT									439
TOTAL GOV'S INITIATIVES						<250>			989
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	1,059	3,295	4,395		3,210	3,210			
GENERAL	2,863	2,246	2,705	2,456	2,456	2,456	2,456	2,456	2,456
MN RESOURCES	1,066	412	971		2,655	1,855			
NATURAL RESOURCES	1,820	1,757	2,335	2,099	2,099	2,099	2,099	1,595	2,034
GAME AND FISH	31,862	28,700	32,118	30,189	30,100	30,650	30,189	30,100	30,650
OPEN APPROPRIATIONS:									
GENERAL	4,340	5,281	6,472	6,472	6,367	6,367	6,472	6,432	6,432
GAME AND FISH	1,559	1,535	500	500	500	500	500	715	715

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES		35	1,360	264	264	264	62	62	62
SPECIAL REVENUE	245	463	1,042	1,042	1,042	1,042	1,042	1,042	1,042
GAME AND FISH	13	12	30	30	30	30	30	30	30
FEDERAL	972	1,665	2,715	2,792	2,792	2,792	2,802	2,802	2,802
AGENCY		2	68						
GIFTS AND DEPOSITS	197	226	249	249	249	249	249	249	249
TOTAL FINANCING	45,996	45,629	54,960	46,093	51,764	51,514	45,901	45,483	46,472
FTE BY EMPLOYMENT TYPE:									
REGULAR	532.8	531.4	505.4		500.7			486.5	
TEMP/SEAS/PART_TIME	131.6	114.9	109.7		114.5			105.7	
OVERTIME	2.0	1.1	.9		.7			.7	
TOTAL FTE	666.4	647.4	616.0		615.9	614.7		592.9	599.5

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Fish and Wildlife Management
ACTIVITY:

ITEM TITLE: Fish and Wildlife Program Improvements

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$550	\$550	\$550	\$550

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increased expenditures from the Game and Fish Fund to finance high-priority fish and wildlife projects, insure use of an expanding federal aid program, and further implement ecosystem-based management.

RATIONALE:

Fish and Wildlife provides recreation annually to 5.3 million resident and non-resident anglers, hunters, and wildlife viewers who spend \$1.5 billion a year. These activities are extremely important to the rural economy of the state.

The majority of the expenditures made by the division are eligible for 75% federal reimbursement. Currently, this brings about \$12 million into the Game and Fish Fund annually. Current federal projections indicate that they will be increasing the amount of reimbursement money available to all states. Without this expansion in the division expenditure base, we may not have enough eligible costs to claim our allocation of these funds. This initiative, in addition to furthering ecosystem-based management, ensures that Minnesota will claim its entire allocation.

Ecosystem-based management will require additional staff coordination and integration of programs. Field staff will be required to work more closely with other programs to insure integrated efforts on projects.

PROGRAM OUTCOMES:

1. **Wildlife Management - \$234,000.** The highest priority Section of Wildlife activities were maintained during the last biennium. These include inventorying of wildlife populations and native plant communities, implementing ecosystem-based management by protecting and

managing wildlife habitat and plant communities, balancing wildlife populations with existing land use by regulated harvest, applying a comprehensive management system, and conducting applied research. The above activities will be accelerated by the following initiatives:

- Increase project expenditures for wildlife management area acquisition, development, and maintenance.
 - Fund 2 field positions that are returning from mobilities to the U.S. Fish and Wildlife Service.
 - Improve activity and project expenditures and accomplishment reporting for public and private sources of funding, including federal aid, by hiring a full-time operational management specialist. Increasing stakeholder demands for better accountability and accomplishment reporting must be addressed. (1 FTE)
 - Increase employee development that includes training, attendance at professional conferences, and recognition of professional achievements related to application of ecosystem-based management concepts.
 - Implement the Migratory Bird Harvest Information Program in Minnesota in 1996 to avoid a possible federal penalty.
2. **Fisheries Management - \$294,000.** Funds made available through this request would support essential field projects on individual lakes and streams. These projects provide a high level of economic benefit to local communities by increasing the availability of fishing opportunity. Such projects include lake aeration systems that prevent fish loss from winterkill and the resultant loss of fishing opportunity for several years, fish barriers that prevent the migration of rough fish species like carp, lake rehabilitations that remove unwanted fish populations and create excellent game fish populations, and other habitat projects such as spawning reefs and restoration of desirable vegetation. Emphasis would also be given to collections of survey data on individual waters to enhance ecosystem-based management.
3. **Ecological Services - \$22,000.** This expenditure request will provide funds to develop ecological tools that guide assessment, restoration, and protection of stream and river resources throughout Minnesota.

LONG-TERM IMPACT:

This initiative will allow each section to improve ecosystem-based management within the division and department.

This initiative will allow the division to accelerate many activities necessary to deliver improved ecosystem-based management programs or projects. Also, it will help meet the long-term goal for the sustained use of fish, wildlife, and native plant resources.

The ability of the Game and Fish Fund to capture all available federal aid funds and to support activities essential to fish and wildlife management with resultant economic benefits to local communities will be enhanced. Essential local projects will be carried out and the ability to carry on comprehensive ecosystem-based management will be enhanced.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Fish Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

The Section of Fisheries manages fisheries and habitat on over 5,400 lakes (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, resort, and boating industries; commercial fishing operators; private aquaculturists; and other units of government. These activities generate over \$846 million in direct expenditures and \$1.3 billion in output annually. Approximately 28,000 jobs have been generated.

The Section of Fisheries' budget for F.Y. 1995 is \$17 million, including appropriations from the General Fund, Game and Fish Fund, Trout and Salmon Stamp, Natural Resources Fund, Minnesota Future Resources Fund, and Environmental and Natural Resources Trust Fund. Total revenues to the Game and Fish Fund from fisheries-related activities are projected to be \$26 million annually.

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.
- Fisheries management through survey and assessment, research, improving fish habitat, participation in watershed and other management initiatives, and protecting critical areas.
- Environmental education and information, including the MinnAqua aquatic education program.
- Technical assistance to private aquaculturists, sports groups, and local units of government.
- Citizen participation through the Fishing Roundtable, public input meetings, cooperative management projects, and meetings with individuals and groups.
- 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.

The section's management actions include protecting or improving fish habitat; gathering information on fish populations and anglers and developing fisheries management plans for individual waters; establishing long-term goals, objectives, and strategies for fisheries management; culturing certain fish species for stocking; conducting fisheries research; providing information on fisheries resources; implementing an aquatic education program designed to teach angling, as well as the ecology, conservation, and ethics of fishing; establishing fishing regulations on a statewide and individual water basis; engaging in cooperative fisheries management projects; and reviewing of proposed actions impacting fisheries to ensure water quality and habitat protection are considered.

BUDGET ISSUES:

The Fish Management Activity biennial budget reflects F.Y. 1994-95 targeted reductions and absorbed inflation costs estimated at \$2.1 million. 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 16 FTE (full-time equivalency) positions vacant in F.Y. 1996 and F.Y. 1997; reducing part-time, seasonal, and temporary employees by 3 FTE; closing the St. Paul Coldwater Hatchery; and reductions in research, fleet, travel, supplies and material purchase, and management information systems (MIS) development.

The Fish Management Activity will try to maintain current levels of expenditures in priority areas identified through the Fishing Roundtable meetings, including 1) habitat protection and improvements; 2) environmental education; and 3) individual waters management, including continued development of fisheries management plans for individual lakes and streams.

Budget reductions made during the 1994-95 biennium will continue and are expected to impact the following specific fisheries activities:

- **Delay MIS Development.** Continued development of fisheries database will be slowed. Currently, the database includes statewide lake information but no stream information. Stream information will not be added to the database for 2 years and improvements to the existing database will be delayed 1 to 2 years because of a 35% reduction in spending for database management.
- **Coordination.** The activity will continue to exchange information, coordinate with stakeholders, and implement individual waters management actions. However, there will be reductions in travel and fleet expenses resulting in reduced opportunities to exchange information, coordinate with constituents, and limit the speed with which we can implement individual water management. Fleet and travel will be reduced by 5% over the biennium.
- **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 40% in F.Y. 1996 and 20% in F.Y. 1997. Those publications in highest demand will still be provided, with reductions occurring for those of lower priority.
- **Fish Hatchery Facilities.** The closure of the St. Paul Coldwater Hatchery will reduce the ability to produce some "specialty" fish, such as large lake trout and splake.
- **Individual Waters Management.** A major priority of the Fishing Roundtable is enhancing fishing quality through individual waters management. Individual waters management initiatives will be slowed due to less money for collection of baseline data and evaluations. Reductions in necessary survey work over the biennium are expected to be 5%.

REVENUE:

This activity generates dedicated revenue.

1996-97 Biennial Budget

BUDGET ACTIVITY: Fish Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

	Dollars in Thousands				
	<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>
Type of Revenue:					
Dedicated - Game and Fish	\$26,737	\$26,443	\$25,844	\$26,432	\$26,526
Dedicated - Special	22	61	306	88	88
Dedicated - Federal	<u>35</u>	<u>39</u>	<u>51</u>	<u>40</u>	<u>50</u>
Total	\$26,794	\$26,543	\$26,201	\$26,560	\$26,664

GRANTS:

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 that was modified by the 1994 legislature from 80% General Fund and 20% Game and Fish Fund to 100% General Fund. These payments are made in return for the Indian bands forgoing full exercising of their hunting and fishing rights. Authorization for the payments is M.S. 97A.165.

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Game and Fish Fund	\$ 742	\$ -0-	\$ -0-	\$ -0-
General Fund	2,966	3,845	3,707	3,772

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1995			FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	13,198	13,322	13,727	13,467	13,933	13,932	13,467	13,467	13,497
EXPENSES/CONTRACTUAL SRVCS	2,055	1,451	1,539	1,422	1,921	1,531	1,432	1,354	1,454
MISC OPERATING EXPENSES	2,374	2,337	2,232	2,236	2,278	2,289	2,236	2,269	2,289
SUPPLIES/MATERIALS/PARTS	1,318	915	2,266	1,357	1,417	1,462	1,357	1,352	1,452
CAPITAL EQUIPMENT	409	230	6	6	34	78	6	6	50
OTHER	652	786	736	695	935	935	695	910	910
SUBTOTAL STATE OPERATIONS	20,006	19,041	20,506	19,183	20,518	20,227	19,193	19,358	19,652
LOCAL ASSISTANCE	3,675	3,708	3,845	3,845	3,707	3,707	3,845	3,772	3,772
TOTAL EXPENDITURES	23,681	22,749	24,351	23,028	24,225	23,934	23,038	23,130	23,424
AGENCY PLAN ITEMS:									
			FUND						
OPEN APPROPRIATIONS ADJUSTMENTS			GEN		<105>			<40>	
OPEN APPROPRIATIONS ADJUSTMENTS			G&F					215	
LCMR NEW ALLOCATIONS			EVT		300				
LCMR NEW ALLOCATIONS			MNR		1,085				
REGIONAL PLANNER - REGION 5			G&F		<5>			<5>	
TROUT STREAM MGT REDUCTION			G&F		<78>			<78>	
TOTAL AGENCY PLAN ITEMS					1,197			92	
GOV'S INITIATIVES:									
			FUND						
(A) LCMR REDISTRIBUTION			MNR			<585>			
(P) FISH AND WILDLIFE PROGRAM IMPROVEMENTS			G&F			294			294
TOTAL GOV'S INITIATIVES						<291>			294
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST		464	523		300	300			

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GENERAL	384	273	305	268	268	268	268	268	268
MN RESOURCES	563	30	107		1,085	500			
NATURAL RESOURCES	13	127	192	163	163	163	163	163	163
GAME AND FISH	16,714	15,754	16,730	16,094	16,011	16,305	16,094	16,011	16,305
OPEN APPROPRIATIONS:									
GENERAL	4,340	4,424	5,598	5,598	5,493	5,493	5,598	5,558	5,558
GAME AND FISH	1,559	1,535	500	500	500	500	500	715	715
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	6	67	308	308	308	308	308	308	308
FEDERAL	45	49	57	66	66	66	76	76	76
GIFTS AND DEPOSITS	57	26	31	31	31	31	31	31	31
TOTAL FINANCING	23,681	22,749	24,351	23,028	24,225	23,934	23,038	23,130	23,424
FTE BY EMPLOYMENT TYPE:									
REGULAR	292.9	299.6	279.6		273.8			273.6	
TEMP/SEAS/PART_TIME	47.8	39.0	39.0		38.7			37.9	
OVERTIME	1.0	.4	.4		.4			.4	
TOTAL FTE	341.7	339.0	319.0		312.9	311.9		311.9	311.9

1996-97 Biennial Budget

BUDGET ACTIVITY: Wildlife Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION: The Wildlife Management Activity provides for the comprehensive protection, management, use, understanding, and enjoyment of the state's wildlife and native plant resources. Services include 1) direct habitat protection by acquisition, development, and maintenance of wildlife management and scientific and natural areas; 2) protection of habitats on non-state-owned lands through technical assistance, cost-sharing, education, and permit and environmental review; 3) inventory and monitoring of the state's wildlife populations and rare plant species and communities; 4) provision of outdoor recreation through regulated hunting and trapping harvests, public hunting areas, and wildlife and nature observation and photography opportunities; 5) applied research on management-related wildlife and native plant topics; 6) environmental education; and 7) technical assistance and coordination on wildlife and native plant issues with other governmental agencies, private organizations, businesses, and landowners.

Clientele include the state's 600,000 licensed hunters and trappers, 2,800,000 Minnesotans who observe or photograph wildlife or plants, as well as the general public.

The Wildlife Management Activity uses the combination of services enumerated above to provide sustainable wild populations of wildlife and native plants, sustainable recreational and commercial use, sustainable natural communities and ecosystems, and a knowledgeable public.

BUDGET ISSUES: The agency budget plan will have the following effects on delivery of wildlife and native plant management services:

General

- Primary services will be continued to Minnesota citizens with the proposed budget plan that includes absorption of annual non-salary inflationary cost increases.
- Staff, fleet, and travel reductions made in F.Y. 1995 will be continued this biennium.
- Publication of brochures, pamphlets, maps, and other educational materials will be reduced to only the highest priority needs.

Farmland/Prairie

- The shift in emphasis from private land to public land habitat management projects begun in the F.Y. 1994-95 biennium will be continued this biennium. Absorption of inflationary increases will result in fewer direct habitat enhancement projects.
- In addition to more public land habitat projects, staff time will be increasingly shifted to technical assistance and coordination activities to influence and enhance wildlife benefits of farm programs; to integrate wildlife and native plant management needs into the land management programs of federal, state, and local agencies; to create and improve partnerships with public and private sector organizations; and to provide technical assistance to public and private landowners.
- Reductions in weed control and farming of wildlife management areas initiated in the F.Y. 1994-95 biennium will be continued. Grassland renovation with native species will continue to be emphasized to reduce long-term habitat maintenance costs.

Forest

- Coordination, technical assistance, and integration of wildlife and native plant information and management techniques into the land-use decisions of public and private forest managers will continue to be emphasized this biennium. Direct projects will be reduced by at least the inflation factor. Scarce resources will be redirected to positively influence land-use practices across much broader geographic regions than can be accomplished through direct projects alone.
- The rate at which rare species and communities are located and protected will decline.

Wetland

- Wetland acquisition, restoration, and enhancement projects will be reduced by at least the inflation rate.
- Increased partnering and joint ventures will be pursued with other public and private organizations but will be dependent on the availability of matching funds for leveraging.
- Coordination and technical assistance will be maintained with federal, state, and local agencies now administering wetland protection programs to assure that wildlife and native plant conservation needs are integrated into these programs.

REVENUE: This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Game and Fish	\$23,164	\$23,322	\$24,249	\$23,949	\$23,851
Dedicated - Nongame Wildlife	941	924	1,007	1,007	1,007
Dedicated - Special	326	132	53	103	103
Dedicated - Federal	369	1,638	1,114	1,132	1,132
Total	\$24,800	\$26,016	\$26,423	\$26,191	\$26,093

GRANTS:

- **North American Waterfowl Management Plan:** Provides federal funds to the Middle Des Moines Watershed District for a Heron Lake watershed ecologist to provide ecological expertise to watershed management efforts.

Federal Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$44	\$40	\$40	\$40

- **Small Game Surcharge:** Provides funds for developing, preserving, restoring, and monitoring waterfowl breeding grounds in Canada.

Game and Fish Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$15	\$15	\$15	\$15

- **Niemacll Watershed Improvement.** Matching funds provided for the restoration of the Niemacll Watershed by improvement of water quality, flood reduction, fish and wildlife habitat, and recreation through citizen participation with federal, state, and local governments, and non-government agencies.

1996-97 Biennial Budget

BUDGET ACTIVITY: Wildlife Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Future Resources Fund	-0-	\$300	-0-	-0-

- **Sugarloaf Site Assessment.** Provides funds to the Sugarloaf Interpretive Center Association for inventories, native habitat restoration, and the interpretation of the natural and cultural characteristics of Sugarloaf Cove.

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Future Resources Fund	\$-0-	\$-0-	\$70	\$-0-

- **Accelerated Native Grass and Forbs on Road Rights-of-Way.** Provides funds in cooperation with the Interagency Roadside Committee to accelerate native plant establishment and management in roadsides using integrated resource management techniques.

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Trust Fund	\$-0-	\$-0-	\$64	\$-0-

- **Environmental Action Grants for Minnesota Schools.** Provides funds for an agreement with St. Olaf College for the school nature area project matching grants to schools for school area nature sites.

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Trust Fund	\$-0-	\$-0-	\$200	\$-0-

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: WILDLIFE MANAGEMENT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	11,044	11,058	10,870	10,298	11,401	11,546	10,298	10,298	10,483
EXPENSES/CONTRACTUAL SRVCS	3,214	2,643	3,199	2,324	2,914	2,923	2,324	2,324	2,324
MISC OPERATING EXPENSES	1,450	1,349	2,116	1,993	2,031	2,051	1,993	1,993	2,013
SUPPLIES/MATERIALS/PARTS	1,393	1,118	5,194	1,983	2,339	2,399	1,983	1,978	2,007
CAPITAL EQUIPMENT	322	60	27	24	78	78	24	24	24
OTHER	825	2,294	3,938	2,285	2,910	2,910	2,083	2,083	2,083
SUBTOTAL STATE OPERATIONS	18,248	18,522	25,344	18,907	21,673	21,907	18,705	18,700	18,934
AIDS TO INDIVIDUALS	97	113	28	28	28	28	28	28	28
LOCAL ASSISTANCE	74	176	343	43	377	377	43	43	43
TOTAL EXPENDITURES	18,419	18,811	25,715	18,978	22,078	22,312	18,776	18,771	19,005
AGENCY PLAN ITEMS:									
FUND									

LCMR NEW ALLOCATIONS					1,950				
LCMR NEW ALLOCATIONS					1,155				
REGIONAL PLANNER - REGION 5					<5>			<5>	

TOTAL AGENCY PLAN ITEMS					3,100			<5>	
GOV'S INITIATIVES:									
FUND									

(P) FISH AND WILDLIFE PROGRAM IMPROVEMENTS						234			234

TOTAL GOV'S INITIATIVES						234			234
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	884	2,258	3,545		1,950	1,950			
GENERAL	1,433	1,044	1,355	1,201	1,201	1,201	1,201	1,201	1,201
MN RESOURCES	357	204	722		1,155	1,155			
NATURAL RESOURCES	951	959	976	955	955	955	955	955	955

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: WILDLIFE MANAGEMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GAME AND FISH	13,883	11,777	14,106	12,873	12,868	13,102	12,873	12,868	13,102
OPEN APPROPRIATIONS:									
GENERAL		857	874	874	874	874	874	874	874
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES		35	1,360	264	264	264	62	62	62
SPECIAL REVENUE	224	349	621	621	621	621	621	621	621
GAME AND FISH	13	12	30	30	30	30	30	30	30
FEDERAL	561	1,127	1,941	1,975	1,975	1,975	1,975	1,975	1,975
GIFTS AND DEPOSITS	113	189	185	185	185	185	185	185	185
TOTAL FINANCING	18,419	18,811	25,715	18,978	22,078	22,312	18,776	18,771	19,005
FTE BY EMPLOYMENT TYPE:									
REGULAR	192.6	191.3	181.3		182.4			168.4	
TEMP/SEAS/PART_TIME	74.1	67.8	65.0		65.1			62.1	
OVERTIME	.9	.6	.4		.2			.2	
TOTAL FTE	267.6	259.7	246.7		247.7	250.0		230.7	233.0

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1996-97 Biennial Budget

BUDGET ACTIVITY: Ecological Services
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

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, wildlife, and native plant initiatives that support an ecosystem approach to resource management.

Technical services include fish and wildlife disease prevention and containment, water quality assessments, lake mapping, permitting of aquatic plant control activities, aeration inspection and permitting, investigation of pollution-caused kills of fish and wildlife, and enforcement of aquatic pesticide use.

Comprehensive resource initiatives that contribute to the agency's efforts towards ecosystem management include fish and wildlife planning; assessment of environmental impacts to fish, wildlife, and native plants from proposed development initiatives; streamflow protection; wetlands protection and planning; management of aquatic exotic species; habitat restoration planning for the Lake Superior basin; statewide assessment of fish contaminant levels; long-term resource monitoring on the Upper Mississippi River; and aquatic resource management, monitoring and research.

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 and hydrologists, lakeshore residents, and lake associations. Numerous collaborative efforts are underway with the U.S. Fish and Wildlife Service, U.S. Forest Service, U.S. Corps of Engineers, U.S. Geological Survey, U.S. Environmental Protection Agency, U.S. Bureau of Indian Affairs, watershed districts, counties, local municipalities and lake associations, forest industry, Minnesota Departments of Agriculture and Transportation, and the Minnesota Pollution Control Agency.

Ecological Services uses an array of regulatory, consultative, research, monitoring, informational, and educational approaches in these service areas to promote the wise stewardship of Minnesota's natural resources.

BUDGET ISSUES: The agency budget plan will result in the following redesign and restructuring of Ecological Services Activity:

- The activity will reduce the scope of its Exotic Species Management Program. This program is responsible for monitoring and managing ecologically harmful exotic aquatic plants to eliminate or minimize their ecological, recreational, and industrial impacts. Primary program efforts are directed at purple loosestrife, Eurasian watermilfoil, zebra mussels, ruffe, and flowering rush. Funding is derived primarily from a \$5 surcharge on watercraft registrations which are purchased every 3 years. The surcharge generates approximately \$1,000,000 annually. A portion of the surcharge, \$2, will sunset on 12-31-96. The result will be a decline in revenues of approximately \$439,000 annually beginning in F.Y. 1997. Program adjustments that will be made to accommodate this decline in revenues in F.Y. 1996-97 include a reduction in staff, a reduction in cost-share dollars available to local lake associations and municipalities for managing infestations of Eurasian watermilfoil, a reduction in enforcement activities, and

a reduction in information and educational awareness efforts.

- The activity will need to reduce the scope of its Streamflow Protection Program because of the lack of adequate funds in its Reinvest in Minnesota (RIM) General appropriation due to previous budget cuts and the inability to keep pace with inflation and salary increases. The Streamflow Protection Program is designed to collect habitat data on aquatic organisms in watersheds across the state in order to develop protected flow recommendations that are biologically valid and that protect river flow levels for the entire aquatic community. The program will experience a 20% cutback in the current level of field work and slower progress in establishing protected flows in watersheds where field work has already been conducted.
- The activity will reduce the scope of its Environmental Review Program as a result of the agency's plan and its impact on programs supported by the RIM General appropriation. The appropriation supports 3 full-time fish and wildlife environmental review biologists in 3 outstate regional offices (Bemidji, New Ulm, and Metro). Each position is responsible for working with project proposers to avoid, minimize, and/or mitigate the adverse impacts to fish, wildlife, and native plant resources resulting from land development. These 3 full-time positions will be scaled down to 85% positions, reducing our ability to work with project proposers and local units of government to avoid or minimize impacts to these important natural resources.
- The activity will reduce by about 5% the number of lakes and rivers surveyed annually to assess fish contaminant levels.
- The activity will continue implementation of its long-term strategy to reduce and consolidate the services it has provided at its Carlos Avery Chemistry Lab by further reducing staff by 1.0 position and evaluating its temporary reassignment of water quality analyses to the Department of Agriculture.

REVENUE: This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Federal	\$524	\$410	\$735	\$582	\$582
Dedicated - Special	43	104	108	100	100
Dedicated - Game and Fish	90	62	85	85	85
Total	\$657	\$576	\$928	\$767	\$767

GRANTS:

- **Wetlands Conservation Plan.** Federal funds provided to the DNR and subgranted to other state agencies (Pollution Control, Board of Water and Soil Resources) for development of the Wetlands Conservation Plan, development of water quality standards for wetlands, training for local and state wetland officials, and development of a computer program with wetland and other land-use information accessible to local units of government.

Federal Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$42	\$100	\$100	\$100

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: ECOLOGICAL SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,263	2,288	2,645	2,542	2,869	2,671	2,542	2,294	2,467
EXPENSES/CONTRACTUAL SRVCS	1,023	1,200	1,278	913	1,944	1,945	913	682	936
MISC OPERATING EXPENSES	156	161	206	194	206	209	194	175	197
SUPPLIES/MATERIALS/PARTS	235	145	604	279	280	281	279	269	272
CAPITAL EQUIPMENT	107	56	29	27	30	30	27	27	36
OTHER	112	137	32	32	32	32	32	35	35
SUBTOTAL STATE OPERATIONS	3,896	3,987	4,794	3,987	5,361	5,168	3,987	3,482	3,943
LOCAL ASSISTANCE		82	100	100	100	100	100	100	100
TOTAL EXPENDITURES	3,896	4,069	4,894	4,087	5,461	5,268	4,087	3,582	4,043
AGENCY PLAN ITEMS:									
			FUND						
LCMR NEW ALLOCATIONS			EVT		960				
LCMR NEW ALLOCATIONS			MNR		415				
REGIONAL PLANNER - REGION 5			G&F		<1>			<1>	
AQUATIC EXOTIC SPECIES-BOAT LIC SURCHARGE			NRF					<504>	
TOTAL AGENCY PLAN ITEMS					1,374			<505>	
GOV'S INITIATIVES:									
			FUND						
(A) LCMR REDISTRIBUTION			MNR		<215>				
(P) FISH AND WILDLIFE PROGRAM IMPROVEMENTS			G&F		22				22
(B) EXOTIC SPECIES MANAGEMENT			NRF						439
TOTAL GOV'S INITIATIVES					<193>				461
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	175	573	327		960	960			
GENERAL	1,046	929	1,045	987	987	987	987	987	987

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: ECOLOGICAL SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MN RESOURCES	146	178	142		415	200			
NATURAL RESOURCES	856	671	1,167	981	981	981	981	477	916
GAME AND FISH	1,265	1,169	1,282	1,222	1,221	1,243	1,222	1,221	1,243
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	15	47	113	113	113	113	113	113	113
FEDERAL	366	489	717	751	751	751	751	751	751
AGENCY		2	68						
GIFTS AND DEPOSITS	27	11	33	33	33	33	33	33	33
TOTAL FINANCING	3,896	4,069	4,894	4,087	5,461	5,268	4,087	3,582	4,043
FTE BY EMPLOYMENT TYPE:									
REGULAR	47.3	40.5	44.5		44.5			44.5	
TEMP/SEAS/PART_TIME	9.7	8.1	5.7		10.7			5.7	
OVERTIME	.1	.1	.1		.1			.1	
TOTAL FTE	57.1	48.7	50.3		55.3	52.8		50.3	54.6

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Fish and Wildlife Management
ACTIVITY: Ecological Services

ITEM TITLE: Exotic Species Management

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Natural Resources Fund -				
Water Recreation Account				
- State Operations	-0-	\$439	\$452	\$413
Revenues: (\$000s)				
Natural Resources Fund -				
Water Recreation Account	-0-	\$439	\$452	\$413

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. 86B.415, Subd. 7

GOVERNOR'S RECOMMENDATION: The Governor recommends that the watercraft surcharge language be revised to remove the sunset clause (the surcharge is \$5 until 12-31-96 and \$3 thereafter) which will maintain Minnesota's program to combat and control aquatic exotic species (e.g., Eurasian watermilfoil, purple loosestrife, zebra mussels, and flowering rush) at its current funding level.

RATIONALE: Undesirable aquatic plants and animals that are not native to Minnesota (exotic) pose a major threat to Minnesota's lakes, rivers, and wetlands, and to the economy they support. In response, the state has implemented an aggressive program to combat this threat. Base funding for the program is currently provided by a \$5 surcharge on watercraft registrations, a portion of which (\$2) sunsets on 12-31-96. During previous bienniums, the Legislative Commission on Minnesota Resources (LCMR) recommended funding for projects that complement this effort (\$400,000 was appropriated in F.Y. 1994-95 and \$350,000 has been initially recommended for F.Y. 1996-97). However, LCMR recommended to the Department of Natural Resources that beginning in F.Y. 1998, all projects on aquatic exotic species should be funded from the program's base budget. This initiative will maintain program support at its current base level (but not make up for the loss of LCMR support) by establishing a permanent \$5 surcharge on watercraft registrations.

A permanent surcharge will allow the following efforts to continue:

- Controlling Eurasian watermilfoil and purple loosestrife with herbicides (often in cooperation with local groups).

- Producing informational brochures, billboards, radio spots, and other public awareness material (in cooperation with the U.S. Fish and Wildlife Service, the province of Manitoba, Sea Grant, and other agencies).
- Conducting road checks.
- Stationing Minnesota Conservation Corps inspectors at public water accesses.
- Funding biological control research at the University of Minnesota and other institutions.
- Working with the citizens and businesses of Minnesota to reduce the spread and importation of undesirable exotics.

PROGRAM OUTCOMES:

- Minimizing the potential adverse impacts of aquatic exotic species to tourism, water-based recreation, water-dependent industries and municipalities (e.g., for cooling or consumption), and native aquatic communities by:
 1. Containing aquatic exotic species to the sites where they presently occur--slow their spread and prevent new infestations.
 2. Minimizing their impact in currently infested ecosystems by maintaining eradication and control efforts at current levels.
 3. Expanding efforts to identify and eliminate pathways that could bring additional harmful aquatic exotic species into Minnesota.
- Keeping Minnesota citizens educated about the threat posed by exotic species and taking appropriate steps (e.g., cleaning their boat and trailer) to minimize the spread of exotics.
- Fulfilling the statutory required level of access inspection activity (20,000 hours) at public water accesses on infested waters.
- Conducting targeted research to develop, test, or implement improved control methods (e.g., biological control approaches, new herbicides or pesticides).
- Minimizing the potential for introduction of new undesirable exotic species.

LONG-TERM IMPACT:

- **Healthy Diverse Ecosystems:** Undesirable exotic species (non-native species that naturalize in Minnesota and have a high ability to displace, or otherwise threaten, native aquatic plants or wild animals) directly threaten our ability to maintain healthy and diverse ecosystems. Many undesirable exotic species are already in Minnesota and efforts to contain these populations or minimize their impacts are important. In addition, to minimize the long-term threat exotic species pose to Minnesota's ecosystems, procedures must be developed to stem the spread of new exotics into the state.
- **Sustainable Development:** The introduction and spread of undesirable exotic species can cause permanent changes to state resources and affect commercial endeavors of current and future generations. Tourism, resorts, water-using industries, water utilities, the clamming industry, commercial fishing, and other commercial interests may be harmed by current and future undesirable exotic species.

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1996-97 Biennial Budget

PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

The protection of Minnesota's natural resources and ensuring public safety in recreational pursuits regulated by the department are the activities of this program. Issues that affect this program include:

- Maintaining acceptable outcomes in our traditional game and fish role, while meeting emerging needs in recreational regulation and environmental regulation.
- Shifting the expectations of the division's clients and stakeholders from activity-based performance indicators (hours expended) to outcome-based performance indicators.
- Emphasizing the role of education in producing voluntary compliance rather than relying on traditional law enforcement techniques.

PROGRAM STATUS:

The Enforcement Division's goals include 1) to ensure the perpetuation of Minnesota's natural resources by protecting plant and animal populations and their environment, and 2) to ensure the safety of the public who utilize Minnesota's natural resources for recreational purposes.

These goals are accomplished by providing traditional law enforcement services and educational opportunities. The emphasis of the division is shifting toward education as an important tool to achieve voluntary compliance with necessary regulations. The division is also attempting to prioritize environmental protection as an essential method to protect native plant and animal species.

Funding levels are not adequate to fully implement environmental protection and recreational regulation at necessary levels due to increasing needs in these areas.

Current Ecosystem-Based Management Efforts: The division participates in all department ecosystem-based management efforts by providing input into proposed regulatory schemes, providing regulatory services, and providing information to the public. As the department's ecosystem-based management efforts become more widespread, the division's regulatory role will expand.

PLANNED RESULTS:

The division's budget plan will allow the performance measures outlined in the 1994 Annual Performance Report to be implemented at reported levels. The division has requested funding enhancements in several areas which, if granted, will accelerate reaching the desired outcomes.

- Funding requested for educational programs will produce enhanced voluntary compliance in game and fish protection and recreational regulation.
- Restoration of complement and restoring overtime funding will allow additional regulatory effort to be placed in priority areas of resource protection and recreational vehicle recreation and safety.

BUDGET AND REVENUE SUMMARY:

Revenue This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Water Recreation	\$ 9,713	\$10,083	\$10,615	\$10,190	\$10,106
Dedicated - Snowmobile	31	86	61	63	63
Dedicated - Special	11	9	-0-	-0-	-0-
Dedicated - Game and Fish	622	541	621	601	602
Total	\$10,377	\$10,719	\$11,297	\$10,854	\$10,771

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. Currently, 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 through the grant program by county sheriffs include enforcement of boating regulations, search and rescue operations, rental boat inspections, and informational and educational programs.

Natural Resources Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$1,075	\$1,082	\$1,082	\$1,082

- **Wild Turkey Hunting Safety/Education.** Funds provided for a contract with the Wild Turkey Federation to develop a program to promote safety in the sport of wild turkey hunting, minimize accidents, and improve hunter/landowner relationships.

Future Resources Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$26	\$13	\$-0-	\$-0-

Program Plan

The agency plan for the Enforcement Program is as follows:

- Funds to annualize new program costs for the off-road vehicle program. Due to virtually no receipts available to establish a base budget in F.Y. 1995, the department is requesting \$35,000 annually for the next biennium from anticipated off-road vehicle registration fees and unrefunded gasoline tax attributable to off-road vehicle use under M.S. 296.16 to establish an operational program.
- Reduction in funding is anticipated in the aquatic exotic species activity with the sunset of a portion of the watercraft license surcharge. The amount of the budget reduction allocated to the Enforcement Program is \$1,000 in F.Y. 1997.
- Currently, an organizational study is ongoing to attempt to identify ways in which the division can become 15-20% more efficient in the use of allocated funds for priority workloads.
- The division has prioritized filling vacant stations, restoring overtime, expanding operation funding, educational programs, public information, and increased recreational regulation for the biennium. To accomplish these priorities, the division has developed investment initiatives funding from the Game and Fish Fund and Natural Resources Fund.

The plan will allow the division to meet desired outcomes in all areas with some diversion of manpower and funds into priority workload areas as needed in reaction to changing circumstances. Emerging needs identified in the environmental and recreational area cannot be serviced at existing

PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: (Continuation)

funding levels. At best, the division can provide same level services as previous fiscal years, while the need for services in these areas grows.

LCMR Recommendation:

Turn-In-Poachers (TIP) Youth Activity Book. This project provides for an agreement with TIP, Inc., to print and disseminate an activity book to inform and educate children about poaching and its impact on natural resources and to promote ethical hunting and fishing. This appropriation must be matched by at least \$12,500 of non-state money. (\$50,000 Future Resources Fund.)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the following changes: the Governor recommends funding the Enforcement Operations initiative at \$1,456,000 for the biennium from the Game and Fish Fund and \$608,000 for the biennium from the Natural Resources Fund. Funding for the initiative will allow the division to replace obsolete equipment, expand its education and information outreach efforts, and provide an enforcement presence throughout the state at a level requested by citizens and other natural resource program managers.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: ENFORCEMENT--NR LAWS&RULES
ACTIVITY: ENFORCEMENT--NR LAWS&RULES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	10,937	11,052	11,386	11,386	11,421	12,108	11,386	11,421	12,086
EXPENSES/CONTRACTUAL SRVCS	1,727	1,695	1,817	1,825	1,825	2,011	1,825	1,825	2,078
MISC OPERATING EXPENSES	463	455	600	600	600	600	600	600	600
SUPPLIES/MATERIALS/PARTS	658	586	1,697	817	817	976	817	816	930
CAPITAL EQUIPMENT	34	61	153	153	153	153	153	153	153
OTHER	117	91	95	95	95	95	95	95	95
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	13,936	13,940	15,748	14,876	14,911	15,943	14,876	14,910	15,942
AIDS TO INDIVIDUALS		26	13						
LOCAL ASSISTANCE	1,123	1,075	1,082	1,082	1,132	1,132	1,082	1,082	1,082
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	15,059	15,041	16,843	15,958	16,043	17,075	15,958	15,992	17,024
AGENCY PLAN ITEMS:									
			FUND						
ANNUALIZED NEW PROG COST			NRF		35			35	
LCMR NEW ALLOCATIONS			MNR		50				
AQUATIC EXOTIC SPECIES-BOAT LIC SURCHARGE			NRF					<1>	
=====			=====		=====			=====	
TOTAL AGENCY PLAN ITEMS					85			34	
GOV'S INITIATIVES:									
			FUND						
(B) ENFORCEMENT OPERATIONS			G&F			728			728
(B) ENFORCEMENT OPERATIONS			NRF			304			304
=====			=====			=====		=====	
TOTAL GOV'S INITIATIVES						1,032			1,032
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,309	2,522	3,323	2,885	2,885	2,885	2,885	2,885	2,885
MN RESOURCES		26	13		50	50			
NATURAL RESOURCES	2,607	2,544	2,832	2,745	2,780	3,084	2,745	2,779	3,083

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: ENFORCEMENT--NR LAWS&RULES
ACTIVITY: ENFORCEMENT--NR LAWS&RULES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GAME AND FISH	10,009	9,921	10,658	10,311	10,311	11,039	10,311	10,311	11,039
ENVIRONMENTAL	100								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4	12	8	8	8	8	8	8	8
GAME AND FISH		1	1	1	1	1	1	1	1
FEDERAL	17	3							
GIFTS AND DEPOSITS	13	12	8	8	8	8	8	8	8
TOTAL FINANCING	15,059	15,041	16,843	15,958	16,043	17,075	15,958	15,992	17,024
FTE BY EMPLOYMENT TYPE:									
REGULAR	201.9	197.7	201.7		201.7			201.7	
TEMP/SEAS/PART_TIME	4.6	4.3	4.3		4.3			4.3	
OVERTIME	23.1	24.0	24.0		24.0			24.0	
TOTAL FTE	229.6	226.0	230.0		230.0	234.0		230.0	235.0

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Enforcement of Natural Resource Laws and Rules
ACTIVITY:

ITEM TITLE: Enforcement Operations

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
State Operations				
- Game and Fish Fund	\$ 728	\$ 728	\$ 728	\$ 728
- Natural Resources Fund:				
Water Recreation Acct.	265	265	265	265
All-Terrain Vehicle Acct.	39	39	39	39
	<u>\$1,032</u>	<u>\$ 1,032</u>	<u>\$ 1,032</u>	<u>\$ 1,032</u>

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increased expenditures from the Game and Fish Fund and the Natural Resources Fund to allow the Enforcement Division to provide an adequate presence throughout the state.

RATIONALE:

Enforcement Division operations have been seriously affected by numerous factors that have reduced the division's ability to provide service to the public. These factors include:

- general and dedicated funding cuts;
- unanticipated workers' compensation costs;
- the need to replace critical personal safety equipment;
- increased costs for essential services; and
- increasing public need for services.

The division is requesting operational funding for the following purposes:

- Fill 4 vacant conservation officer stations in F.Y. 1996 and continue the 4 positions in F.Y. 1997 and provide overtime hours to accomplish priority law enforcement services.

F.Y. 1996: \$542,000 F.Y. 1997: \$519,000

- Workers' compensation funding for 2 catastrophic injuries to conservation officers in the line of duty which exceeds the average yearly expense of \$100,000 budgeted for this purpose.
 F.Y. 1996: \$145,000 F.Y. 1997: \$90,000
- Purchase of soft body armor for conservation officers to replace armor which the manufacturer will no longer certify as effective.
 F.Y. 1996: \$100,000 F.Y. 1997: \$0.0
- Increased funding for gasoline and fleet by 2,400 miles/year per officer in F.Y. 1996 and 3,600 miles/year per officer in F.Y. 1997.
 F.Y. 1996: \$187,000 F.Y. 1997: \$280,000
- Increased dispatch fees paid by the division for police radio services.
 F.Y. 1996: \$48,000 F.Y. 1997: \$48,000
- Provide additional educational opportunities in Minnesota schools--Adopt-a-School Program.
 F.Y. 1996: \$10,000 F.Y. 1997: \$40,000
- Improve communications within the division and to external stakeholders by providing 1 position to be primarily responsible for all communications activities.
 F.Y. 1996: \$-0- F.Y. 1997: \$55,000

The requested funding will allow the division to operate at levels expected by the public and other department disciplines. Public needs are identified by working closely with a broad range of interest groups and daily contact with sportspersons.

Critical equipment (replacement body armor), essential services (increased dispatch fees), and unanticipated workers' compensation costs must be funded. If funding is not provided for these purposes, operational funding will have to be diverted, resulting in an overall decrease in the division's service level.

The funding requested to fill vacant stations and provide overtime hours will allow the division to better meet public and department expectations for priority law enforcement services. The division has traditionally budgeted officer overtime at 400 hours/year per officer.

The funding requested for fleet and gasoline will expand annual mileage from 22,000/officer to 24,400/officer in F.Y. 1996 and 25,600 in F.Y. 1997. This will result in an increased level of enforcement, public contact, and public education.

These operational needs are, for the most part, long-standing needs and must be addressed to ensure that the division is adequately serving the needs of the department and the public.

The requested funding to implement the Adopt-a-School Program will provide an opportunity for

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Enforcement of Natural Resource Laws and Rules
ACTIVITY:

ITEM TITLE: Enforcement Operations
(Continuation)

Minnesota youth to better understand management of natural resources, the need for continued support of our environment, and the role played by the department in achieving these goals.

The communications position has been identified as an essential need to improving understanding of the division's role and ensuring the consistency of services provided by conservation officers.

PROGRAM OUTCOMES:

The requested operational funding package will allow the division to meet the desired outcomes expressed in the 1994 Annual Performance Report:

- To ensure the perpetuation of Minnesota's natural resources by protecting plant and animal populations and their environment.
- To ensure the safety of the public who utilize Minnesota's natural resources for recreational purposes by providing regulatory services and educational opportunities.

Specifically, increased ability to provide law enforcement services (overtime/stations, fleet/gas) will result in more contacts with the public and increase voluntary compliance. The division will also be better able to react to emerging and/or changing situations as they occur. Funding will allow an increase in overtime hours for priority law enforcement services. Increased mileage (from a base of 22,000/year in F.Y. 1995 up to 25,600/year in F.Y. 1997) will allow officers more opportunity to reach all parts of their assigned patrol areas (average approximately 700 square miles/area). Additional work effort will be expended on regulation of hunting and fishing. Additionally, increased priority on apprehending intoxicated snowmobile operators and increased emphasis on environmental law enforcement will result from increased operational funding.

The requested funding for the Adopt-a-School Program will allow educational materials dealing with conservation, wise resource management, and ethical use of resources to be available in school curricula.

The requested funding for dispatch fees, soft body armor, and workers' compensation costs must be funded. If the requested funding is not provided, operational funding will be diverted to these purposes. This will result in decreased services by the division and will negatively impact the division's ability to reach our desired outcomes.

LONG-TERM IMPACT:

If the requested operational funding is not provided, the division will be unable to respond to

increased recreational, public information, and law enforcement service needs. The desired outcomes identified in the 1994 Annual Performance Report will be affected negatively if the requested funding is not provided, as will the division's strategic plan objectives.

The Enforcement Division has only one program--the Enforcement of Natural Resource Laws and Rules. This program is implemented at the field level by officers who provide public information, education, and law enforcement services. Operational funding is essential to this program. The division's ability to provide services to the public and the department is directly proportional to the level of operational funding provided. The success, or failure, of the wildlife management regulation, fisheries management regulation, and recreation/trail regulation provided by the division is dependent upon the level of operational funding.

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1996-97 Biennial Budget

PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

This program provides support services to the 7 programmatic units through several offices and bureaus within the following 4 budget activities:

- **Regional Operations Support.** Administrative staff of 6 regional offices.
- **Field Operations Support.** Field Services Bureau, Engineering Bureau, and Real Estate Management Bureau.
- **Special Services and Programs.** Information and Education Bureau, Office of Planning, Human Resources Bureau, and Office of Affirmative Action and Diversity.
- **Administrative Management.** Commissioner's Office, Financial Management Bureau, Licensing Bureau, and Management Information Services Bureau.

The issues related to this program include:

- Support of ecosystem-based management.
- Management through teamwork, both internal and through partnerships with other governmental units or interest groups.
- Improving customer service for both the internal and external customers.
- Maintaining cost efficiency and effectiveness while investing in technology.

PROGRAM STATUS:

In order to adapt to budget reductions and departmental orientation towards ecosystem-based natural resources management, there has been a realignment of some services during the previous biennium:

- The responsibilities relating to conservation and recreation grants were legislatively transferred from the Department of Trade and Economic Development to the DNR. The Local Recreation Grant Unit now resides in the DNR Office of Planning. Volunteer Services is now a unit within that same office. These moves reinforce the focus of community outreach efforts in the Planning Office.
- The Minnesota Conservation Corps has been moved from Operations Support to the Forestry Division to enhance the cooperative working relationship between the 2 programs.
- The Commissioner's Office Local Agency Liaison position was converted to the regional operations manager who coordinates regional operations, including local agency issues. And, as a result of previous budget cuts, the rulemaking coordinator duties are now shared between the commissioner's office and the Minerals Division.

- The Management Information Services Bureau received funding for the computer center, 2 Geographic Information Systems (GIS) positions, and to complete regional network field-level dial-in. The bureau incurred 3 layoffs affecting systems management, forms and records management, and reduced help desk support.

Current Ecosystem-Based Management Efforts

Regional Operations Support is working to achieve the department's strategic goals of taking an ecosystem-based approach to management, concentrating efforts in priority geographic areas, and establishing interdisciplinary teams and partnerships with stakeholders. This effort is designed to further develop the department's decentralized capacity to implement partnering management approaches across multiple ownerships at the field level. Regional Operations Support staff now place greater emphasis on leadership and team-building development among staff to enhance decentralized decision making and to achieve more coordinated landscape and watershed planning at the field level with the result of resources being focused on priority areas. Other operations support units are also positioning themselves to deliver their services with a focus of supporting ecosystem-based management.

PLANNED RESULTS:

The goals of the Operations Support Program are to employ management strategies and technologies that facilitate the most effective and efficient use of information and resources in support of natural resources management; to provide accessible, useful, and responsive department information, products, and services to the department's internal and external customers; and to ensure that the DNR meets all statutory mandates for administrative management of department operations.

With base level funding, the operations support units will continue to try to provide basic services and meet all statutory mandates for administrative management of department operations through continued efficiency measures. Additional funding from existing appropriations will be necessary to continue to provide these services during conversion to a new technology environment (the new statewide procurement, accounting, and human resources systems). In addition, measures to improve effectiveness and to provide more accessible, useful, and responsive information products and services to customers will require additional investment. At funding levels anticipated in the agency plan, the goals and objectives of the 1994 Annual Performance Report will be affected as follows:

- Ecosystem partnerships with other agencies are expected to increase as planning staff is added to the regional offices, ecosystem-based management training is provided, external and internal communications are improved through technology development, and databases supporting natural resources management are augmented.
- At base level funding, some of our statutory requirements cannot be fully addressed, particularly those related to the compliance with the Americans With Disabilities Act (ADA).

BUDGET AND REVENUE SUMMARY:

Program Plan

The agency plan for the Operations Support Program is as follows:

- A decision item will provide funds to annualize new program costs for the off-road vehicle grant

1996-97 Biennial Budget

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of
(Continuation)

program. Due to virtually no receipts available to establish a base budget in F.Y. 1995, the DNR is requesting \$29,000 annually for the next biennium from anticipated off-road vehicle registration fees and unrefunded gasoline tax attributable to off-road vehicle use under M.S. 296.16 to enable the License Bureau to establish a registration system.

- A budget reallocation of \$110,000 from the Forestry Division and \$55,000 prorated from all operating divisions, except Enforcement, will transfer to the Regional Operations Support Activity to provide funding to continue regional planning coordinator positions at the Bemidji, Grand Rapids, and Rochester Regional Headquarters. These positions will be responsible for the DNR's regional and ecosystem planning processes and to facilitate development of common goals for functional ecological systems at various geographic scales; e.g., watersheds, landscapes, and ecoregions.
- The conversion of funding for a position responsible for administration of the Federal Land and Water Conservation (LAWCON) Program from the Future Resources Fund to the Federal Fund. The LCMR does not plan to recommend continued funding for this position in the upcoming biennium. The agency plan includes \$63,000 in F.Y. 1996 and \$66,000 in F.Y. 1997 for this position and related expenses to be funded from the federal receipt account prior to transfer of federal LAWCON reimbursements for state projects to the Natural Resources Federal Reimbursement Account. M.S. 86.72, Subd. 1, must be changed to allow an allocation for administrative expenses prior to the transfer of the net reimbursement to the Natural Resources Federal Reimbursement Account.

LCMR Recommendations:

- **Tri-County Leech Lake Watershed Project.** This project provides for an agreement with Cass County in cooperation with the Tri-County Leech Lake Watershed Project for integrated resource management in the watershed through baseline data, public information and education, and pilot projects. (\$300,000 Future Resources Fund)
- **Blufflands Landscape.** This project provides funds to assist communities in developing a management framework for the scenic and biological resources of the Mississippi Valley blufflands landscape and to foster integrated decisions and citizen commitment to long-term resource protection. \$264,000 is for a cooperative agreement with Architectural Environments; \$236,000 is for a cooperative agreement with Historic Bluff Country; \$40,000 may be used only for demonstration and implementation activities; and \$90,000 is for expenses within the DNR. This appropriation must be matched by at least \$60,000 of non-state money. (\$630,000 Future Resources Fund.)
- **Whitetail Deer Resource Center.** This project provides funds for an agreement with the Minnesota Deer Hunters Association to develop a facility and operations plan. This appropriation must be matched by \$50,000 of non-state money. (\$50,000 Future Resources Fund.)
- **Environmental Indicators Initiative.** This project provides funds to create the framework for an integrated, statewide network for selecting and monitoring environmental indicators to assess and communicate Minnesota's environmental health status and trends. The work program must be submitted to the Environmental Quality Board for review before approval by the LCMR. (\$350,000 Environmental and Natural Resources Trust Fund.)
- **Metropolitan Regional Park System.** This project provides for payment by the Commissioner of Natural Resources to the Metropolitan Council for subgrants to rehabilitate, develop, acquire, and retrofit the Metropolitan Regional Park System consistent with the Metropolitan Council Regional Recreation Open Space Capital Improvement Program and subgrants for regional trails, consistent with an updated regional trail plan. This appropriation may be used for the purchase of homes only if the purchases are expressly included in the work program approved by the LCMR. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$4,550,000 Environmental and Natural Resources Trust Fund; of this amount, \$1,735,000 is from the Trust Fund acceleration.)
- **Pine Point Park Rest Station.** This project provides for an agreement with Washington County to construct a rest station on the Gateway Segment of the Willard Munger State Trail in compliance with ADA. This appropriation must be matched by at least \$30,000 non-state money. (\$100,000 Future Resources Fund.)
- **Enhanced Natural Resources Opportunities for Asian-Pacific Minnesotans.** This project provides for the second biennium of funding for community outreach, cultural collaboration, training, and education to increase Asians' participation and understanding of natural resources management. Supplemental funding must be requested and the results reported to the LCMR. (\$150,000 Future Resources Fund)
- **Gardening Program - Statewide.** This project provides funds for an agreement with the sustainable resources center for a joint project with the Minnesota State Horticultural Society, Minnesota Green and Duluth Plant-a-Lot Community Garden Program to provide technical assistance on community plantings, food gardens, trees, native plants, and environmentally sound horticultural and land-use practices. This appropriation must be matched by at least \$40,000 in non-state money. (\$300,000 Future Resources Fund.)
- **Together Outdoors Minnesota.** This project provides for an agreement with Wilderness Inquiry for diversity specialist training, training of outdoor service professionals to provide inclusive programming, and diversity networking, including the development of a directory of recreation facility accessibility. This appropriation must be matched by at least \$80,000 of non-state money. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$575,000 Future Resources Fund)
- **Local Grants.** This project provides matching grants as follows: 1) \$500,000 to local units of government for local park and recreation areas; 2) \$500,000 to local units of government for natural and scenic areas pursuant to M.S. 85.019; 3) \$400,000 to local units of government for trail linkages between communities, trails, and parks; and 4) \$400,000 for a conservation partners program—a statewide pilot to encourage private organizations and local governments to cost-share enhancement of fish, wildlife, and native plant habitats, and research and surveys of fish and wildlife and related education activities. Conservation partners' grants may be up to \$10,000 each and must be equally matched. In addition to the required work program, grants may not be approved until grant proposals have been submitted to the LCMR and the

1996-97 Biennial Budget

PROGRAM: Operations Support
AGENCY: Natural Resources, Department of
(Continuation)

Phase I. Funding will again come from two sources: \$55,000 in F.Y. 1996 from the Game and Fish Fund and \$8,000 in F.Y. 1996 from the Natural Resources Fund.

The Governor does not recommend approval of the LCMR's allocations for the Metropolitan Regional Park System or for Local Grants. Both items were adequately funded in the 1994 Capital Budget and are appropriate projects for future capital budgets.

commission has either made a recommendation or allowed 60 days to pass without making a recommendation. The above appropriations are available half for the metropolitan area, as defined in M.S. 473.121, Subd. 2, and half for outside of the metropolitan area. This project must be completed and final products delivered by 12-31-97, and the appropriation is available until that date. (\$1,800,000 Future Resources Fund.)

- **Restoration of Historic Elba Fire Tower.** This project provides for an agreement with the Elba Booster Club, in consultation with the Minnesota State Historical Society, for restoration and the development of interpretive materials and to provide access to the Elba Fire Tower for safe recreational and educational use. This project must be available for reasonable public use and access.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the following changes:

The Governor recommends funding the Sustainable Ecosystems initiative, which is consistent with the administration's position to develop sustainable approaches to resource management that apply sound ecosystem management principles. The initiative will be funded from two sources: a biennial appropriation of \$2,030,000 from the Environmental Trust Fund and \$68,000 in F.Y. 1996 and \$68,000 in F.Y. 1997 from the Game and Fish Fund.

The Governor recommends funding for the Geographic Information System (GIS) to support DNR's ecosystem management effort. Funding will be a biennial appropriation of \$1,200,000 from the Environmental Trust Fund.

The Governor recommends that funding for the Sustainable Ecosystems initiative and the Geographic Information System (GIS) initiative be appropriated at the agency level.

The Governor recommends a biennial appropriation of \$1,000,000 from the General Fund for the treaty litigation expenses in the 1996-97 biennium. The funding amount will be transferred in full to the Attorney General to cover additional hours related to treaty litigation issues.

The Governor recommends funding for the electronic licensing initiative in the DNR's St. Paul licensing center. Funding will be from two sources: \$184,000 in F.Y. 1996 and \$74,000 in F.Y. 1997 from the Game and Fish Fund, and \$33,000 in F.Y. 1996 and \$13,000 in F.Y. 1997 from the Natural Resources Fund.

The Governor recommends funding for an administrative rules coordinator for \$56,000 in F.Y. 1996 and \$49,000 in F.Y. 1997 from the Game and Fish Fund.

The Governor recommends funding the initiative relating to a revenue accounting system design

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997						
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	
FIELD OPERATIONS SUPPORT	13,139	10,442	11,241	10,732	10,732	10,732	10,732	10,732	10,732	
REGIONAL OPERATIONS SUPPORT	3,340	3,519	3,865	3,538	4,683	7,981	3,538	3,703	3,771	
SPECIAL SERVICES AND PROGRAMS	5,993	14,488	7,325	6,641	14,602	8,252	6,641	6,707	6,707	
ADMINISTRATIVE MANAGEMENT	7,286	7,530	8,682	8,386	8,415	9,751	8,386	8,415	8,551	
TOTAL EXPENDITURES BY ACTIVITY	29,758	35,979	31,113	29,297	38,432	36,716	29,297	29,557	29,761	
AGENCY PLAN ITEMS:	FUND									
ANNUALIZED NEW PROG COST			NRF	29				29		
LCMR NEW ALLOCATIONS			EVT	4,900						
LCMR NEW ALLOCATIONS			MNR	3,978						
REGIONS 1&2 PLANNER POS. FROM FORESTRY			GEN	110				110		
REGIONAL PLANNER - REGION 5			GEN	43				43		
REGIONAL PLANNER - REGION 5			G&F	11				11		
REGIONAL PLANNER - REGION 5			NRF	1				1		
LAWCON STATE PROJECTS COORDINATOR			FED	63				66		
TOTAL AGENCY PLAN ITEMS				9,135				260		
GOV'S INITIATIVES:	FUND									
(A) SUSTAINABLE ECOSYSTEMS INITIATIVE			EVT	2,030						
(A) SUSTAINABLE ECOSYSTEMS INITIATIVE			G&F	68					68	
(A) GEOGRAPHIC INFO SYSTEMS FOR ECO-BASED MGMT			EVT	1,200						
(A) TREATY LITIGATION COSTS			GEN	1,000						
(A) LCMR REDISTRIBUTION			EVT	<4,550>						
(A) LCMR REDISTRIBUTION			MNR	<1,800>						
(P) ELECTRONIC LICENSING: POINT-OF-SALE PILOT			G&F	184					74	
(P) ELECTRONIC LICENSING: POINT-OF-SALE PILOT			NRF	33					13	
(P) ADMINISTRATIVE RULES COORDINATOR POSITION			G&F	56					49	
(P) REVENUE ACCOUNTING-SYSTEM DESIGN FUNDS			G&F	55						
(P) REVENUE ACCOUNTING-SYSTEM DESIGN FUNDS			NRF	8						
TOTAL GOV'S INITIATIVES				<1,716>					204	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	294	4,771			4,900	3,580			
GENERAL	13,380	12,846	14,523	14,220	14,373	15,373	14,220	14,373	14,373
MN RESOURCES	247	3,190	503		3,978	2,178			
NATURAL RESOURCES	3,039	3,088	3,703	3,215	3,245	3,286	3,215	3,245	3,258
GAME AND FISH	7,609	7,579	7,987	7,655	7,666	8,029	7,655	7,666	7,857
PERMANENT SCHOOL	547	205	106						
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	1			1	1	1	1	1	1
STATUTORY APPROPRIATIONS:									
GENERAL	96	107							
SPECIAL REVENUE	3,089	1,645	1,911	1,906	1,906	1,906	1,906	1,906	1,906
GAME AND FISH	254	171	109	109	109	109	109	109	109
FEDERAL	763	1,810	1,655	1,714	1,777	1,777	1,714	1,780	1,780
AGENCY	54	125	139						
GIFTS AND DEPOSITS	385	442	477	477	477	477	477	477	477
TOTAL FINANCING	29,758	35,979	31,113	29,297	38,432	36,716	29,297	29,557	29,761
FTE BY EMPLOYMENT TYPE:									
REGULAR	418.0	382.2	387.4		393.5			387.5	
TEMP/SEAS/PART_TIME	38.9	27.1	34.5		35.0			34.5	
OVERTIME	2.0	2.0	2.0		2.0			2.0	
TOTAL FTE	458.9	411.3	423.9		430.5	454.5		424.0	426.4

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
 PROGRAM: Operations Support
 ACTIVITY:

ITEM TITLE: Treaty Litigation Expenses

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,000	-0-	-0-	-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1 million for the biennium to pay estimated litigation expenses that will be incurred in the Mille Lacs and Fond du Lac cases in F.Y. 1996-97.

RATIONALE:

During F.Y. 1996-97, the Attorney General's Office must be prepared to manage the following complex and far-reaching events:

- **Completion of Pretrial and Trial of Phase Two of *Mille Lacs Band of Ojibwe v. State of Minnesota*.** In Phase One of this case, the judge ruled that the Mille Lacs Band's 1837 treaty rights to hunt, fish, and gather in a large part of east-central Minnesota free of state regulation continue in force. Phase Two will determine the permissible extent of the Band's harvest of natural resources in the ceded territory and the permissible scope of state conservation and public safety regulation. This phase of the case will involve extensive expert testimony, and it may involve the intervention of and possible allocations of resources to other Bands who signed the 1837 treaty. Phase Two is currently scheduled for trial in spring 1996.
- **Appeals from Phase One Rulings in *Mille Lacs*.** While Phase Two's pretrial proceedings continue, the Phase One rulings will be appealed to the U.S. Court of Appeals for the Eighth Circuit. Because the original presiding judge refused to certify an appeal, we will need first to persuade the appeals court to review the issues. If the court agrees to hear the appeals, then all parties will file briefs and the court will schedule oral argument. That process is likely to extend into early 1996, with petition for certiorari to the U.S. Supreme Court likely to follow.

- **Completion of Pretrial and Trial of Phase One of *Fond Du Lac Band of Chippewa v. Carlson*.** The Fond du Lac Band claims rights to hunt, fish, and gather free of state regulation in both the 1837 and 1854 ceded territories, covering east-central and northeastern Minnesota. We are currently awaiting a ruling on the parties' cross motions for summary judgment. If neither party prevails outright on motions, Phase One of the case--limited to whether the Band's 1837 and 1854 treaty rights remain in force--is scheduled for trial in early 1995, with a decision likely in late summer or early fall 1995. At that point, as in *Mille Lacs*, there will likely then be simultaneous appeals and preparation for trial on Phase Two resource allocation issues.
- **New Treaty Claims.** The Phase One ruling in *Mille Lacs* is likely to spur a number of new treaty-based claims. Already, a member of the White Earth Band has sued the state claiming hunting and fishing rights in northwestern Minnesota, and several Wisconsin bands have filed 1837 treaty claims. There are also potential claims for re-establishment of original reservation boundaries that may arise during the next biennium.

Litigation costs for the Mille Lacs and Fond du Lac cases have totaled over \$1 million in the F.Y. 1994-95 biennium, and the Attorney General's Office will request a deficiency appropriation from the 1995 legislature for F.Y. 1995. For the next biennium, the estimated costs of these litigation efforts will total at least another \$1 million. This funding will enable the Attorney General's Office to utilize the services of experts in such areas as history, natural resources, and anthropology.

PROGRAM OUTCOMES:

With sufficient funding of litigation costs of Indian treaty litigation, we will be able to provide the best defense possible of the state's position in the treaty cases and its ability to manage our natural resources for the benefit of all Minnesotans.

LONG-TERM IMPACT:

Successful outcomes in the treaty cases would permit the state to continue to manage its natural resources consistent with the goals of conservation, equal access, outdoor recreation, and multiple uses without having to accommodate Indian commercial and subsistence harvest interests first. Even if the state does not prevail in the litigation, adequate funding of the litigation process will increase the likelihood of reaching agreements that will provide a long-term, stable, non-polarizing structure to mediate treaty vs. non-treaty competition for natural resources.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY:

ITEM TITLE: Electronic Licensing and Registration Point-of-Sale Pilot Development

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
State Operations				
- Game and Fish Fund	\$ 184	\$ 74	\$ 60	\$ 60
- Natural Resources Fund -	33	13	-0-	-0-
Water Recreation Acct.				
	<u>\$217</u>	<u>\$ 87</u>	<u>\$ 60</u>	<u>\$ 60</u>

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the investment to establish the Department of Natural Resources' central office license and registration sales with point-of-sale and electronic licensing systems and to implement plans for statewide use of point-of-sale licensing and registration.

The Information Policy Office has reviewed and supports this project if funding is available consistent with any requirement identified in its analysis.

RATIONALE:

The License Bureau will update its front-counter operation with individual, on-line work stations for each of its front-counter staff persons. Currently, the arrangement is similar to that of a small retail establishment: a single cash register is used by all staff members. The cash register keeps an electronic record of transactions made, which must be manually logged in order to keep an ongoing, updated transaction record. During busy periods, the single cash register setup makes for long lines and short tempers.

Expenditures will cover the purchase of hardware and development of software which will be implemented to record each sale as it occurs, automatically creating and updating financial records and preparing an electronic deposit, as well as creating and updating a customer database. This system will position counter staffers at individual, on-line work stations, in a setting similar to that which would likely be found in a bank or credit union. Additionally, this system will have the capacity to electronically issue a limited menu of licenses, based on a generic format which can be tailored to issue different specific licenses. When the system is in place, a customer will be able to

walk into the License Bureau and purchase a license, with little or no waiting, and in the short time it takes to complete the transaction, their file in the database will have been completely updated (or, in the case of a new customer, created) and their license fees readied for deposit. Expenditures will cover the cost of the hardware involved in this setup, development of the software used, structural changes in the physical makeup of the License Bureau's front-counter area required for implementation, and the hiring of a coordinator who will research and recommend hardware and software for a statewide point-of-sale/electronic licensing system.

An additional problem present with the current system will also be addressed. Currently, customer records are isolated in their specific categories (watercraft, lotteries, snowmobile, etc.) which are not electronically cross-referenced. Providing current, cross-referenced information for law enforcement and marketing purposes is laborious and inaccurate. One "by-product" of the new system will be readily accessible, current, cross-referenced databases which will eliminate the information shortcomings presently inherent in the system.

PROGRAM OUTCOMES:

The implementation of point-of-sale hardware and programming will end the duplicated efforts required by the License Bureau's current systems for depositing revenue and documenting transactions. Additionally, implementing point-of-sale technology will position the department's direct sales program in line with the development of electronic licensing. This will enhance license availability, reduce reporting and reconciliation requirements, enhance enforcement, improve revenue collection, improve database of users, and possible sharing of terminals with the State Lottery.

LONG-TERM IMPACT:

Beyond the cost of initial setup, stationing direct sales staff at individual, self-sufficient work stations will streamline information and financial systems internally and provide an atmosphere within which business may be conducted more efficiently, and with greater customer comfort and convenience, at no additional operating cost to the state. Information collection and financial transaction processing will be accomplished in a single operation and will be constructed in a manner which will allow incorporation into future large-scale electronic system operations.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY:

ITEM TITLE: Administrative Rules Coordinator Position

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$56	\$49	\$49	\$49

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$105,000 for the biennium to improve the agency's production of administrative rules.

RATIONALE:

The department is completing the legislatively mandated changeover from Commissioner's Orders to Chapter 14 Rulemaking in F.Y. 1995. During this period an unclassified administrative rules coordinator position was created to coordinate the process. When that position was vacated by the incumbent employee, the procedural rulemaking requirements fell to the individual Department of Natural Resources (DNR) disciplines. This has proved to be inefficient in that as many as a dozen staff are required to develop some level of expertise in the process rather than one person becoming expert at the task and working with staff. There is existing expertise among a limited number of staff in rulemaking, but those persons must give up productive time to assist others to develop expertise in the process, "fix" mistakes, and coordinate overall rulemaking activities. Rulemaking activities are taking on more significance in the department's regulatory scheme and requiring more time and expertise to accomplish. An administrative rules coordinator is necessary to ensure that all necessary processes are accomplished, that rules do not lapse, and that rulemaking projects stay on schedule.

The requested funding is for 1 position (projected at the Management Analyst 4 level) with one-time start-up costs in F.Y. 1996. The F.Y. 1997 funding is salary and fringe.

PROGRAM OUTCOMES:

The administrative rules coordinator position will promote the goals and objectives of any DNR discipline that uses rules to implement a management or regulatory scheme. By far the largest

workload for DNR rulemaking is produced by the various game and fish rules that must be revised on a continuous basis to meet management objectives. The rule process expertise can be developed by appropriate discipline staff, but it is inefficient to have up to a dozen people do what one person can do. It is equally inefficient to use a part-time approach because it requires staff with "rules" knowledge to spend time coaching others on the process. The result is that no one person has ultimate responsibility to ensure that production schedules are met and that mistakes do not occur.

It is more efficient from a fiscal and work production perspective to fund a single position to track and facilitate this process. The rule workload appears to be more than adequate into the foreseeable future to justify a position for this purpose.

LONG-TERM IMPACT:

Funding this initiative will produce a more efficient and effective rule production process. Ultimately, management and regulatory schemes will be improved in content and timeliness of implementation. This position will support the department rather than any individual discipline and as such will enhance credibility with users, the legislature, and field staff simply by ensuring that mistakes or lapses don't happen.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY:

ITEM TITLE: Revenue Accounting Management - System Design Funds

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
State Operations				
- Game and Fish Fund	\$55	-0-	-0-	-0-
- Natural Resources Fund -	8	-0-	-0-	-0-
Water Recreation Account				
	<u>\$63</u>			

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$63,000 to fund a needs analysis/requirements inventory and conceptual systems design work for a system to enable the Department of Natural Resources (DNR) to more effectively manage its financial resources.

RATIONALE:

The DNR generates revenues in excess of \$100 million that are deposited to an extremely complex account structure. This complexity has necessitated a stand-alone receipts processing system prior to entering into the Statewide Accounting System.

We have prepared a detailed analysis and evaluation of the current revenue processing environment. There are shortcomings in the current revenue processing system's capabilities, and we see opportunities to do business more efficiently--to re-engineer how the DNR manages its receipts. We want to develop a comprehensive, full-function Revenue/Receivables Forecasting System.

We intend to proceed in 2 phases. Phase I would be done during F.Y. 1996-97 and would include 1) a needs analysis/requirements inventory, cost - \$30,000; and 2) system design and concept, cost - \$33,000. Phase II would be done during the F.Y. 1998-99 biennium and would be the actual development and implementation.

This initiative is to fund Phase I. We will submit a well-documented request to the 1997 legislature to fund Phase II implementation. This phase we estimate will cost in the range of \$300,000 to \$400,000.

PROGRAM OUTCOMES:

This Phase I initiative will produce a detailed system concept and design, including cost/benefit analysis.

The program outcomes for the overall system include:

1. More expeditious deposit of receipts, using fewer staff.
2. Utilization of the local area network environment now being developed, which in turn would enable decentralization of much receipts and quicker deposit to the state treasury.
3. Better tracking of receivables and faster collections.
4. Improved revenue/receipt forecasting capabilities involving econometric modeling.
5. Improved management of financial resources, especially in dedicated funds.

LONG-TERM IMPACT:

The system envisioned in this initiative would result in improved management of our financial resources. The efficiencies and savings to be gained can directly impact our capability to manage the state's natural resources.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Field Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

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, effective professional real estate services relating to land acquisition, sales, leasing, licensing, appraisal review, and exchanges with other landowners. The bureau also manages land records for 8.1 million acres of 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.** Provides field resource managers, divisional program managers, and the public with the professional services required to design, build, and maintain state facilities and state boundaries necessary for effective resource management and public recreation. Examples include conducting land and topographic surveys needed to establish ownership boundaries and manage the ecosystem; design and construction management of DNR facilities such as roads, dams, bridges, water accesses, campgrounds, trails, fish barriers, hatcheries, office buildings, forest nursery facilities; and the design and production of recreational user and resource management maps.
- **Field Services.** Administers maintenance, repair, and rehabilitation for over 2,000 DNR buildings; develops, implements, and administers the department's safety program; coordinates the DNR's equipment management program (which includes fleet vehicles and equipment, radios, and other non-fleet items); administers the materials management program, which includes warehouse operation, uniform contract management, inventory of the DNR's 24,500 fixed assets, and disposal of surplus property; and coordinates other support activities, including the emergency equipment cache, DNR forms storage and supply, interoffice mail, management of equipment maintenance contracts in the DNR's central office, coordination of the recycling program, wood-routed sign construction, and the development of training programs and policies related to Operations Support.

BUDGET ISSUES:

The agency budget plan will result in the following impacts on this activity:

- **Real Estate Management.** Real estate services would be continued, but at a reduced level and with extended project completion dates. Non-recoverable costs related to land sales and exchanges will be borne by the administering division.

Current authority to use lakeshore lease revenues credited to the Permanent School Fund to pay costs of lakeshore leasing and sales expires in F.Y. 1995. However, lease and sale contract administration costs will continue, including cost of periodic reappraisals of the leased properties and processing of lessee appeals as required by M.S. 92.46, in addition to sale contract administration costs including deed taxes and recording fees due as contracts are paid in full. The Real Estate Management Bureau has developed an investment initiative to address this issue.

- **Engineering.** Abilities of the Bureau of Engineering to support field staff in determining the engineering feasibility of proposed projects and providing predesign data to justify project needs and funding to the legislature is reduced. Regular inspection of DNR's over 400 bridges, as required by state laws, has been reduced to minimal efforts. Current emphasis is on designing and building facilities funded from over 50 funding sources and managing the boundaries of over 5 million acres of DNR-administered state land. However, the budget is not fully adequate to fund the predesign evaluation process.
- **Field Services.** The primary budget issue faced by the Field Services Bureau involves the rehabilitation, repair, and maintenance of DNR facilities. The facility repair and maintenance that the Field Services Bureau has been able to accomplish on a yearly basis is in no way sufficient to maintain DNR facilities. Based on figures provided by the Building Owners and Managers Association, the DNR would need to make an investment of \$10,765,000 per year to cover costs for all components of facility management. The DNR is currently funded at only \$1,500,000 per year. Effective management of DNR buildings will continue to be impossible at these funding levels, and eventually many buildings will deteriorate to the point of destruction.

The department currently has several types of equipment, including snowmobiles, all-terrain vehicles, boats, trailers, computers, etc., that are not covered under the Fleet Management Program. Replacement of this equipment is very difficult, as funding is not available. Failure to replace this equipment on a scheduled, timely basis contributes to a decline in overall program efficiency.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 159	\$ 179	\$ 180	\$ 200	\$ 200
Dedicated - Special	158	199	174	178	175
Dedicated - Land Acquisition	223	649	960	-0-	-0-
Dedicated - Game and Fish	406	397	226	145	145
Dedicated - Trust Fund	<u>3,355</u>	<u>4,569</u>	<u>1,921</u>	<u>1,908</u>	<u>1,866</u>
Total	\$ 4,301	\$ 5,993	\$ 3,461	\$ 2,431	\$ 2,386

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: FIELD OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	7,965	6,439	6,799	6,760	6,760	6,760	6,760	6,760	6,760
EXPENSES/CONTRACTUAL SRVCS	2,314	2,217	1,975	1,946	1,946	1,946	1,946	1,946	1,946
MISC OPERATING EXPENSES	869	796	861	794	794	794	794	794	794
SUPPLIES/MATERIALS/PARTS	633	530	1,225	908	908	908	908	908	908
CAPITAL EQUIPMENT	451	139	91	81	81	81	81	81	81
OTHER	907	321	290	243	243	243	243	243	243
SUBTOTAL STATE OPERATIONS	13,139	10,442	11,241	10,732	10,732	10,732	10,732	10,732	10,732
TOTAL EXPENDITURES	13,139	10,442	11,241	10,732	10,732	10,732	10,732	10,732	10,732
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,848	4,240	4,904	4,681	4,681	4,681	4,681	4,681	4,681
NATURAL RESOURCES	422	410	450	435	435	435	435	435	435
GAME AND FISH	4,745	4,389	4,562	4,396	4,396	4,396	4,396	4,396	4,396
PERMANENT SCHOOL	547	205	106						
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	1			1	1	1	1	1	1
STATUTORY APPROPRIATIONS:									
GENERAL	96	102							
SPECIAL REVENUE	2,185	854	1,038	1,038	1,038	1,038	1,038	1,038	1,038
GAME AND FISH	221	169	109	109	109	109	109	109	109
FEDERAL	73	72	72	72	72	72	72	72	72
AGENCY	1	1							
TOTAL FINANCING	13,139	10,442	11,241	10,732	10,732	10,732	10,732	10,732	10,732

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: FIELD OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	181.4	146.5	147.5		147.5		147.5		
TEMP/SEAS/PART_TIME	5.7	2.6	2.6		2.6		2.6		
OVERTIME	.6	.8	.8		.8		.8		
TOTAL FTE	187.7	149.9	150.9		150.9	150.9	150.9		150.9

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1996-97 Biennial Budget

BUDGET ACTIVITY: Regional Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION: The DNR's Regional Operations Support Activity serves as a focal point for integration of department field operations and for development of the department's ecosystem-based management activities. This activity provides field operations with a department-wide perspective, facilitates effective interdisciplinary working relationships between the central office and field operations, and serves as major contact point for local government relations.

Regional operations support provides leadership and coordination for multi-disciplinary and ecosystem-based planning and programs in each of the DNR's 6 regions. These activities represent an ongoing shift in departmental operations towards more locally based collaborative management with stakeholders and greater focus on the state's natural resources as being parts of interconnected ecosystems.

Regional operations support staff for each of the 6 regions include a regional administrator, staff specialists for business management, information and education, landscape and watershed planning, office services, and management information systems. Regional operations support coordinates financial services and directs field actions such as natural disaster, national emergency response, local government relations, and sentencing-to-service interagency relationships. Staff also provide the technical support necessary to make computerized information and communication available to internal and external customers.

Regional operations serves to place greater emphasis on increasing the understanding and awareness of the department's programs and positions on issues of priority to the public that are unique to each DNR region. This activity also serves as a catalyst for gaining public participation, input, and direction into the department's activities. The regional business offices provide services to both internal and external customers in the areas of accounting, budget management, contracting for services, purchasing, labor relations, personnel, payroll, and employee performance. Regional planners provide services to all DNR disciplines with involvement from local units of government and the private sector. This activity is designed to help DNR and its partners more effectively manage the state's lands and waters in an integrated manner. These activities reflect the department's emphasis on decentralization of its management activities as well.

BUDGET ISSUES: Expectations for regional operations support continue to grow as DNR staff and external customers demand enhanced service at the field level. Stakeholders expect greater involvement in DNR planning and management activities. Employees, resource users, and local governments want more accurate data that is accessible and useable (e.g., mapping using geographic information systems).

Field managers, local governments, and citizens increasingly use the skills of regional operations support staff for interdisciplinary coordination. Regional operations staff foster collaborative management of DNR-administered resources and enhance DNR's coordination with other private and governmental land and water management entities. While some existing staff efforts have been redirected, additional staff is needed for local assistance in watershed and ecosystem planning and management, as well as avoiding and minimizing environmental degradation from development.

New programs have been added to the regional offices, often with no new funding for support services. For example, Natural Resources Specialists were added over time with no additional appropriation to Regional Operations Support. Also, the costs of the regional offices are largely fixed costs and appropriations have not kept pace with inflation. In order to cover the joint costs of regional office operations, a Regional Administration Cost Allocation Plan has been developed to allocate the overhead costs; i.e., electricity, heat, buildings and ground maintenance, garbage service, telephones, computers, postage, copy costs, receptionists, and office supplies to each unit.

DNR staff focusing on integrating management activities need computer support for regional and field-based local area networks, implementation of the Statewide Systems Project, and landscape and watershed planning services.

Finally, the state of Minnesota is undergoing greater use of video-conferencing among employees and constituents. Regional operations support needs to take advantage of these types of initiatives. Video-conferencing would save the department significant resources in terms of reduced employee travel time and lodging needs, while increasing effective access and communications among field staff and constituents in greater Minnesota with central office personnel.

REVENUE: This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Special	\$ 1,236	\$ 650	\$ 783	\$ 750	\$ 750
Dedicated - Federal	51	452	403	50	50
Total	\$ 1,287	\$ 1,102	\$ 1,186	\$ 800	\$ 800

GRANTS:

- **Whitetail Deer Resource Center.** Provide funds for an agreement with the Minnesota Deer Hunters Association to develop a facility and operations plan.

Future Resources Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$-0-	\$-0-	\$50	\$-0-

- **Tri-County Leech Lake Watershed Project.** Provide funds for an agreement with Cass County in cooperation with the Tri-County Leech Lake Watershed Project for integrated resource management in the watershed through baseline data, public information and education, and pilot projects.

Future Resources Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$-0-	\$-0-	\$300	\$-0-

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: REGIONAL OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,015	2,645	2,727	2,620	2,860	4,837	2,620	2,785	2,816
EXPENSES/CONTRACTUAL SRVCS	259	279	316	290	834	1,567	290	290	296
MISC OPERATING EXPENSES	418	285	440	304	309	436	304	304	319
SUPPLIES/MATERIALS/PARTS	161	145	205	164	165	291	164	164	175
CAPITAL EQUIPMENT	205	17	15			335			5
OTHER	<718>	148	162	160	165	165	160	160	160
SUBTOTAL STATE OPERATIONS	3,340	3,519	3,865	3,538	4,333	7,631	3,538	3,703	3,771
LOCAL ASSISTANCE					350	350			
TOTAL EXPENDITURES	3,340	3,519	3,865	3,538	4,683	7,981	3,538	3,703	3,771
AGENCY PLAN ITEMS:									
LCMR NEW ALLOCATIONS						980			
REGIONS 1&2 PLANNER POS. FROM FORESTRY						110		110	
REGIONAL PLANNER - REGION 5						45		45	
REGIONAL PLANNER - REGION 5						10		10	
TOTAL AGENCY PLAN ITEMS						1,145		165	
GOV'S INITIATIVES:									
(A) SUSTAINABLE ECOSYSTEMS INITIATIVE						2,030			
(A) SUSTAINABLE ECOSYSTEMS INITIATIVE						68			68
(A) GEOGRAPHIC INFO SYSTEMS FOR ECO-BASED MGMT						1,200			
TOTAL GOV'S INITIATIVES						3,298			68
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST						3,230			
GENERAL	2,530	2,464	2,807	2,591	2,746	2,746	2,591	2,746	2,746

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: REGIONAL OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MN RESOURCES					980	980			
NATURAL RESOURCES	114	153	232	217	217	217	217	217	217
GAME AND FISH	34	4	12	12	22	90	12	22	90
STATUTORY APPROPRIATIONS:									
GENERAL		3							
SPECIAL REVENUE	523	562	593	593	593	593	593	593	593
GAME AND FISH	33	2							
FEDERAL	53	207	82	125	125	125	125	125	125
AGENCY	53	124	139						
TOTAL FINANCING	3,340	3,519	3,865	3,538	4,683	7,981	3,538	3,703	3,771
FTE BY EMPLOYMENT TYPE:									
REGULAR	70.0	59.1	58.3		63.3			61.3	
TEMP/SEAS/PART_TIME	7.1	5.7	3.9		3.9			3.9	
TOTAL FTE	77.1	64.8	62.2		67.2	89.2		65.2	65.6

1996-97 Biennial Budget

BUDGET ACTIVITY: Special Services and Programs
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION: This activity includes the Human Resources Bureau, Office of Planning (including Volunteer Programs and Recreational Grants to Local Units of Government), and Information and Education Bureau, as well as the Affirmative Action Program.

- Human Resources is responsible for coordinating and managing the DNR human resources programs to meet agency needs and to comply with federal/state laws and regulations in labor relations and grievance handling, employee recruitment, classification, affirmative action/diversity, performance appraisal, employee and organizational development and training, and payroll/transaction processing.
- Information and Education is responsible for communications to the public through information services and news, publications, the *Volunteer* magazine, boat and water safety, and special events.
- The Office of Planning's services focus on interdisciplinary coordination and customer outreach. Services include environmental review, market research, strategic planning, ecosystem management guidance, recreational grants to local units of government, Southeast Asian and Hispanic outreach, and the department's volunteer programs. These programs and services touch all units in the department, as well as many local units of government and citizens.
- The Office of Affirmative Action and Diversity manages programs and policies to ensure compliance with all applicable state and federal laws, rules, and regulations related to affirmative action and equal employment opportunity. The office provides guidance and gives assistance to department managers and supervisors to assure compliance with the Americans With Disabilities Act (ADA) in the areas of employment and program and public services.

BUDGET ISSUES:

- **Human Resources Bureau.** The department's direction and policy shift towards ecosystem-based management requires all employees to approach natural resources problem-solving from a broader perspective than their own disciplinary program. This requires the creation and development of training programs, projects, and processes that advance the understanding and implementation of ecologically based natural resource management. Lack of this type of training or support will jeopardize long-term sustainability of ecological systems and could allow for the maintenance of certain natural resource systems (e.g., Wildlife) at the expense of others (e.g., Forestry). The bureau will work with department units to develop ecosystem-based management training within existing department resources, if possible.

Implementation of the new statewide accounting, procurement, and particularly human resources systems is expected to have the capacity to reduce workload and produce more timely and accurate information in the long run. This will be accomplished within the existing bureau staff resources. Funding has been allocated internally to address some of the required network upgrades, and the hardware and software conversions necessary to implement SSP.

- **Information and Education Bureau.** Due to the base budget, services have been re-evaluated and modified. In some cases, this includes 1) changes in positions and organizational alignment, 2) the use of computers and electronic information transfer to reduce time and cost, and 3) the use of state and private partnerships to maximize the impact of information and minimize the cost to the state.
- **Office of Planning.** The agency budget plan will allow the office to enhance and decentralize environmental review putting coordination and decision-making at the local level for easy access. It will continue the successful Southeast Asian program. The agency budget plan will better equip the office, thus the department, to assist local units of government and private citizens in moving Minnesota's economy, communities, and environment to a vision of sustainability through ecosystem management.
- **Office of Affirmative Action and Diversity.** The current budget will not allow DNR to adequately address ADA and diversity.

REVENUE: This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Special	\$ 262	\$ 326	\$ 186	\$ 80	\$ 80
Dedicated - Federal	875	1,376	2,465	1,909	1,914
Dedicated - Gifts	401	443	415	425	425
Total	\$ 1,538	\$ 2,145	\$ 3,066	\$ 2,414	\$ 2,419

GRANTS:

- **Recreational Boating Safety.** Federal funds are provided through the U.S. Coast Guard for boating safety and are allocated by the department to selected counties for an increased level of portal with emphasis on enforcement of boating-while-intoxicated laws.

Federal Fund	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$80	\$90	\$90	\$90

- **Information and Education Cooperative Agreements.** These pass-through grants are from the Blandin Foundation and are being used by environmental education centers to develop management plans.

Special Revenue	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
	\$-0-	\$28	\$28	\$28

1996-97 Biennial Budget

BUDGET ACTIVITY: Special Services and Programs
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

- **Outdoor Recreation Grants - Land and Water Conservation (LAWCON).** Funds are appropriated by Congress through the National Park Service, LAWCON Fund, to the state of Minnesota. The LAWCON program provides funding for state projects and grants to local sponsors for acquisition, development, and/or redevelopment of outdoor recreation facilities.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal Fund	\$810	\$701	\$701	\$701

- **Environmental Indicators Initiative.** Provides funds to create the framework for an integrated, statewide network for selecting and monitoring environmental indicators to assess and communicate Minnesota's environmental health status and trends.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Trust Fund	\$-0-	\$-0-	\$350	\$-0-

- **Metropolitan Regional Park System.** Funds provided to the Metropolitan Council for subgrants to rehabilitate, develop, acquire, and retrofit the Metropolitan Regional Park System consistent with the Metropolitan Council Regional Recreation Open Space Capital Improvement Program and subgrants for regional trails, consistent with an updated regional trail plan.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Trust Fund	\$-0-	\$-0-	\$4,550	\$-0-

- **Pine Point Park Rest Station.** Provides funds for an agreement with Washington County to construct a rest station on the Gateway Segment of the Willard Munger State Trail.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Future Resources Fund	\$-0-	\$-0-	\$100	\$-0-

- **Statewide Gardening Program.** Provides funds for an agreement with the Sustainable Resources Center for a joint project with the Minnesota State Horticultural Society - Minnesota Green and Duluth Plant-A-Lot Community Garden Program to provide technical assistance on community plantings, food gardens, trees, native plants, and environmentally sound horticultural and land-use practices.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Future Resources Fund	\$-0-	\$-0-	\$300	\$-0-

- **Together Outdoors Minnesota.** Provides funds for an agreement with Wilderness Inquiry for diversity specialist training and training of outdoor service professionals to provide inclusive programming and diversity networking, including the development of a directory of recreation facility accessibility.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Future Resources Fund	\$-0-	\$-0-	\$575	\$-0-

- **Local Grants.** Funds to provide matching grants to local units of government for park and recreation areas, natural and scenic areas, and trail linkages between communities, trails, and parks. Also included is the Conservation Partners Program, a statewide pilot to encourage private organizations and local governments to cost-share enhancement of fish, wildlife, and native plant habitats; research and surveys of fish and wildlife; and related education activities.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Future Resources Fund	\$-0-	\$-0-	\$1,800	\$-0-

- **Restoration of Historic Elba Fire Tower.** Provide funds for an agreement with the Elba Booster Club, in consultation with the Minnesota State Historical Society, for restoration and the development of interpretive materials and to provide access to the Elba fire tower for safe recreational and educational use.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Future Resources Fund	\$-0-	\$-0-	\$73	\$-0-

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: SPECIAL SERVICES AND PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,694	3,839	4,133	3,969	4,203	4,203	3,969	4,017	4,017
EXPENSES/CONTRACTUAL SRVCS	1,229	1,073	1,097	1,080	1,235	1,235	1,080	1,081	1,081
MISC OPERATING EXPENSES	414	385	452	433	486	486	433	433	433
SUPPLIES/MATERIALS/PARTS	177	124	351	135	141	141	135	136	136
CAPITAL EQUIPMENT	197	154	165	150	150	150	150	150	150
OTHER	30	57	55	55	70	70	55	71	71
SUBTOTAL STATE OPERATIONS	5,741	5,632	6,253	5,822	6,285	6,285	5,822	5,888	5,888
AIDS TO INDIVIDUALS	48	36	701	701	701	701	701	701	701
LOCAL ASSISTANCE	204	8,820	371	118	7,616	1,266	118	118	118
TOTAL EXPENDITURES	5,993	14,488	7,325	6,641	14,602	8,252	6,641	6,707	6,707
AGENCY PLAN ITEMS:									
			FUND						
LCMR NEW ALLOCATIONS			EVT		4,900				
LCMR NEW ALLOCATIONS			MNR		2,998				
LAWCON STATE PROJECTS COORDINATOR			FED		63			66	
TOTAL AGENCY PLAN ITEMS					7,961			66	
GOV'S INITIATIVES:									
			FUND						
(A) LCMR REDISTRIBUTION			EVT			<4,550>			
(A) LCMR REDISTRIBUTION			MNR			<1,800>			
TOTAL GOV'S INITIATIVES						<6,350>			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	294	4,771			4,900	350			
GENERAL	3,541	3,700	4,037	3,870	3,870	3,870	3,870	3,870	3,870
MN RESOURCES	247	3,190	503		2,998	1,198			

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: SPECIAL SERVICES AND PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
NATURAL RESOURCES	651	621	538	514	514	514	514	514	514
GAME AND FISH	172	140	143	137	137	137	137	137	137
STATUTORY APPROPRIATIONS:									
GENERAL		2							
SPECIAL REVENUE	205	211	249	249	249	249	249	249	249
FEDERAL	511	1,411	1,378	1,394	1,457	1,457	1,394	1,460	1,460
GIFTS AND DEPOSITS	372	442	477	477	477	477	477	477	477
TOTAL FINANCING	5,993	14,488	7,325	6,641	14,602	8,252	6,641	6,707	6,707
FTE BY EMPLOYMENT TYPE:									
REGULAR	72.2	77.4	80.4		81.5			77.5	
TEMP/SEAS/PART_TIME	20.7	11.6	10.8		11.3			10.8	
OVERTIME	.5	.5	.5		.5			.5	
TOTAL FTE	93.4	89.5	91.7		93.3	93.3		88.8	88.8

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1996-97 Biennial Budget

BUDGET ACTIVITY: Administrative Management
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

This activity provides for the overall department management, including formulation and establishment of policies and priorities for implementation of natural resources management and integration of the operations of the department into a cohesive management direction. In addition to the Commissioner's Office, it includes the following bureaus and activities:

- **Financial Management Bureau.** Establishes internal financial management policies and procedures; coordinates the biennial budget, capital budget, and annual spending plan; budget control; accounting; internal audits and coordination of federal and legislative audits; and financial reporting and information.
- **License Bureau.** Maintains accountability for and coordinates the procurement, distribution, and issuance of the following: game, fish, and cross-country ski licenses; snowmobile, all-terrain vehicle, off-highway motorcycle, off-road vehicle, watercraft registrations; and watercraft titling. Administers antlerless deer, turkey, and moose hunting lotteries.
- **Management Information Services Bureau.** Implements and manages networks, Geographic Information Systems (GIS), data, and applications. Provides computer training, library, and data entry services for DNR units and their employees.

BUDGET ISSUES:

- **Financial Management.** One of the major issues facing this bureau during this budget period is the conversion to the new statewide accounting, procurement, and human resources systems and the necessity to invest in computer upgrades to implement and work with those systems. The need to develop a compatible DNR revenue accounting system as a result of that conversion is also a pressing issue, and a budget initiative has been submitted in order to make progress towards this end during F.Y. 1996 and F.Y. 1997. In addition, this bureau expects to expand its role in monitoring department bond fund appropriations and fund balances to assure compliance with new statutes and rules regarding use of bond proceeds. It will also increase its efforts of ongoing review of dedicated fund forecasting process. The latter 2 efforts are expected to be accomplished within the budget plan with existing resources.
- **License Bureau.** The License Bureau proposes to create a consolidated customer service base consisting of identification number, name, address, date of birth, and physical description. Numerous stand-alone customer databases are currently in use, but there is no method to tie these systems together within one main database. In addition, hunting and fishing customers number over 2 million, but no permanent records are retained. Upgrading and reconciling files and redesigning the DNR license and registration sales office will enable the License Bureau to bring it in line with point-of-sale and electronic licensing systems. Approval of the budget initiative to implement point-of-sale technology will pre-position the department's direct sales program in line with capturing the proposed consolidated customer base, as well as providing

an atmosphere wherein business may be conducted more efficiently and with greater customer comfort and convenience.

- **Management Information Services.** To help ensure the success of the department's ecosystem-based management efforts, information technology will be a valuable tool. These technologies include networks, GIS, and information database. These functions need to be properly staffed to ensure the department receives full benefit of these technologies. Thus, budget initiatives have been submitted, as this cannot be accomplished within the existing funding.

REVENUE:

This activity generates non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 67	\$ 70	\$ 50	\$ 50	\$ 50

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: ADMINISTRATIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,270	4,489	4,986	4,959	4,988	5,078	4,959	4,988	5,079
EXPENSES/CONTRACTUAL SRVCS	1,723	1,776	1,869	2,565	2,565	3,693	2,565	2,565	2,598
MISC OPERATING EXPENSES	698	502	496	437	437	456	437	437	445
SUPPLIES/MATERIALS/PARTS	216	263	922	25	25	28	25	25	26
CAPITAL EQUIPMENT	139	335	235	226	226	322	226	226	229
OTHER	240	165	174	174	174	174	174	174	174
SUBTOTAL STATE OPERATIONS	7,286	7,530	8,682	8,386	8,415	9,751	8,386	8,415	8,551
TOTAL EXPENDITURES	7,286	7,530	8,682	8,386	8,415	9,751	8,386	8,415	8,551
AGENCY PLAN ITEMS:									
			FUND						
ANNUALIZED NEW PROG COST			NRF		29			29	
REGIONAL PLANNER - REGION 5			GEN		<2>			<2>	
REGIONAL PLANNER - REGION 5			G&F		1			1	
REGIONAL PLANNER - REGION 5			NRF		1			1	
TOTAL AGENCY PLAN ITEMS					29			29	
GOV'S INITIATIVES:									
			FUND						
(A) TREATY LITIGATION COSTS			GEN			1,000			
(P) ELECTRONIC LICENSING: POINT-OF-SALE PILOT			G&F			184			74
(P) ELECTRONIC LICENSING: POINT-OF-SALE PILOT			NRF			33			13
(P) ADMINISTRATIVE RULES COORDINATOR POSITION			G&F			56			49
(P) REVENUE ACCOUNTING-SYSTEM DESIGN FUNDS			G&F			55			
(P) REVENUE ACCOUNTING-SYSTEM DESIGN FUNDS			NRF			8			
TOTAL GOV'S INITIATIVES						1,336			136

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESRCS,DPT OF
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: ADMINISTRATIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,461	2,442	2,775	3,078	3,076	4,076	3,078	3,076	3,076
NATURAL RESOURCES	1,852	1,904	2,483	2,049	2,079	2,120	2,049	2,079	2,092
GAME AND FISH	2,658	3,046	3,270	3,110	3,111	3,406	3,110	3,111	3,234
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	176	18	31	26	26	26	26	26	26
FEDERAL	126	120	123	123	123	123	123	123	123
GIFTS AND DEPOSITS	13								
TOTAL FINANCING	7,286	7,530	8,682	8,386	8,415	9,751	8,386	8,415	8,551
FTE BY EMPLOYMENT TYPE:									
REGULAR	94.4	99.2	101.2		101.2			101.2	
TEMP/SEAS/PART_TIME	5.4	7.2	17.2		17.2			17.2	
OVERTIME	.9	.7	.7		.7			.7	
TOTAL FTE	100.7	107.1	119.1		119.1	121.1		119.1	121.1

1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: WATER AND SOIL RESOURCES, BOARD OF (BWSR)

PROGRAM

WATER AND SOIL RESOURCES

PAGE

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**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Water and Soil Resources, Board of (BWSR)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$13,976	\$13,976	\$27,952
<u>BASE ADJUSTMENT:</u>			
Appropriations Carried Forward	(834)	(834)	(1,668)
Documented Rent Increase	<u>5</u>	<u>5</u>	<u>10</u>
<u>CURRENT SPENDING</u>	\$13,147	\$13,147	\$26,294
<u>AGENCY DECISION ITEMS:</u>			
Annualized New Programs	<u>220</u>	<u>220</u>	<u>440</u>
<u>AGENCY PLAN</u>	\$13,367	\$13,367	\$26,734
GOVERNOR'S RECOMMENDATIONS	\$13,367	\$13,367	\$26,734

Brief Explanation of Agency Plan:

The agency plan includes \$220,000 in each year of the biennium to annualize the State Revolving Fund (SRF) package passed by the 1994 legislature.

Revenue Summary:

This program does not generate dedicated or non-dedicated revenues.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

AGENCY: Water and Soil Resources, Board of (BWSR)

AGENCY DESCRIPTION:

The mission of the Board of Water and Soil Resources (BWSR) 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 is essential to the success of local resource management efforts. State-local partnerships foster feelings of pride and local responsibility instead of resentment that local government is being forced to carry out a state mandate.

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. The majority of land use decisions are made by local governments through their planning and zoning authorities. Sound land use management at the local level will protect soil, lakes, rivers, and streams, and sustain agriculture, forestry, and development and local economies.

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 to leverage our talents, resources, and finances to achieve the greatest results.

The legislature in 1987 created the BWSR to facilitate local government efforts and to ensure coordination of state, local, federal and private resource management initiatives. The membership of the BWSR includes county commissioners, soil and water conservation district supervisors, watershed management organization managers, citizens, 4 state agencies and the University of Minnesota Extension Service (MES). This composition provides a unique opportunity for communication on issues and concerns, policy discussions on resource management and enhanced 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.

AGENCY CHALLENGES:

The following trends and issues are shaping the development of policies and programs at the BWSR:

1. **Increased reliance on partnerships for resource management.** Partnerships—particularly between state, local and federal government—are an effective way to accomplish resource protection goals. As government spending at all levels decreases, it is becoming clear that cooperative resource management is one way to maintain or increase results with the same level of funding. State and federal government provide what local governments need: technical and financial assistance, leadership, structure and a "big picture" view of resource management. Local governments provide local perspective, local resource information, local funding and efficient implementation.

Nowhere is this increasing dependence on partnerships more evident than in the State Revolving Fund (SRF) legislation passed by the 1994 legislature. Under the agricultural best management practices portion of the SRF, landowners can apply for low-interest loans for water quality projects including animal waste control systems, grass waterways, erosion and sediment control basin, on-site sewer updates, and abandoned well sealing. The state sets the program structure and provides funding; local governments provide administration and application review teams to ensure programs meet local priorities.

BWSR was given funding under SRF to provide a broad engineering capability to soil and water conversation districts (SWCDs), provide highly skilled and equipped engineering teams to support SWCD activities and to provide statewide training, oversight and coordination of the engineering teams. Because the 1994 legislature did not fund the full technical package, the engineering support may not be adequate to meet the demands of the SRF and other programs.

This problem is indicative of a trend in SWCD funding. Even though SWCDs were established by the state to help landowners with conservation and responsibility of SWCDs to carry out state programs has greatly expanded, they have not been given the resources necessary to achieve their objectives. SWCDs rely on state (\$9,300 per year) and county funding as their resource base. The current state commitment is a token level of support. Options are to increase funding with or without co-payments by counties or to grant SWCDs taxing authority with or without county consent.

2. **Increased awareness among the general public, including landowners, of resource problems and an increased willingness to make reasonable sacrifices to accomplish resource conservation.** More Minnesotans have noticed deteriorating conditions in their favorite lakes and streams, concerned enough to educate themselves about some of the causes. This awareness of the problems and their causes has made people more willing to make reasonable sacrifices to rectify those problems. Again, passage of the SRF is indicative of this trend; people are willing to take on a manageable debt to ensure resource protection.

The BWSR/Minnesota Extension Service (MES) joint education position serves to both give local government the tools it needs to promote conservation awareness to the public and ensure local government officials understand the impact their land use decisions have on the environment. The success of this pilot BWSR/MES position in northern Minnesota can be used as a model for southern and metro positions, with priority on a southern position focusing on the Minnesota River basin.

3. **Increased local government capabilities.** The capabilities of local governments to manage

AGENCY: Water and Soil Resources, Board of (BWSR)
(Continuation)

resources have increased in response to landowner needs and expectations. Local governments need a wide variety of training and assistance, from the most basic 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 service capability, and 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, through local water planning, to address non-point concerns at the local level. Again, SRF will play a significant role as implementation proceeds.
5. **Increased public willingness to use non-judicial methods of appeal.** Both the Wetland Conservation Act (approved in 1991) and amendments passed to the Watershed District Act (M.S. 103D) assign BWSR the responsibility for hearing appeals. Over the past year the number of appeals coming before the board has increased both in numbers and complexity. BWSR has thus far met this demand, although at the expense of other tasks. There is a concern that re-directing staff efforts from more traditional BWSR activities will ultimately lead to more appeals.
6. **Federal actions.** Federal actions continue to affect BWSR and local government programs and planning in a variety of ways. Cuts of about \$3 million annually in the Agricultural Conservation Program (the federal cost share program) will mean increased demand for the state's cost share programs. Reorganization of the USDA and reduced staffing for the Natural Resources Conservation Service (formerly the Soil Conservation Service) also increase pressure on local and state governments to provide the technical assistance necessary to design and implement conservation practices. This reduced funding and staffing is also expected to increase demand for SRF dollars and the technical assistance provided through BWSR-funded local government staffing.
7. **Agency administration.** Since BWSR's establishment in 1987 the legislature has vested significant new authority and responsibility to BWSR. This has increased the fiscal and personnel management demands on BWSR. Although the 1987 statute establishing BWSR requires the Department of Agriculture (Ag) to provide office space and fiscal and personnel management for BWSR, no assistance is currently provided by Ag. A recent audit reflects agency shortcomings in these areas that can only be addressed with additional resources.

AGENCY STRATEGIES:

The BWSR uses a number of different strategies to assist local governments in resource protection. These strategies are tailored to the BWSR's individual programs to capitalize on each program's unique advantages.

Local Water Resources Protection and Management Program. The overall goal of this program is to ensure a thoughtful, coordinated approach to water management through the development and implementation of locally developed water management plans.

The program began as a response to concerns about a lack of coordination between the many governments with jurisdiction over water. Through the creation of local task forces charged with developing countywide water plans, all levels of government, as well as citizens and other interested parties, were brought into the process. The result has been a comprehensive and coordinated approach to water management.

Funding for the program (a "net capacity" equalization of \$37,500 annually per county) is provided by both state and local governments. The state grant to each county varies depending upon the county's net tax capacity. Funding can be used for a variety of purposes including education and information; monitoring and data collection; water quality improvement projects and programs; and administration of local regulatory and technical assistance programs. Additional available funding is allocated through challenge grants, which are awarded competitively to counties to accelerate their water plan activities.

This grant program has provided the framework for a natural resources block grant that integrates grants for water planning, shoreland management, the Wetland Conservation Act, and feedlots for purposes of application, grant agreements and reporting. About 350 grants have been consolidated into about 100, resulting in less paperwork and greater efficiency.

1995 is a key year for this program because about two-thirds of Minnesota counties will update their water plans for the first time. County water plan coordinators view this update process as a chance to examine the program and rework the plans in light of the program's past challenges and successes. Public participation will again be the key factor in identifying and prioritizing the community's resource needs, concerns and implementation strategies.

The program's success in greater Minnesota (80 of Minnesota's counties have state-approved and locally adopted water plans) is largely based on the state-local partnership strategy it employs. The state has allocated adequate resources to the program and provides leadership, technical assistance, partial funding and a program structure. Local governments and the citizens use their knowledge of the community's particular resource issues to develop and implement the plans. Local governments provide a share of the funding as well. These partnerships have proven to be an effective means of providing practical, successful local resource management.

The metro area water program is moving more slowly than the greater Minnesota program for several reasons:

- There are 46 separate watershed management organizations (WMOs) and limited resources to guide their efforts.
- Stormwater and wetlands issues in the metro area are highly complex.
- Agencies' inability to use the completed plans to streamline the permitting process.

Options to re-work the program include making the program voluntary; allocating greater resources to the program and giving BWSR discretion to prioritize watersheds and schedule development of water management plans; transferring the program to another agency (i.e., the Met Council) and

AGENCY: Water and Soil Resources, Board of (BWSR)
(Continuation)

integrating it with metro land planning processes; or rescinding the program altogether.

Cost Share Program. This program aims to improve and protect water quality and sustain soil quality and productivity by reducing soil erosion, the single greatest threat to Minnesota's water quality. The program's annual allocation of about \$1.4 million goes to SWCDs that use it for landowner grants for priority erosion control projects. The program will pay up to 75% of eligible project costs. Eligible projects include animal waste control systems, waterways and other soil erosion control structures, streambank stabilization and windbreaks. The SRF will complement and leverage the dollars available through this program.

A few additional factors should be noted:

- The program has had no increase in annual allocation since its inception in 1977; thus, its purchasing power has declined significantly.
- Beginning in the current federal fiscal year (October 1994 - October 1995), the federal cost-share program has been cut by about \$3 million annually. This cut is expected to be ongoing. This increases the need for state cost share dollars since federal money may not be available for grants to landowners whose projects previously qualified for federal reimbursement.
- Both of these factors are expected to increase pressure on the SRF program and increase the demand for loans.

The following elements of the cost share program have a unique focus:

- The Minnesota River Basin Program is used to accelerate cost-share practices in the Minnesota River basin.
- Special Projects funding allows SWCDs to accelerate practices or try new and innovative approaches to erosion control.
- Streambank, lakeshore and roadside projects focus on addressing costly erosion problems on public land, streambanks, lakeshores and roadsides.

Abandoned Well-Sealing Cost Share Program. Abandoned wells provide one of the most direct and potentially damaging conduits for contaminants to enter directly into the groundwater. Because of cost constraints, many of Minnesota's estimated 800,000 to 1.5 million unused wells are left unreported and unsealed. This program provides funding to counties to share the cost with landowners of sealing high priority wells.

The program was created as part of the Groundwater Protection Act of 1989. The legislature allocated funds to the program for the 1990-91 and 1992-93 biennia. Approximately 3,300 wells have been sealed as a result of that funding. The state did not provide funding in the 1994-95 biennium. The program will receive \$500,000 in federal flood relief funds for well sealing in F.Y. 1995.

The BWSR expects that the reduced funding for this program will also put additional pressure on the SRF dollars.

Wetland Conservation Act. In recent years, the public and the scientific community have grown increasingly aware of the benefits wetlands provide. These benefits include filtering sediments and other pollutants out of water; providing habitat for fish and wildlife; acting as storage areas for runoff and floodwaters; and providing potential for commercial uses. Despite these benefits Minnesota has lost almost 60% of its wetlands -- about 11.1 million acres -- since the mid-1800s.

In 1991 the legislature passed the Wetland Conservation Act (WCA), designed to result in no net loss of wetlands. The act requires any landowner wishing to disturb non-exempt wetlands to follow this sequence: first, try to avoid disturbing the wetland entirely; second, minimize the impact of the proposed land use on the wetland; and finally, replace any lost wetland with newly constructed or restored wetlands.

The act also creates 2 new compensation programs for landowners. The Permanent Wetlands Preserve Program (PWP) pays landowners a percentage of the assessed value of their land to place wetlands in a permanent conservation easement. The program is administered similarly to the Reinvest in Minnesota (RIM) Reserve Program and is funded through bonding dollars. About 10,500 acres of wetland and adjacent upland have been enrolled in PWP.

The Wetland Preservation Areas Program allows landowners to enroll wetlands in a tax exempt conservation easement. This program is expected to be available by the end of 1996 as counties complete their second generation water plans.

WCA is administered by local units of government including counties, cities, townships or water management organizations. In many cases, counties have delegated authority for the program to the county SWCD. The BWSR has provided local government with extensive training on both wetlands delineation and administration of the WCA. Currently 5 counties have chosen not to adopt the WCA.

The WCA's local administration has also brought to light several problems that hinder sound implementation. Local governments have made a number of suggestions meant to improve the program. The legislatively-created Wetland Heritage Advisory Committee (WHAC) will be making specific recommendations for statute and rule changes in January 1995. Changes will potentially streamline administration, recognize regional variations and provide a framework for local comprehensive wetland plans as an element of local water management programs.

WCA's major success has been in encouraging landowners to avoid disturbing wetlands or minimizing any impact on the wetland. Of the estimated 1,700 projects brought before local governments annually, about 75% of those involving non-exempt wetlands will be resolved through avoiding the wetland or minimizing the wetland impact. This avoidance or minimization can often be done with little or no added cost to the applicant or adverse affect on the project.

To allow greater flexibility for those projects that result in wetland replacement, a number of counties have instituted wetland banking programs. These programs allow for the deposit of wetland credits from restored or created wetlands. Credits can later be purchased as a means of wetland replacement.

The regulatory components of the WCA are enforced by the Department of Natural Resources. The law also provides a process by which landowners can appeal local government decisions to BWSR. Numerous landowners have taken advantage of this opportunity, which has significantly increased BWSR's workload.

1996-97 Biennial Budget

AGENCY: Water and Soil Resources, Board of (BWSR)
(Continuation)

Reinvest in Minnesota (RIM) Reserve Program. The RIM Reserve Program aims to improve water quality and enhance fish and wildlife habitat through encouraging farmers to retire marginal lands from agricultural production. Under the program, landowners are paid a percentage of the assessed market value of their land in exchange for placing the land under a permanent conservation easement. Specific types of lands eligible for the program include drained wetlands (under consideration for wetland restoration), riparian cropland, pastured hillsides, and sensitive groundwater areas.

Since it began in 1986, the program's funding from capital bonding has been erratic, ranging from \$10 million annually to \$0. Because the RIM Reserve Program and the Permanent Wetlands Preserve Program have been included in the 6 year bonding plan, it is anticipated that future funding will be more stable. The 2 programs will receive a total of \$9 million for easements in the 1995-96 biennium.

The program is administered locally by SWCDs. The SWCDs coordinate local steering committees to help prioritize applications to ensure that local needs are met. To date the program has secured about 1,850 easements, covering about 48,300 acres.

REVENUE SUMMARY:

This program does not generate dedicated or non-dedicated revenues.

SUMMARY OF BUDGET REQUEST:

Program Plan

The agency's first priority will be to deliver the services just described to enable local government to effectively protect and manage the state's water and soil resources. Given BWSR's constant level of funding, the impact of absorbing inflation means that administration, services to local governments, grants and cost share programs have all been cut. With similar cuts occurring on the federal level, landowners and local government will be impacted. Ultimately, the rate at which local government can address water and soil resource issues and problems will be curtailed.

The State Revolving Fund (SRF) will be annualized at \$1,225,000 in F.Y. 1996 and \$1,225,000 in F.Y. 1997, its first biennium of operation. Annualized funding is less than the agency's request to implement the full technical support package. BWSR expects that the engineering support it can provide at this funding level will not meet the demands of SRF and other program needs.

Project proposals recommended for funding by the LCMR are included in the agency plan. LCMR project recommendations funded from the Environmental Trust Fund total \$390,000 and those funded from the Future Resources Fund total \$535,000.

LCMR Recommendations

BWSR will administer 5 projects recommended by the LCMR for the 1996-97 biennium.

- **Cannon River Watershed Strategic Plan: Integrated Management.** Funding is for an agreement with the Cannon River watershed partnership to implement activities in the Cannon River watershed through matching grants and technical assistance. The appropriation must be matched by at least \$81,000 of nonstate money. This project must be completed and final products delivered by 12/31/95, and the appropriation is available until that date. (\$325,000 Future Resources Fund)
- **Assessing Wetland Quality With Ecological Indicators.** Project funding is for an agreement with the University of Minnesota to develop plant and animal indicators of wetland quality, establish a network of reference natural wetlands for comparative monitoring, and develop guidelines for wetland assessment and monitoring to guide replacement wetland monitoring. (\$275,000 Environment Trust Fund)
- **Fillmore County Soil Survey Update.** This appropriation will provide half of the nonfederal share for a project that continues through 2001 to update the Fillmore County soil survey to a digitized and manuscript format. (\$65,000 Future Resources Fund)
- **Phalen Wetland Restoration.** This appropriation is for an agreement with the city of St. Paul to restore a wetland at the south end of Lake Phalen. This appropriation must be matched by at least \$50,000 in nonstate money. (\$115,000 Environment Trust Fund)
- **Shoreland Septic Inventory and Education.** Funding is available to BWSR, in cooperation with PCA, for an agreement with Hubbard County to inventory the Mantrap watershed for failing septic systems, for education, and for enforcement efforts to upgrade septic systems. (\$145,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor has identified a number of projects that were included in the Legislative Commission on Minnesota Resources funding allocations that should instead be addressed in the capital budget. The Governor recommends that a portion of the funds allocated for those projects be used to finance selected environmental, high-priority initiatives including:

- The Governor recommends a biennial appropriation of \$390,000 from the Environmental Trust Fund for Metro Water Planning Management.
- The Governor recommends funding for soil and water conservation district (SWCD) operations to enable SWCDs to meet the objectives for which they were established by the state. Funding will be a biennial appropriation of \$1,500,000 from the Environmental Trust Fund.
- The Governor recommends funding for the Wetland Conservation Act initiative, which will provide the necessary level of staff support for implementation of legislative requirements relating to the state's wetlands. Funding will be a biennial appropriation of \$187,000 from the Future Resources Fund.

1996-97 Biennial Budget

AGENCY: Water and Soil Resources, Board of (BWSR)
(Continuation)

- The Governor recommends a biennial appropriation of \$1,000,000 from the Future Resources Fund to increase the available funding through the state's Cost Share Program, which has not received an increase since 1977.
- The Governor recommends a biennial appropriation of \$150,000 from the Environmental Trust Fund for data management to ensure that local governments and BWSR have the technical and program information they need for successful resource management.
- The Governor recommends a biennial appropriation of \$40,000 from the Environmental Trust Fund for a shared MES/BWSR educational position serving southern Minnesota with an emphasis on the Minnesota River basin.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESRCS BD
PROGRAM: WATER & SOIL RESRCS BD
ACTIVITY: WATER & SOIL RESRCS BD

ACTIVITY SUMMARY	FY 1996			FY 1997					
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.			
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,097	2,155	2,413	2,296	2,337	2,837	2,296	2,337	2,337
EXPENSES/CONTRACTUAL SRVCS	368	216	333	341	343	467	341	343	343
MISC OPERATING EXPENSES	315	319	380	356	357	434	356	357	357
SUPPLIES/MATERIALS/PARTS	186	101	80	62	63	69	62	63	63
CAPITAL EQUIPMENT	15	29	28	15	15	75	15	15	15
OTHER	771	947	756	747	747	747	747	747	747
SUBTOTAL STATE OPERATIONS	3,752	3,767	3,990	3,817	3,862	4,629	3,817	3,862	3,862
LOCAL ASSISTANCE	7,406	8,774	10,922	10,186	11,286	13,786	10,186	10,361	10,361
TOTAL EXPENDITURES	11,158	12,541	14,912	14,003	15,148	18,415	14,003	14,223	14,223
AGENCY PLAN ITEMS:									
ANNUALIZED NEW PROG COST					220			220	
LCMR NEW ALLOCATIONS					390				
LCMR NEW ALLOCATIONS					535				
TOTAL AGENCY PLAN ITEMS					1,145			220	
GOV'S INITIATIVES:									
(B) LCMR REDISTRIBUTION						2,080			
(B) LCMR REDISTRIBUTION						1,187			
TOTAL GOV'S INITIATIVES						3,267			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST					390	2,470			
GENERAL	8,678	11,443	13,976	13,147	13,367	13,367	13,147	13,367	13,367
MN RESOURCES					535	1,722			

1996-1997 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	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST	1,169	491	29						
GENERAL	1,114		50						
MN RESOURCES		323							
FEDERAL	197	284	857	856	856	856	856	856	856
TOTAL FINANCING	11,158	12,541	14,912	14,003	15,148	18,415	14,003	14,223	14,223
FTE BY EMPLOYMENT TYPE:									
REGULAR	42.2	44.9	49.4		53.9		53.9		
TEMP/SEAS/PART_TIME	2.7	1.7	1.7		1.7		1.7		
OVERTIME		.1	.1		.1		.1		
TOTAL FTE	44.9	46.7	51.2		55.7	60.7	55.7	60.7	

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	14,912	14,912	14,026	14,026	29	29	857	857
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<885>	<885>	<884>	<884>			<1>	<1>
DOCUMENTED RENT/LEASE INC/DEC	5	5	5	5				
LCMR-FUNDED PROJECTS	<29>	<29>			<29>	<29>		
SUBTOTAL BASE ADJ.	<909>	<909>	<879>	<879>	<29>	<29>	<1>	<1>
CURRENT SPENDING	14,003	14,003	13,147	13,147			856	856

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of (BWSR)
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Data Management

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
State Operations	\$150	\$-0-	\$150	\$-0-
Revenues: (\$000s)				
	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No **X**___

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding BWSR's data management initiative to allow the agency to make better use of existing data and increase the sharing of resource information between state agencies and local governments.

Funding for this initiative has been made available from the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The funds should be available in either year of the biennium.

RATIONALE:

The BWSR has 2 primary information management responsibilities: the first is to provide local governments with access to technical resource information for use in their long-term planning and day-to-day activities; the second is to use information to be able to track and evaluate the successes and challenges of our programs and adjust them accordingly. Currently BWSR is unable to fulfill these responsibilities because much of the agency's information and data is strictly on paper and is not readily accessible in electronic data bases for review, analysis or presentation.

Regarding the need for technical information for use by local governments, BWSR (in cooperation with other agencies and local governments) has developed guidelines for various resource inventories that will help frame many of the data components for technical information. Local governments and others could use this information in a variety of ways for an integrated resource management

approach. Ultimately, this approach will be more efficient and cost-effective, allowing local governments to achieve better results with limited resources.

The BWSR's own internal efforts to collect information on its programs have been somewhat inconsistent, typically given a lower priority than program delivery. As a result, the amount and complexity of data on any given program varies widely. For programs where little data has been collected, BWSR must rely largely on anecdotal evidence to judge the successes of the program. Clearly, a more comprehensive approach would give BWSR greater capability to tailor programs to meet the resource needs of local governments.

Funding for this initiative will provide the resources to develop and implement an information system that is computer based and provide a framework to store, retrieve, manage, report and analyze technical and program data for use by the agency and local governments.

PROGRAM OUTCOMES:

The expected outcome is the collection of both technical and program-related data, and the effective use of this use by local governments and BWSR.

LONG-TERM IMPACT:

Better technical information will increase the ability of local governments to approach resource management from an integrated perspective, thus allowing them to make greater use of their limited staff and funding. Better program information will allow BWSR to adjust its programs to ensure that they are accomplishing their objectives as efficiently as possible.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of (BWSR)
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Minnesota Extension Service (MES) /BWSR Education Partnership

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$40	\$-0-	\$40	\$-0-
Revenues: (\$000s)				
	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the MES/BWSR education partnership initiative to place a jointly sponsored position in southern Minnesota. This initiative builds on the experience gained from a similar partnership in northern Minnesota.

Funding for this initiative has been made available in the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The funds should be available in either year of the biennium.

RATIONALE:

Although resource issues are often controversial, everyone seems to agree about one thing: education is generally preferable to regulation. Unfortunately, education often takes a back seat to compliance and other urgent aspects of resource management. Many counties have found themselves in the position of neglecting the educational aspects of their local water plans simply because they lack the necessary resources.

Three years ago the BWSR joined the Minnesota Extension Service (MES) to fill this need by creating a pilot position to work with local governments in northern Minnesota on educational objectives. The position has concentrated on working with local government staff and local officials to give them the tools they need to promote conservation to the public. In addition to providing general training on effective ways for these local government personnel to reach their target

audiences, the position has actively worked with local governments in a variety of educational initiatives.

An additional benefit of the position has been improved coordination between local units of government on educational projects. The educational connections of MES, combined with the local and state government connections of BWSR, have provided an excellent network for reaching a wide audience.

This initiative will build on the model of the past 3 years and establish another jointly funded position in southern Minnesota, with a focus on the Minnesota River basin.

PROGRAM OUTCOMES:

Additional assistance provided to local governments in southern Minnesota will help them achieve the educational objectives of their local water plans.

LONG-TERM IMPACT:

The proper mix of education and incentives will ensure the desired response from landowners in implementing conservation measures, reinforce the idea of responsible stewardship of our land and waters, and gain compliance with resource regulations.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of (BWSR)
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Metro Water Planning Management

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$390	\$-0-	\$390	\$-0-
Revenues: (\$000s)				
	\$-0	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of the Metro Water Planning Management initiative to work with water management organizations in the metro area. Funding provides the staffing that ensures BWSR will play a lead role in coordinating the successful adoption of local water management plans.

Funding for this initiative has been made available from the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The funds should be available in either year of the biennium.

RATIONALE:

The Water Planning Act of 1982 requires 46 separate water management organizations in the 7 county metro area to adopt state approved surface water management plans that provide for the coordinated, cooperative and efficient management of water resources in their watershed. The plans are locally developed with the support of the state agencies that have a stake in the resources of the area. BWSR has the statutory responsibility to provide technical and administrative support, and participate in the development, approval and implementation of the local water management plans. That responsibility was expanded when the legislature, acting upon the recommendations of a 1989 Governor's task force, amended the act to require BWSR to develop rules for the implementation of the local water management plans.

The state recognized years ago the importance of sound water management in the metro area (passage of the act in 1982 was the first water planning requirement in the state) and understood the importance of approaching water management on a watershed basis. Unfortunately, that

recognition was not supported with funding. The 1 staff person funded for the program could not provide the necessary level of support to such a large number of water management organizations. New program responsibilities given to BWSR in later years (e.g., the Wetland Conservation Act) have further limited staff's capacity to concentrate on metro water planning.

Lack of resources has also resulted in a diminished role of other state environmental agencies. Originally, the agencies were intended to work closely with water management organizations in plan development, approval, and implementation, providing guidance and information. Since no agencies received any resources to help them fulfill that role, the program was placed in the unfortunate position of competing with a wide variety of other programs, projects and issues for agency staff time. As a result the program has not been as useful in strengthening the permitting process as it might have been.

Comparisons to the Comprehensive Local Water Planning Program help clarify the impact that the lack of funding has had on this program. Within 7 years of the passage of the VOLUNTARY Comprehensive Local Water Planning Program, all 80 eligible counties had state-approved and locally-adopted plans in place. In contrast, some of the 46 water management organizations have yet to approve water plans under the MANDATORY Metro Water Planning Program, although it has been in existence for 13 years. Clearly, the difference between success and failure has been the allocation of resources.

This initiative addresses the problem in 2 ways: first, it provides funding for additional staff; and second, it gives BWSR some discretion to prioritize watersheds and schedule the development of water management plans. The combination of these 2 approaches should result in resources adequate for successful program implementation.

PROGRAM OUTCOMES:

An adequately funded program will result in successes as seen in the Comprehensive Local Water Planning Program: a coordinated, efficient, long-term approach to water planning. Ultimately, these will result in meeting public expectations for a clean and plentiful water supply. In addition, partnerships formed through a successful program will lead to greater coordination of related land use issues.

ALTERNATIVES:

Options to staffing the program include: a) rescind the program; b) make the program voluntary without BWSR oversight; and c) transfer the program to another agency (i.e., the Met Council, which could integrate the program with its land use planning authority).

LONG-TERM IMPACT:

There is a clear public expectation that government is responsible for ensuring the quality and quantity of Minnesota's water. Although the state took the first step toward fulfilling this expectation in the metro area with passage of the Water Planning Act in 1982, it needs to follow through on its commitments to truly achieve those goals. The long-term implications of inadequate water management have surfaced in recent years and will continue to grow worse: duplication of resource management programs at the local level; continuing conflicts over stormwater and wetlands within a watershed; landowners who are caught in a state and local government maze; and higher costs in the future to correct the water resource problems we now

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of (BWSR)
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Soil and Water Conservation District (SWCD) Base Level Funding

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
State Operations	\$1,500	\$-0-	\$1,500	\$-0-
Revenues: (\$000s)	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S. 103D

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the Soil and Water Conservation District base operations initiative to establish a level of support that allows SWCDs to meet their stated objectives.

Funding for this initiative has been made available from the Environmental Trust Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The funds should be available in either year of the biennium.

RATIONALE:

Soil and water conservation districts (SWCDs) are units of local government established by statute to carry out soil and water conservation programs in conjunction with local landowners. They provide technical and financial assistance to landowners to implement conservation practices such as feedlot management systems, terraces, waterways, contour strip cropping, and well sealing.

As the benefits of local resource management have become more apparent over the last few years, the state has relied more and more heavily on SWCDs to implement programs at the local level. The Reinvest in Minnesota (RIM) Reserve Program, the Comprehensive Local Water Planning Program, and the Wetland Conservation Act (WCA) are just a few examples of state programs that could not have been successful without SWCD involvement. The 1994 passage of the State Revolving Fund (SRF) legislation further exemplifies this trend.

SWCDs are funded by both county and state governments. SWCDs receive \$9,500 annually in state funding, which is channeled through BWSR. This level of funding—minimal to begin with—has not changed for 15 years, despite the increasing demands placed upon SWCDs by state government and the public. SWCDs cannot achieve the objectives for which they were created, much less accommodate the ever-growing role the state has assigned to them.

Further pressures on SWCDs are the result of recent cutbacks in the Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service. Landowners who formerly relied on NRCS staff for technical and financial help will now turn to the SWCD.

With increased state funding for SWCDs, funding from other sources can be used to accelerate programs consistent with the priorities of the local water management plans.

ALTERNATIVES:

An alternative to an increase in state funding for SWCD base operations is to grant the SWCDs taxing authority that allows them to raise local revenues for their needs. This taxing authority may or may not have the consent of the individual county. The association of counties opposes granting taxing authority to SWCDs; however, many of the counties do support shared funding for SWCDs. Matching funds from state and county sources for base operations and acceleration efforts may be a reasonable compromise.

PROGRAM OUTCOMES:

Stable funding for SWCDs will allow them to fully recognize the purposes for which they were created as well as to meet the growing demands of the state and public. This includes providing assistance to landowners in installing conservation practices, implementing state resource protection programs locally, providing long-term environmental planning, working with other local units of government within their watersheds, and working with county boards on land use issues.

LONG-TERM IMPACT:

Local implementation of state resource management programs appears to be the approach taken most often. By making a commitment to stable funding for SWCDs, the state helps ensure that SWCDs will be able to competently administer these programs. Ultimately, good long-term planning and implementation on the local level will mean successful resource management.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of (BWSR)
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Wetland Conservation Act

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Future Resources Fund				
- State Operations	\$187	\$-0-	\$187	\$-0-
Revenues: (\$000s)				
	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statute(s) affected: M.S.				

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the Wetland Conservation Act initiative to increase BWSR staff support and involvement with local governments in the implementation of Wetland Conservation Act (WCA).

Funding for this initiative has been made available from the Future Resources Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The funds should be available in either year of the biennium.

RATIONALE:

The Wetland Conservation Act (WCA) of 1991 has clearly moved Minnesota toward its goal of no net loss of wetlands. The structure laid out in the law requires that landowners: first, try to avoid a wetland; second, try to minimize the impact; and finally, are required to replace any lost wetland area. This has led to the complete avoidance of wetlands in about 75% of all non-exempt projects. About 13% of the remaining projects have gone forward only after minimization and replacement of lost wetland area. Only 12% of proposed projects were resolved solely through wetland replacement.

In general, local governments have done a superb job of meeting the challenges of implementing this act on the local level. The training and support provided by BWSR, particularly the technical training on wetland soils and hydrology, have been important to its success. BWSR must

continue to provide this training and support.

As full program implementation has begun, a clear need for greater staff commitment in the metropolitan area has emerged. This need is driven by 2 factors: 1) the wide variety of land use within the metropolitan area (urban, agricultural, rural, etc.) requires a greater level of technical expertise, for which local governments are looking to BWSR; and 2) the majority of local governments implementing the WCA are within the metro area which has led to a higher number of appeals and a greater workload than anticipated. Under this initiative, these needs will be met with the addition of a metro wetland specialist and an aquatic plant specialist.

In addition, some local governments have expressed their concerns about the rules promulgated for the WCA. The Wetland Heritage Advisory Committee (WHAC) is addressing these concerns, and will present them in a report to the governor and the environmental committees of the House and Senate.

PROGRAM OUTCOMES:

Continued successful implementation of the WCA by local governments will result in the protection of wetlands and an appreciation of their benefits (water and sediment filtration, flood control, recreational and educational, and commercial uses).

LONG-TERM IMPACT:

The WCA was passed as a result of growing public awareness of the benefits wetlands provide in a number of areas, most notably in maintaining water quality. The public expects public that government is working to protect our water quality and quantity. The program is in place and is operating successfully to meet those public expectations; by moving forward with these minor adjustments, continued success can be expected.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of (BWSR)
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Soil Conservation Cost Share Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Future Resources Fund				
State Operations	\$1,000	\$-0-	\$1,000	\$-0-
Revenues: (\$000s)				
	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the soil conservation cost share initiative that provides financial assistance to landowners for a wide range of eligible soil and water conservation projects. This initiative will increase funding for the state's Cost-Share Program by \$1 million. Increased funding will at least partially offset the reductions in federal programs and maintain the momentum of current conservation efforts.

Funding for this initiative has been made available in the Future Resources Fund Fund because the Governor has identified projects recommended by the Legislative Commission on Minnesota Resources (LCMR) that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The funds should be available in either year of the biennium.

RATIONALE:

The Cost-Share Program focuses on improving water quality and maintaining soil quality by decreasing erosion. Financial assistance is available on a 50/50 and 25/75 cost-share basis for landowners who construct or implement conservation practices that improve water quality and preserve or enhance soil quality. Typical projects include streambank stabilization projects, waterways, animal waste management systems, field windbreaks, and terraces.

The program's funding of approximately \$1.4 million annually has not increased since the program began in 1977; thus, inflation has significantly reduced the program's ability to have a meaningful impact. Further, the federal government has cut the federal Agricultural Conservation Program--the

federal cost-share program--from \$6.5 million annually to about \$3.25 million. Since landowners frequently used both types of funding on a given project, this cut will have a dramatic impact on the ability of the state Cost-Share Program to accomplish its objectives.

These cuts come at a time when the public is demanding that landowners be held accountable for pollution-generating activities on their land. Government is responding to this demand with increased enforcement of state and federal pollution laws, such as the increased enforcement that took place in southern Minnesota regarding feedlot pollution over the last few years. It is clearly unrealistic to expect landowners to absorb the total costs of bringing their operations into compliance with state and federal laws. Both urban and rural landowners are looking to the government for assistance through program such as the Cost-Share Program.

PROGRAM OUTCOMES:

Landowners have shown that they are more willing to install conservation practices when their own cost is reasonable. Increased funding of this program would offset the federal reductions and maintain momentum of our current conservation efforts, ultimately resulting in cleaner water and more productive soil.

LONG-TERM IMPACT:

The public clearly expects government to protect its natural resources, even if that means taking a more active role in enforcing environmental protection laws. To fulfill this expectation, the government must provide some avenue for landowners to achieve compliance while still maintaining profitability. This program allows the government to meet its responsibilities to provide a clean environment without causing unreasonable hardship to landowners.

1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: AGRICULTURE, DEPARTMENT OF

PROGRAM

PAGE

PROTECTION SERVICE

D-287

Agronomy Services
Plant Protection
Grain Inspection
Food Inspection
Dairy and Livestock
Laboratory Services
Grain Licensing and Auditing

PROMOTION AND MARKETING

D-316

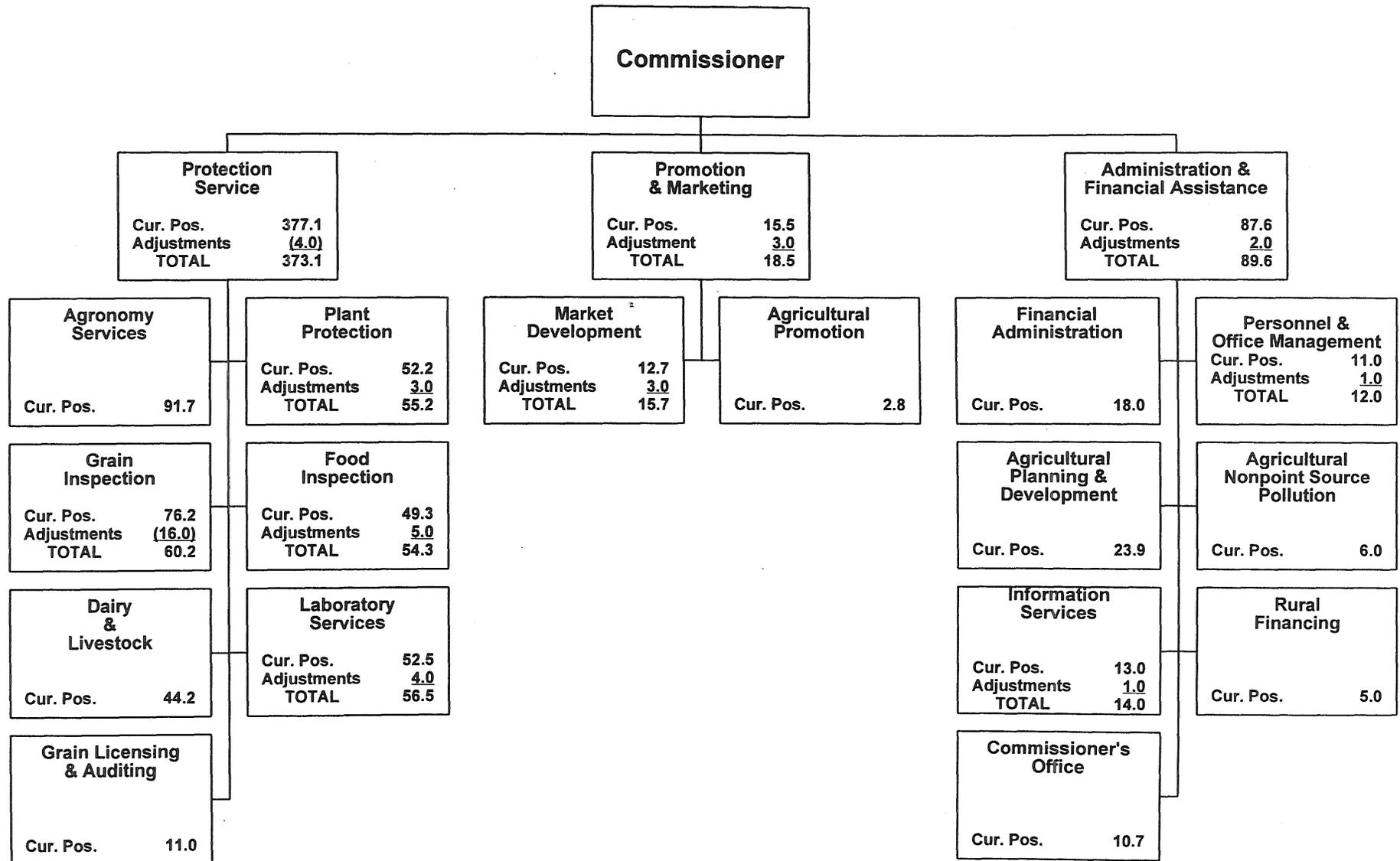
Market Development
Agricultural Promotion

ADMINISTRATION AND FINANCIAL ASSISTANCE

D-329

Financial Administration
Personnel and Office Management
Agriculture Planning and Development
Agriculture Nonpoint Source Pollution
Information Services
Rural Financing
Commissioner's Office

Department of Agriculture Organization Chart as of 7/1/94



June 30, 1994 FTE Employees: 496.0

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**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$15,272	\$15,272	\$30,544
<u>BASE ADJUSTMENT:</u>			
One-Time Appropriations	(653)	(653)	(1,306)
Appropriations Carried Fwd.	(840)	(840)	(1,680)
Documented Rent/Lease Inc./Dec.	144	144	288
Attorney General Costs	(10)	(10)	(20)
<u>CURRENT SPENDING</u>	\$13,913	\$13,913	\$27,826
<u>AGENCY DECISION ITEMS:</u>			
Proposed Fee Changes	507	507	1,014
Agency Reallocation	(466)	(466)	(932)
Agency Reallocation	466	466	932
<u>AGENCY PLAN</u>	\$14,420	\$14,420	\$28,840
<u>GOVERNOR'S INITIATIVES:</u>			
Ethanol Production Facility Loans	250	-0-	250
Value-added Production Loans	250	-0-	250
RFA Livestock Expansion Program	133	59	192
Federal Milk Order Reform	150	50	200
GOVERNOR'S RECOMMENDATIONS	\$15,203	\$14,529	\$29,732

Brief Explanation of Agency Plan:

- Base Adjustments:
 - One-Time Appropriations: a) Soybean research on high protein and oil varieties - \$150,000; b) Animal Waste Use informational materials - \$125,000; c) Conservation Reserve Program - \$94,000; d) Farm Advocates supplement - \$100,000; e) Beaver control - \$50,000; f) Task Force Corporate Law - \$40,000; g) Dairy Leaders Roundtable - \$50,000; h) Feedlot Advisory Committee - \$5,000; and i) CRP Marketing alternatives - \$39,000.

- Appropriations Carried Forward: Reduces the request to the current base level by eliminating the carry forward of funds from F.Y. 1994 into F.Y. 1995.

■ Agency Decision Items:

Agency Reallocations:

- Agency plan proposes to internally reallocate General Funds of \$466,000 in F.Y. 1996 and \$466,000 in F.Y. 1997. The General Funds will come from the following activities: Agronomy Services (\$363,000); Plant Protection (\$31,000); and Dairy and Livestock (\$72,000).

The General Funds will be reallocated for these purposes:

- \$193,000 in F.Y. 1996 and \$193,000 in F.Y. 1997 to the Plant Protection activity for the identification of bio-control agents regarding agriculture and urban plant pests.
- \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 to the Information Services activity for additional department computer support.
- \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 to the Laboratory Services activity for additional laboratory support.
- \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 to the Personnel and Office Management activity to assist with implementation of the Statewide Systems Project.
- \$37,000 in F.Y. 1996 and \$37,000 in F.Y. 1997 to the Market Promotion activity for additional marketing and promotion activities.
- \$61,000 in F.Y. 1996 and \$61,000 in F.Y. 1997 to the Plant Protection activity for additional assistance in identifying and responding to gypsy moth and Japanese beetle problems.
- \$25,000 in F.Y. 1996 and \$25,000 in F.Y. 1997 for Dairy and Livestock for dairy policy studies and federal milk marketing order reform.

Proposed Fee Changes:

- The plan includes fee increases in food licensing of \$507,000 in F.Y. 1996 and \$507,000 in F.Y. 1997 with corresponding increases in expenditures of the same amount in each fiscal year. The expenditures will enhance food safety through accelerated food product sampling, more intensive inspections, increased regulatory compliance, the development of a Hazard Analysis Critical Point planning requirement and laboratory support.

Revenue Summary:

- The agency is increasing food licensing fees which will add revenue of \$507,000 in F.Y. 1996 and \$507,000 in F.Y. 1997. General Fund spending will increase by a similar amount in each fiscal year. Legislation will be proposed to increased revenues.

Affected Statutes:

- The proposed increase in food licensing will affect M.S. 28A and 31.
- Changes to the RFA Livestock Expansion Program will affect M.S. 41B.045.

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan and, in addition, recommends increases in General Fund appropriations of \$892,000 for the biennium for the following initiatives:

- \$250,000 in F.Y. 1996 to the Rural Financing Activity for the Ethanol Production Facility Loan Program.
- \$250,000 in F.Y. 1996 to the Rural Financing Activity for the Value-Added Production Loan Program.
- \$133,000 in F.Y. 1996 and \$59,000 in F.Y. 1997 to the Rural Financing Activity for debt service payments on additional bonds issued for the Livestock Expansion Program. Legislation will be proposed to increase the loan participation amounts.
- \$150,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 to the commissioner's office for dairy policy studies and federal Milk Marketing Order reform.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: Special Revenue (Direct)

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$8,988	\$8,988	\$17,976
<u>BASE ADJUSTMENT:</u>			
Ded. Stat. Approp. Spending	(90)	(90)	(180)
Documented Rent/Lease Inc./Dec.	<u>(7)</u>	<u>(7)</u>	<u>(14)</u>
<u>CURRENT SPENDING</u>	\$8,891	\$8,891	\$17,782
<u>AGENCY DECISION ITEMS:</u>			
Dedicated Fund Increases	<u>404</u>	<u>404</u>	<u>808</u>
<u>AGENCY PLAN</u>	\$9,295	\$9,295	\$18,590
<u>GOVERNOR'S INITIATIVES:</u>			
RFA Agriculture Improvement Loan Program	21	24	45
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$9,316	\$9,319	\$18,635

Brief Explanation of Agency Plan:

■ **Base Adjustments:**

- Dedicated Statutory Appropriation Spending: Adjustments of \$90,000 in F.Y. 1996 and \$90,000 in F.Y. 1997 were made to direct appropriated special revenue accounts in the Protection Service in order to stay within statutory spending limits.

■ **Agency Decision Items:**

Proposed Fee Changes:

- The agency is not proposing fee changes to any directly appropriated special revenue account.

Dedicated Revenue Expenditure Increases:

- The agency plan proposes to eliminate any General Funds and move expenditures to the applicable dedicated fund in the following directly appropriated Special Revenue accounts:
 - \$204,000 in F.Y. 1996 and \$204,000 in F.Y. 1997 in the Pesticide Regulatory Account.
 - \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 in the Milk Inspection Account.
 - \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 in the Fertilizer Inspection Account.
 - \$47,000 in F.Y. 1996 and \$47,000 in F.Y. 1997 in the Commercial Feed area.
 - \$22,000 in F.Y. 1996 and \$22,000 in F.Y. 1997 in Livestock Weighing.
 - \$31,000 in F.Y. 1996 and \$31,000 in F.Y. 1997 in Seed Potato.

Revenue Summary:

- There are no additions since no fee changes are being proposed for directly appropriated special revenue.

Affected Statutes:

- M.S. 41B.043

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan, and also recommends raising the loan participation amount from \$50,000 to \$100,000 for the Agriculture Improvement Loan Program. Expanding this program increases fee revenue and expenditures. This is the only Rural Finance Authority (RFA) loan program where the Special Revenue fees are direct appropriated. The Governor recommends these funds be appropriated in statute to conform with other RFA loan programs.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: Environmental

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$273	\$273	\$546
<u>BASE ADJUSTMENT:</u>			
Documented Rent/Lease Inc./Dec.	<u>(\$4)</u>	<u>(\$4)</u>	<u>(4)</u>
<u>CURRENT SPENDING</u>	\$269	\$269	\$538
<u>AGENCY DECISION ITEMS:</u>			
None			
<u>AGENCY PLAN</u>	\$269	\$269	\$538
<u>GOVERNOR'S INITIATIVES:</u>			
None			
GOVERNOR'S RECOMMENDATIONS	\$269	\$269	\$538

Brief Explanation of Agency Plan:

- The agency plan does not propose changes in revenue or expenditures for this area.

Revenue Summary:

None.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan.

1996-97 Biennial Budget

AGENCY: Agriculture, Department of

AGENCY DESCRIPTION:

The mission of the Minnesota Department of Agriculture (MDA) is to work toward a diverse agricultural industry that is economically profitable and environmentally sustainable; to protect public health and safety regarding food and agricultural products; and to provide consumer protection regarding product quality and content; and to assure orderly commerce in agricultural and food products.

To accomplish this charge, the department administers numerous statutes and rules. The framework for all activities, however, is established in M.S. 17.03 which lists the general powers and duties of the commissioner. All other statutes directly or indirectly relate to this authority. The MDA conducts inspections; licenses products and facilities; collects and analyzes samples; conducts studies, including gathering and analyzing data; carries out pest and environmental monitoring; and conducts educational and promotion activities.

The clients 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 3 program areas: Protection Service, Promotion and Marketing, and Administration and Financial Assistance.

The Protection Service is responsible for:

- Protecting the public health and safety by ensuring a safe and wholesome food supply.
- Preventing fraud in the manufacture and distribution of food, animal feeds, fertilizers, seeds, pesticides and similar items.
- Administering inspection and regulatory programs that encompass the production, processing and consumption of agricultural products.
- 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.
- Protecting water quality and natural resources by promoting voluntary and regulatory Best Management Practices for agricultural chemicals (i.e. pesticides and fertilizers).
- Protecting natural resources through plant pest monitoring, exotic pest interception, etc.

The Promotion and Marketing program is responsible for:

- 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.
- Assisting farmers capitalize on opportunities for farmer owned value-added processing and marketing organizations.
- 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 Administrative and Financial Assistance program is responsible for:

- Directing overall department management and linkages to clientele.
- 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.
- Identifying and promoting environmentally sustainable agricultural practices and systems.
- Collecting and publishing agricultural statistics regarding the production and marketing of Minnesota agricultural products for use by producers, government and businesses.

The department significantly supports 2 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.

AGENCY CHALLENGES:

The major factors which profoundly affect agriculture and, subsequently, the policies and programs of the department are discussed with the context of "agency challenges." There is no particular order of importance:

- **DEMOGRAPHIC AND ECONOMIC TRENDS.** Agriculture in Minnesota is a large and changing industry. There are significant economic and social changes which cause the department to review and assess the services it provides, and which contribute to changing department programs. The most significant for this budget are:
 - *Maintaining Existing Farming Operations.* The continued movement of farms from medium sized into large and small affect department programs while limiting the opportunities for medium sized operations. It is this group of producers who are facing the greatest financial challenges.

AGENCY: Agriculture, Department of
(Continuation)

- **Farm Entry.** The very low number of people entering farming as a vocation continues to be a challenge and will pose a future public policy problem. Also, the number of individuals entering related agricultural occupations is also an issue.
- **Urbanization.** As Minnesota's population continues to shift toward metropolitan centers, there are 2 principle concerns. First, significant portions of land suited for farming are taken out of agriculture. Second, the clientele base of the department continues to shift socially and culturally from rural to urban perceptions and lifestyles. With such distance from the farm, many people simply do not understand agriculture.
- **Shifts in the Livestock Industry.** The livestock industry has become very competitive, with production and processing shifting both structurally as well as geographically. States and regions actively vie for increased market share. Key ingredients to the growth of this industry are state investments in infrastructure, research and other necessary prerequisites.
- **ENVIRONMENTAL REGULATION/PROTECTION.** The increasing recognition of the environmental impacts of agricultural activities will cause more resources to be spent on environmental monitoring, compliance and remediation. 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.
- **SOIL AND WATER USE AND STEWARDSHIP.** Minnesota currently has approximately 1.9 million acres enrolled in the federal Conservation Reserve (CRP) Program, 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 several surveys, a sizable proportion of contract holders indicate they intend to return the acres to annual crop production. Since the program was targeted to highly erodible lands, emergence of land from CRP could pose a public policy issue.
- **FOOD SUPPLY AND SAFETY.** There has been increased concern of the public over food safety. In Minnesota, these have been heightened by the numerous food illness outbreaks associated with food contaminated with low levels of pathogens. 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. In addition, the Nutrition Labeling and Education Act of 1990 represents enormous challenges for the Food and Drug Administration (FDA), state agencies, the food industry and consumers.
- **AGRICULTURE PRODUCTION AND DEVELOPMENT.** 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--generally account for about 75% of the state's total foreign

agricultural exports. 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.

- **WHEAT AND BARLEY SCAB.** The wheat and barley scab outbreak of 1994 had devastating affects on the economic welfare of northwest and west central Minnesota. Coupled with the 1993 scab epidemic, it has cost Minnesota wheat producers alone over \$600 million. The losses are also felt by all other businesses in the area, particularly the agri-supply and processing sectors. However, farmers in northwestern and west central Minnesota at this time have few alternatives but to grow wheat and barley. During F.Y. 1994, following the first scab-related crop disaster, the state legislature appropriated \$477,000 toward scab research. This funding was made with the understanding that it was the first phase of a long-term research effort. Continued on-going funding is needed to find a solution to wheat and barley scab, and eliminate this devastating plant disease.
- **GRAIN INSPECTION SERVICES.** The Grain Inspection Division is the official grain inspection agency for the state of Minnesota. It has been so for over 100 years and operates under a 3 year renewable designation from USDA's Federal Grain Inspection Service (FGIS). The division provides official inspection, sampling, weighing, and other services, primarily on a voluntary basis, to ensure the orderly marketing of grain throughout this area and in concert with other official agencies to maintain a consistent national system. These services are required to be neutral, accurate, repeatable, and rapid. Recent weather related events (floods, poor crop quality, etc.) have affected the earnings in all or part of 3 fiscal years. As a result, the operating reserves have been depleted and the division faces severe cash flow problems.
- **SCIENTIFIC AND 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 testing.
- **FEDERAL - 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 1995 Farm Bill, along with the reauthorization of the Clean Water Act and the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) laws, are expected to impact department programs and clients. Along with a more market-orientated agriculture will also come policies to better protect natural resources from unwise or unnecessary agricultural practices. Conservation compliance type laws and regulations are expected to add more requirements on producers and the agri-supply industry.

1996-97 Biennial Budget

AGENCY: Agriculture, Department of
(Continuation)

AGENCY STRATEGIES:

The department's budget plan would result in the continuation of the current level of services for most department programs. The results and outcomes described in the department's Annual Performance Report (APR) would remain the same, except for areas receiving new resources.

The first general strategy addresses the department's use of base funding resources. The department proposes the following:

- Continued implementation of a revised indirect cost plan begun in F.Y. 1995. The plan was developed in conjunction with the Department of Finance to establish consistency to standards and policies which have developed incrementally over several years.
- Internal reallocations would be made to provide permanent funding for the biological control of plant and animal pests program, and to accelerate efforts regarding the identification and eradication of gypsy moth and Japanese beetle problems.
- Internal reallocations also will be used to provide for critical departmental needs in the areas of computer support, laboratory services, and personnel support.
- The Grain Inspection Division, which has experienced severe losses due to poor weather, etc., is experiencing severe cash flow problems. The department is proposing to meet the fiscal problems of the Grain Inspection Division by reducing expenditures and through a temporary loan from another account.

The second strategy involves requests for general funds for initiatives that capitalize on the most immediate opportunities in agricultural development. These involve the following initiatives:

- The department's plan would capitalize on value-added opportunities to expand the ethanol development industry.
- Another area of expenditure would involve initiatives which would contribute to the stabilization (or possible growth) of the dairy or livestock industries.
- The budget plan addresses the needs of existing farmers through initiatives that allow purchases of stock in processing cooperatives, and financing for improvements or expansions of farming operations.

The third strategy is to expand food safety activities to meet the challenges posed by new patterns of commerce, new production and distribution technologies, etc. An increase in food handler license fees would be used to support the expanded activity.

The fourth strategy is to continue or accelerate key environmental protection programs or activities which help producers meet the challenges of nonpoint source pollution through more informed

private decision-making. The resources would come from the Future Resources Fund and the Environmental Trust Fund.

The department is also proposing several new legislative initiatives to implement its budget strategy. These include enabling legislation that would:

- Allow the department to transfer a temporary loan of funds from the Family Farm Security Program Default Account to the Grain Inspection Account during the 1995-97 biennium.
- Reduce the producer payment for ethanol production from 25 to 20 cents per gallon.
- Raise the loan participation amount for the Agriculture Improvement Loan Program from \$50,000 to \$100,000.
- Raise the loan participation amount for the Livestock Expansion Program from \$100,000 to \$250,000.

The department's Annual Performance Report (APR), dated September, 1994, contains more information on expected results and outcomes. The results and outcomes in the APR, however, are predicated upon base level funding. As mentioned above, the expected results and outcomes for these activities or programs would remain the same except for those activities receiving additional resources. In those instances, the expected outcomes and results would be correspondingly enhanced.

REVENUE SUMMARY:

In the budget, departmental fees contribute 65% (\$21.8 million per year) of the budget for the Department of Agriculture. The major income generating fees for the department are from pesticide registration (\$4.7 million per year) and the grain inspection (\$3.3 million per year). An overall summary of department fee revenue is as follows:

- General Funds - \$3.8 million per year.
- Special Revenue Funds - \$18.0 million per year.

The department anticipates federal funds of \$2.2 million.

The department has proposed fee increases for food inspection. See agency brief and departmental earnings report.

SUMMARY OF BUDGET REQUEST:

- The plan includes the continued implementation of a revised indirect cost allocation plan. This includes the internal reallocation of base funding for the following purposes:
 - \$193,000 each year to establish a permanent funding base for the biological control program.
 - \$61,000 each year to accelerate activities relating to Gypsy moth and Japanese beetle surveillance and control.

1996-97 Biennial Budget

AGENCY: Agriculture, Department of
(Continuation)

- \$50,000 each year to provide for computer support for department personnel.
- \$50,000 to provide additional laboratory support for regulatory divisions.
- \$50,000 each year to help implement the personnel portion of the Statewide Systems Project.
- \$37,000 each year to enhance public information efforts.
- \$25,000 each year for dairy policies and federal milk marketing order reform.
- The budget plan includes increased revenues for food inspection of \$507,000 each year so as to increase food product sampling, enhance inspection of food handling facilities, and carry out other related tasks. Legislation will be proposed to increase revenues.
- The plan includes spending \$815,000 of Future Resources Funds for the following purposes:
 - \$90,000 for the biological control of the overland spread of oak wilt;
 - \$400,000 for feedlot and manure management practices assistance;
 - \$225,000 for developing, evaluating and promoting sustainable farming systems; and
 - \$100,000 for strengthening cooperatives to promote sustainable agriculture practices and research.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, including the following initiatives:

- \$8,000,000 of General Funds for the biennium for producer payments relative to ethanol production,
- \$250,000 of General Funds in F. Y. 1996 to provide capital for ethanol production facilities,
- \$200,000 of General Funds during the biennium to conduct dairy policy studies and support legal challenges to the current federal milk marketing order,
- \$250,000 of General Funds to assist young farmers purchase stock in cooperatives engaged in value-added processing,
- General Funds for additional debt service to accelerate the Livestock Expansion and Agriculture Improvement Loan Program \$133,000 in F. Y. 1996 and \$59,000 in F. Y. 1997 of legislation will be drafted to implement this initiative.

Alternative use of LCMR resources:

The Governor has identified projects recommended for funding by the LCMR that should be addressed in the capital budget. The Governor recommends, instead, that a portion of the funds be used to finance selected environmental, high priority initiatives including:

- \$880,000 of Environmental Trust Funds to continue the identification and field testing of biological control agents,
- \$300,000 of Environmental Trust Fund resources to continue the analysis of CRP lands, develop land management options, and develop the capability to target future CRP funds.
- \$640,000 of Environmental Trust Fund resources to accelerate the availability of research findings regarding practices that mitigate or prevent nonpoint source pollution, to conduct pilot whole farm planning in selected watersheds, and to enhance plant pest detection and remediation.
- \$250,000 of Environmental Trust Fund resources to continue research on aquaculture production technologies, with an emphasis on improved fish waste handling methods.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
PROTECTION SERVICE	25,540	24,854	27,310	25,746	26,672	27,552	25,708	26,544	26,544
PROMOTION & MARKETING	4,562	6,214	9,135	9,116	11,793	14,043	9,097	11,774	17,774
ADMIN & FINANCIAL ASSIST	8,805	13,349	19,799	17,510	17,935	23,184	16,010	16,110	19,966
TOTAL EXPENDITURES BY PROGRAM	38,907	44,417	56,244	52,372	56,400	64,779	50,815	54,428	64,284
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	360	87	88			2,070			
GENERAL	12,374	12,195	15,272	13,913	14,420	15,203	13,913	14,420	14,529
MN RESOURCES	418	1,387	1,313		415	415			
STATE GOVT SPEC REV		569	605						
SPECIAL REVENUE	6,790	7,367	8,988	8,891	9,295	9,316	8,891	9,295	9,319
ENVIRONMENTAL	143	211	273	269	269	269	269	269	269
OPEN APPROPRIATIONS:									
GENERAL	3,577	4,799	7,360	7,360	10,000	12,000	7,360	10,000	16,000
STATUTORY APPROPRIATIONS:									
GENERAL		2	2						
SPECIAL REVENUE	7,760	7,230	10,872	10,857	10,919	10,954	9,357	9,419	9,497
FEDERAL	1,361	1,403	2,397	2,160	2,160	2,160	2,103	2,103	2,103
ENVIRONMENTAL	194	110	710	710	710	710	710	710	710
RURAL FINANCE ADMIN	2,391	6,205	8,162	8,162	8,162	11,632	8,162	8,162	11,807
AGENCY	3,438	2,759	84	3	3	3	3	3	3
GIFTS AND DEPOSITS	101	93	118	47	47	47	47	47	47
TOTAL FINANCING	38,907	44,417	56,244	52,372	56,400	64,779	50,815	54,428	64,284
FTE BY EMPLOYMENT TYPE:									
REGULAR	410.5	403.7	437.2		437.2			438.2	
TEMP/SEAS/PART_TIME	41.0	35.6	36.6		34.9			34.9	
OVERTIME	8.9	8.2	8.1		8.1			8.1	
TOTAL FTE	460.4	447.5	481.9		480.2	485.7		481.2	486.7

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	56,244	56,244	22,634	22,634	31,213	31,213	2,397	2,397
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<405>	<1,905>	<653>	<653>	248	<1,252>		
APPROPRIATIONS CARRIED FWD	<867>	<867>	<840>	<840>	<27>	<27>		
NON-RECURRING EXPENDITURES	<144>	<144>	<2>	<2>	<142>	<142>		
DED STAT APPROP SPENDING	<364>	<364>			<364>	<364>		
DOCUMENTED RENT/LEASE INC/DEC	126	126	144	144	<18>	<18>		
LCMR-FUNDED PROJECTS	<2,006>	<2,006>			<2,006>	<2,006>		
SPECIAL LEGIS. ADJUSTMENTS	35	35			35	35		
FEDERAL RECEIPTS	<237>	<294>					<237>	<294>
ATTORNEY GENERAL COSTS	<10>	<10>	<10>	<10>				
SUBTOTAL BASE ADJ.	<3,872>	<5,429>	<1,361>	<1,361>	<2,274>	<3,774>	<237>	<294>
CURRENT SPENDING	52,372	50,815	21,273	21,273	28,939	27,439	2,160	2,103

1996-97 Biennial Budget

PROGRAM: Protection Service
AGENCY: Agriculture, Department of

PROGRAM DESCRIPTION:

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 satisfies health, safety and environmental protection goals required by state, federal or local law and regulation.

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. Two other major outcomes include consumer economic protection through correct product labeling and representation. A third major outcome is helping to assure food safety and good nutrition through inspection, licensing and label inspection programs. Environmental protection is an indirect result of many of the activities of this program.

The work of this program covers the agricultural sector from the raw input and soil preparation phase through product production and processing to final consumption of agricultural products.

The objectives associated with this program are:

- Administration of 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.
- Administration of environmental protection programs that collect waste pesticides and pesticide containers, and clean up agricultural chemical spills; and promote Best Management Practices (BMPs) for agricultural chemical use.
- Prevention of the introduction and establishment of exotic pests, such as Gypsy moth and Japanese beetle, through surveillance and eradication.
- Certification services that ensure product quality and effective commodity marketing.
- Protecting the safety of the food chain by licensing food producers, handlers and processors; and conducting food establishment inspections and responding to food safety emergencies.
- Certifying agricultural products as meeting requirements for entering into interstate or international commerce.

The clientele for these activities include farmers, manufacturers, processors, distributors, retailers, exporters and, ultimately, the consumers of these products.

These activities are carried out by the following divisions: Agronomy Services, Plant Protection, Grain Inspection, Food Inspection, Laboratory Services, Dairy and Livestock, and Grain Licensing and Auditing.

PROGRAM STATUS:

This program contributes to the realization of the following goals:

- Minnesota will have sustained, above-average, strong economic growth that is consistent with environmental protection.
- Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.
- Minnesotans will act to protect and enhance their environment.
- We will improve the quality of the air, water and earth.

Same funding levels allow for continuing these activities at current levels. These resources, however, would not provide for increasing needs in food safety. Therefore, the department is proposing an increase in Food Handler License fees; the additional revenue will be used to expand food safety activities.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished or accelerated as follows. Key accomplishments are expected to include:

- Collection and disposal of 25% of the waste pesticides identified by the department by 6-30-97. This will be made possible by continuing the F.Y. 1995 accelerated level of spending in F.Y. 1996 and F.Y. 1997 for waste pesticide collection and disposal.
- Implementation of an expanded food safety initiative that reaches from increased regulatory inspection work through more informed decision making and planning.
- Some level of acceleration regarding the development and adoption of agricultural chemical BMPs (pesticides and fertilizers).
- Holding of Gypsy moth and Japanese beetles to spot infestations will be reached by reallocating General Funds to increase monitoring and control activities.
- Establishment of a permanent though limited funding base for the biological control program through internal reallocations of General Funds.
- Achieving a 95% passing rate on all routine inspection and reinspections of food facilities by the end of F.Y. 1997.
- Stabilization of the Grain Inspection activity through reductions in expenditures and provision of borrowed funds for cash flow needs.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

1996-97 Biennial Budget

PROGRAM: Protection Service
AGENCY: Agriculture, Department of
(Continuation)

- The plan calls for continuing all activities at current levels except as outlined below.
- The proposed increases in food handler licensing fees will add \$507,000 in revenues and expenditures in each fiscal year. Legislation will be proposed to increase fee revenue.
- The agency budget plan calls for reallocating General Funds of \$193,000 each fiscal year of the biennium to expand and enhance the current biological control program, with an emphasis on accelerating proven methods into mainstream uses while providing permanent funding.
- The agency plan calls for reallocating General Funds of \$50,000 each year of the biennium for additional support for the laboratory services activity.
- The agency's plan calls for reallocating General Funds of \$25,000 for dairy policy studies and federal milk marketing order reform.
- The agency plan calls for reallocating General Funds of \$61,000 each year for additional assistance in identifying and responding to Gypsy moth and Japanese beetle infestations or related problems.
- The agency plan calls for spending \$90,000 from the Future Resources Fund for the biological control of overland spread of oak wilt.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor has identified projects recommended for funding by the Legislative Commission on Minnesota Resources that should be addressed in the capital budget. The Governor recommends instead that a portion of the funds allocated for these projects be used to finance selected environmental initiatives of high priority.

- The initiative calls for spending \$880,000 from the Environmental Trust Fund to continue the identification, basic research, and field testing relating to biological control agents for Minnesota plant and animal pests.

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
AGRONOMY SERVICES	6,842	6,951	10,663	9,778	9,778	9,778	9,740	9,740	9,740
PLANT PROTECTION	3,126	3,163	3,515	3,036	3,380	4,260	3,036	3,290	3,290
GRAIN INSPECTION	4,313	4,064	4,158	3,884	3,884	3,884	3,884	3,884	3,884
FOOD INSPECTION	2,250	2,277	2,459	2,422	2,929	2,929	2,422	2,929	2,929
DAIRY & LIVESTOCK	5,667	4,613	2,634	2,473	2,498	2,498	2,473	2,498	2,498
LABORATORY SERVICES	2,800	3,218	3,177	3,449	3,499	3,499	3,449	3,499	3,499
GRAIN LICENSING & AUDITING	542	568	704	704	704	704	704	704	704
TOTAL EXPENDITURES BY ACTIVITY	25,540	24,854	27,310	25,746	26,672	27,552	25,708	26,544	26,544
AGENCY PLAN ITEMS:			FUND						
PROPOSED FEE CHANGE			GEN		507			507	
LCMR NEW ALLOCATIONS			MNR		90				
DEDICATED FUND INCREASES			SR		466			466	
AGENCY REALLOCATIONS			GEN		<466>			<466>	
AGENCY REALLOCATIONS			GEN		329			329	
TOTAL AGENCY PLAN ITEMS					926			836	
GOV'S INITIATIVES:			FUND						
(B) BIOLOGICAL CONTROL			EVT			880			
TOTAL GOV'S INITIATIVES						880			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	360	87	88			880			
GENERAL	6,207	6,115	7,400	7,563	7,933	7,933	7,563	7,933	7,933
MN RESOURCES	251	209	239		90	90			
STATE GOVT SPEC REV		569	605						
SPECIAL REVENUE	6,668	7,227	8,759	8,707	9,111	9,111	8,707	9,111	9,111
ENVIRONMENTAL	143	211	273	269	269	269	269	269	269
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7,026	6,396	7,172	6,926	6,988	6,988	6,926	6,988	6,988
FEDERAL	1,242	1,173	1,982	1,570	1,570	1,570	1,532	1,532	1,532

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL	194	110	710	710	710	710	710	710	710
AGENCY	3,438	2,757	82	1	1	1	1	1	1
GIFTS AND DEPOSITS	11								
TOTAL FINANCING	25,540	24,854	27,310	25,746	26,672	27,552	25,708	26,544	26,544
FTE BY EMPLOYMENT TYPE:									
REGULAR	322.7	313.4	335.1		331.1			331.1	
TEMP/SEAS/PART_TIME	38.7	33.2	35.0		33.9			33.9	
OVERTIME	8.5	8.2	8.1		8.1			8.1	
TOTAL FTE	369.9	354.8	378.2		373.1	375.1		373.1	375.1

1996-97 Biennial Budget

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 products.

Important functions include establishing and promoting voluntary measures and enforcing regulations to provide for increased efficiency of agricultural production and environmental protection. Statutory authority for regulatory and service functions is found in 6 related activity areas: 1) Pesticide, 2) Fertilizer, 3) Agricultural best management practices, 4) Commercial Feed, 5) Seed, and 6) Noxious Weed. These fee supported programs are maintaining traditional truth-in-labeling consumer protection programs while incorporating enhanced 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 Ground Water Protection Act of 1989. This resulted in new programs and regulations that affect agriculture and urban pesticide and fertilizer use. The MDA was charged with the responsibility to protect water resources from agricultural chemical contamination and to strive towards preventing degradation of water resources.

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 department has adopted modern, effective secondary containment and rinse pad rules. All licensed bulk pesticide facilities in Minnesota are required to construct pollution prevention structures.

Inspection and training sessions for anhydrous ammonia safety at agricultural chemical facilities remain a high priority.

Responses to agricultural chemical incidents and clean-up of contaminated sites are a major effort of the division. The Agricultural Chemical Response and Reimbursement Account (ACRRA), funded through surcharges on pesticide and fertilizer licenses and registrations, provides reimbursement for clean-up costs up to \$189,000 per incident. A 5 member board 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 collection of waste pesticide and for pesticide container recycling were developed as mandated by the Ground Water Act. A program for pesticide container recycling developed widespread support within local communities. The Waste Pesticide Collection Program developed rules and procedures as well as began the removal of waste pesticides from Minnesota farms and homes.

Increased concern regarding surface water impacts of agricultural chemicals are being addressed with the development of Best Management Practices (BMPs) for fertilizer and pesticides. Development and promotion of BMPs need to be increased with additional attention to manure management and surface water concerns. Accelerated implementation of the Nitrogen Fertilizer Management Plan and a Pesticide Management Plan are scheduled for during the F. Y. 1996-97 biennium.

The Feed Regulatory Program provides for product safety measures through an inspection and sampling program. 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 violations of label directions.

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:

The agency budget plan will result in the following:

- Maintenance of same levels of regulatory inspections for quality assurance, human and environmental safety with regard to pesticides, lime and seed.
- Technical support will remain constant for agricultural emergencies, site remediation, noxious weed regulation and pesticide container recycling.
- Continuation of the F. Y. 1995 accelerated level of waste pesticide collection and disposal.
- Some increased activity regarding best management practices relating to pesticides and fertilizers will happen due to increased interest in the surface and ground water impacts of agricultural chemicals. U.S. EPA is announcing 5 pesticides that will require state management plans for continued registration after 1998.
- M.S. Chapter 103H authorizes the development of best management practices for agricultural chemicals, agricultural practices, and evaluations of contamination and management of areas where contamination is detected. The Nitrogen Fertilizer Task Force developed a nitrogen fertilizer management plan to evaluate, assess and respond to areas of current intense nitrate contamination. The Nitrogen Study (MDA/MPCA) provided recommendations relating to ground water protection following a review of the status of nitrogen in Minnesota. Currently, there is a significant need to address nitrate contamination from agricultural sources.

Phosphorus is the predominant limiting nutrient that controls algae and weed growth in Minnesota's lakes and streams. It can originate from a variety of sources including phosphorus fertilizer, soil erosion, runoff, feedlots and septage. The importance of P contributions from these sources and the degree of the problem is poorly understood at this time. Many studies

1996-97 Biennial Budget

BUDGET ACTIVITY: Agronomy Services
PROGRAM: Protection Service
AGENCY: Agriculture, Department of
 (Continuation)

have been conducted and, collectively, these studies can help define the statewide nature of the problem.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Dedicated revenue include the following accounts: Seed Inspection, Waste Pesticide Collection, Fertilizer Inspection, Agriculture Chemical Response and Reimbursement Account, Feed Inspection and the Pesticide Regulatory Account.

<u>Dollars in Thousands</u>					
	<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>
Type of Revenue:					
Non-dedicated - Gen'l	\$43	\$44	\$44	\$44	\$44
Dedicated - Special	8,731	8,168	8,558	8,558	8,558
Dedicated - Federal	<u>756</u>	<u>393</u>	<u>1,436</u>	<u>865</u>	<u>865</u>
Total	\$9,530	\$8,605	\$10,038	\$9,467	\$9,467

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRONOMY SERVICES

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,417	3,752	4,745	4,848	4,848	4,848	4,838	4,838	4,838
EXPENSES/CONTRACTUAL SRVCS	1,262	1,307	2,351	1,479	1,479	1,479	1,463	1,463	1,463
MISC OPERATING EXPENSES	1,555	1,385	2,291	2,275	2,275	2,275	2,267	2,267	2,267
SUPPLIES/MATERIALS/PARTS	135	145	374	239	239	239	237	237	237
CAPITAL EQUIPMENT	196	51	69	69	69	69	69	69	69
OTHER	212	244	765	800	800	800	798	798	798
SUBTOTAL STATE OPERATIONS	6,777	6,884	10,595	9,710	9,710	9,710	9,672	9,672	9,672
LOCAL ASSISTANCE	65	67	68	68	68	68	68	68	68
TOTAL EXPENDITURES	6,842	6,951	10,663	9,778	9,778	9,778	9,740	9,740	9,740
AGENCY PLAN ITEMS:									
			FUND						
DEDICATED FUND INCREASES			SR		363			363	
AGENCY REALLOCATIONS			GEN		<363>			<363>	
TOTAL AGENCY PLAN ITEMS									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	470	425	870	866	503	503	866	503	503
MN RESOURCES	246	164	194						
STATE GOVT SPEC REV		128	166						
SPECIAL REVENUE	3,231	3,636	4,630	4,626	4,927	4,927	4,626	4,927	4,927
ENVIRONMENTAL	143	211	273	269	269	269	269	269	269
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,984	1,778	2,695	2,690	2,752	2,752	2,690	2,752	2,752
FEDERAL	574	499	1,125	617	617	617	579	579	579
ENVIRONMENTAL	194	110	710	710	710	710	710	710	710
TOTAL FINANCING	6,842	6,951	10,663	9,778	9,778	9,778	9,740	9,740	9,740

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRONOMY SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	78.6	79.6	88.9		88.9		88.9		
TEMP/SEAS/PART_TIME	2.2	2.7	2.7		2.2		2.2		
OVERTIME	.6	.6	.6		.6		.6		
TOTAL FTE	81.4	82.9	92.2		91.7	91.7	91.7	91.7	

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1996-97 Biennial Budget

BUDGET ACTIVITY: Plant Protection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to serve its citizens by protecting and maintaining a healthy plant environment; to research and provide innovative and environmentally acceptable ways to control plant pests; and to ensure the availability of quality plants and plant products that meet the demanding requirements of domestic and foreign markets.

This activity has the following responsibilities:

- To provide requested grading of fresh produce. Protect farmers by requiring bonding of all vendors of wholesale produce.
- Inspect and certify nursery stock to meet all shipping requirements.
- Examine growing crops to find and promptly report plant pest activities to citizens and affected industries to assure timely, safe and effective pest management measures.
- Regulate the release of genetically engineered organisms.
- Provide permits for the regulated movement of plants and plant pests for research purposes.
- Train and certify local tree inspectors.
- Inspect and certify potatoes for the certified seed potato market.
- Protect Minnesota citizens from the introduction and establishment of unwanted plant pests.
- Inspect and certify honey bee colonies on a request basis to meet regulatory requirements.
- Provide all required inspections and certifications of raw agricultural commodities to meet certain domestic and foreign market requirements.

Customers for this activity include producers, exporters, agri-businesses, municipalities and the general public.

BUDGET ISSUES:

The agency budget plan will result in the following:

- Expanded surveys for the Gypsy moth and Japanese beetle are essential to locate, eradicate or develop control strategies for these pests. The department is proposing to reallocate \$61,000 of General Funds each year to help meet this need.

- Continue current levels of activity to assure acceptance of Minnesota nursery stock and other commodities in domestic and foreign markets by dealing effectively with plant pests in local industries.
- Maintaining a crop pest surveillance activity so as to implement timely and effective pest management strategies that contribute to a sustainable agriculture.
- The identification, testing and development of biological control agents for plant pests is an essential element to a sustainable agriculture. The department is reallocating general funds of \$193,000 in each year to partially develop permanent funding for the program which has been funded by the LCMR, allow more temporary resources to go into the research and development of biological control agents and to accelerate the movement of proven methods into mainstream uses.
- The budget plan also calls for use of \$880,000 of Environmental Trust Funds to continue basic research and field testing of biological agents.
- The agency is seeking additional bond financing of \$225,000 in the Capital Budget to complete a seed potato facility in East Grand Forks. The facility will be used for office, laboratory and warehouse/storage space needs. The project will be paid for with funds from the Fruit and Vegetable Inspection and Seed Potato Inspection Funds, both of which are dedicated accounts.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Non-dedicated revenues are from nursery certification, phytosanitary certification, apiary inspection, fruit and vegetable inspections and wholesale produce bonding and licensing. Dedicated revenue include the following: Seed Potato Inspection and Certification, and the Fruit and Vegetable Inspection Account.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$634	\$602	\$638	\$638	\$638
Dedicated - Special	968	799	1,046	1,046	1,046
Dedicated - Federal	<u>106</u>	<u>6</u>	<u>44</u>	<u>153</u>	<u>153</u>
Total	\$1,708	\$1,407	\$1,728	\$1,837	\$1,837

LCMR RECOMMENDATIONS:

BIOLOGICAL CONTROL OF OVERLAND SPREAD OF OAK WILT

This appropriation is to the commissioner of agriculture for an agreement with the University of Minnesota to improve application methods for enhancing natural biological control of the overland spread of oak wilt. (\$90,000 Future Resources Fund.)

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: PLANT PROTECTION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,091	2,051	2,242	2,168	2,351	2,471	2,168	2,351	2,351
EXPENSES/CONTRACTUAL SRVCS	655	788	829	408	508	1,188	408	418	418
MISC OPERATING EXPENSES	254	231	216	213	254	304	213	254	254
SUPPLIES/MATERIALS/PARTS	65	43	63	52	72	82	52	72	72
CAPITAL EQUIPMENT	39	27	44	23	23	43	23	23	23
OTHER	22	23	121	172	172	172	172	172	172
SUBTOTAL STATE OPERATIONS	3,126	3,163	3,515	3,036	3,380	4,260	3,036	3,290	3,290
TOTAL EXPENDITURES	3,126	3,163	3,515	3,036	3,380	4,260	3,036	3,290	3,290
AGENCY PLAN ITEMS:									
			FUND						
LCMR NEW ALLOCATIONS			MNR		90				
DEDICATED FUND INCREASES			SR		31			31	
AGENCY REALLOCATIONS			GEN		<31>			<31>	
AGENCY REALLOCATIONS			GEN		254			254	
TOTAL AGENCY PLAN ITEMS					344			254	
GOV'S INITIATIVES:									
			FUND						
(B) BIOLOGICAL CONTROL			EVT			880			
TOTAL GOV'S INITIATIVES						880			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	360	87	88			880			
GENERAL	1,728	1,739	1,852	1,831	2,054	2,054	1,831	2,054	2,054
MN RESOURCES		45	45		90	90			
STATE GOVT SPEC REV		441	439						
SPECIAL REVENUE	970	839	1,038	1,017	1,048	1,048	1,017	1,048	1,048

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: PLANT PROTECTION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE				35	35	35	35	35	35
FEDERAL	68	12	53	153	153	153	153	153	153
TOTAL FINANCING	3,126	3,163	3,515	3,036	3,380	4,260	3,036	3,290	3,290
FTE BY EMPLOYMENT TYPE:									
REGULAR	37.2	36.7	37.6		40.6			40.6	
TEMP/SEAS/PART_TIME	14.1	13.5	14.0		13.4			13.4	
OVERTIME	1.3	1.2	1.2		1.2			1.2	
TOTAL FTE	52.6	51.4	52.8		55.2	57.2		55.2	57.2

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
 PROGRAM: Protection Service
 ACTIVITY: Plant Protection

ITEM TITLE: Biological Control Program

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$880	\$-0-	\$-0-	\$-0-

Revenues: (\$000s)

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 18.021 and M.S. 18.0224

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the Environmental Trust Fund of \$880,000 in F.Y. 1996 to continue identification and field testing of biological agents, and developing related strategies to control pests. Funding for this initiative has been made available in the Environmental Trust fund because the Governor has identified projects recommended by the LCMR that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The appropriation is available for both years of the biennium.

RATIONALE:

The Biological Control Program (BCP), as part of an overall integrated pest management system, promotes and facilitates the use of biological control strategies through research, development and field testing of biocontrol agents applicable to both public and private sectors. The program will assist state agencies in adopting biological control techniques.

The BCP began in 1987-88 as a cooperative effort between the University of Minnesota and the Department of Agriculture (MDA). Starting with 4 scientists, it grew to a comprehensive program involving 26 scientists in 1994-95. The Minnesota legislature, through LCMR, has funded the program since 1987. This initiative would continue the program through 6-30-97.

The overall goal of biological control of plant pests and weeds is to identify, develop, test and implement biological control agents in Minnesota. This program focuses on effective integrated pest control with a reduction in chemical use and energy costs. Minnesota's cropland alone exceeds 36 million acres of which more than half is chemically treated for pests. Biological control, when implemented as part of an integrated pest management program, would save an estimated \$145 million in chemical costs and an additional \$300 million in energy costs.

This program is designed to represent a spectrum of activities: discovery of biological control agents, development of strategies and implementation of field tests. Currently there are 4 ongoing areas of biological control work in Minnesota. The areas and pests included are as follows:

- Weed control - leafy spurge, Canada thistle, musk thistle, purple loosestrife, etc.
- Microbiological control - armyworm, grasshoppers, European corn borer, scab and wilt of potato, sugarbeet root rot.
- Field, fruit and vegetable crop pest control - alfalfa weevil, cereal leaf beetle, Colorado potato beetle, apple maggot, plum curculio, codling moth, imported cabbageworm and cabbage looper.
- Urban roadside, commercial greenhouse and livestock pest control - gypsy moth, filth flies, greenhouse whitefly, and predatory mites.

There are many obstacles to acceptance and implementation of biological control strategies including lack of recognition of BC's long term advantages, resistance to change, lack of adequate research and temporary funding. The Minnesota legislature has recommended that the department carry on the biological control program which has a proven track record.

A realization of the benefits of biological control and a transition toward the concept of sustainable biological control will greatly aid Minnesota agriculture. The MDA's Biological Control Program has proven its ability to research and implement biological control strategies and is accepted and respected as a leader in biological control.

The MDA Biological Control Program benefits Minnesota agriculture by:

- Increasing the effective use of biological control agents.
- Developing feasible, economic and environmentally sound pest control programs.
- Reducing pesticide use as many pests are developing resistance and chemicals are proving ineffective.
- Expanding transfer of technology and information for production of biocontrol agents by private and public sectors.
- Controlling pests on public lands controlled by counties, townships, cities, etc.

PROGRAM OUTCOMES:

This initiative would result in the following:

Canada thistle: A newly discovered native bacterium is being tested for field efficacy and specificity. Storage, production and stabilization methods need to be developed. In Minnesota, Canada thistle infests more than 1 million acres of corn, soybean and small grains. This bioherbicide will reduce current impact of chemical control on ground water and save an estimated \$6 million annually in control costs.

Scab and wilt of potatoes: Of the 84,000 acres of potatoes in Minnesota, a large percent are treated with Vapam™ and Terraclor™. This project will develop procedures to effectively use isolates of *Streptomyces* to suppress the organisms that cause scab and wilt. Implementation of this method would save an estimated \$5 million in control costs annually.

European corn borer: Over 200,000 acres of field corn and 120,000 acres of sweet corn are treated for ECB control with over \$3 million worth of chemical insecticides. Biological control

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Protection Service
ACTIVITY: Plant Protection

ITEM TITLE: Biological Control Program
(Continuation)

methods using egg and larval parasites produced in MDA's biocontrol lab would reduce chemical control costs by \$2 - 5 million annually.

Imported cabbageworm, cabbage looper: Cabbage, broccoli and cauliflower are presently grown on about 2,500 acres in Minnesota with an annual fresh market value of \$2.5 million. A combination of a bacterium and parasites to control these vegetable pests is being developed. Field implementation of these methods would reduce chemical pesticide use by at least 70%, eliminating as much as 4,000 lbs. of insecticide applied per year and reduce risk of pesticide residues on produce.

Gypsy moth: Egg, larval and pupal parasites produced in MDA's biocontrol lab have been established in Minnesota in alternate hosts (tussock moth, tent caterpillar and webworm) as a preemptive strategy against gypsy moth. Gypsy moth is not yet established in Minnesota but is present at high levels in Wisconsin and Michigan. Production costs for these biocontrol agents is currently averaging \$50 per acre but can be reduced with mass production by the private sector. Estimated savings from lower chemical use in urban areas alone would exceed \$100 per acre.

LONG-TERM IMPACT:

To meet our stated goal the Biological Control Program seeks to foster an economic and technological environment that encourages farmers/homeowners to adopt environmentally sound practices. The following issues will be addressed by the Biological Control Program to further the effectiveness of biological control in Minnesota:

- 1) Focus resources on homeowners, pests, crops and sites near vulnerable hydrologic areas.
- 2) Review legislation for impact on biological control implementation.
- 3) Establish a state Biological Control Committee with representatives from state environmental agencies with pest management and public land management responsibilities as well as appropriate University research scientists.

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1996-97 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 business activity. The division also provides a binding grain quality arbitration function 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.

BUDGET ISSUES:

The following are issues that will affect this activity:

- The activity is operated under a renewable designation from the Federal Grain Inspection Service of USDA. All work must conform to USDA rules, laws, and policies to ensure that grains are uniformly graded throughout the national official inspection system. This uniformity assures an equitable and predictable basis for trade. The designation regulates the fees that can be charged for services and requires availability of all services.
- Approximately 10% of revenues generated are paid as a result of the mandatory sampling, weighing, and inspection required of grain going directly into export markets. The remainder of the revenue is collected for voluntary services paid by customers who request and receive the same sampling, weighing, and inspection services.
- Since 90% of the grain inspection work the division performs is on a voluntary basis, the volume of work requested can vary considerably over time. It is necessary to maintain a skilled staff to ensure that the service is available and can be delivered according to the requirements of the USDA designation. This posed a particular problem during the recent past from the spring-summer floods and rains, and culminated with the extremely poor quality and quantity of harvest in the fall. Barge and rail car inspections declined by 55% and 40%, respectively, over comparable periods. That lack of grain movement was expected to last until the harvesting of the 1994 fall crop.

- The volume of work for F.Y. 1993 and F.Y. 1994 was at a low level. It is anticipated, based on crop production data and grain industry discussions, that workloads will rebound.
- During F.Y. 1993 and F.Y. 1994, the division's reserve was depleted while maintaining a minimum service. A legislative appropriation of \$200,000 was also received and utilized to maintain service levels. It is expected to take 3 years for business levels to bring the reserve to the level it was at the end of F.Y. 1992. Industry consolidations, crop quality, export policy, and other factors affect business levels and are largely unpredictable given the voluntary nature of domestic inspections. The losses from part of F.Y. 1993, F.Y. 1994 and into F.Y. 1995 are primarily attributable to natural disasters.
- The department's budget plan calls for a loan to this activity during F.Y. 1995 and continuing during the F.Y. 1996-97 biennium to provide for cash flow needs. Legislation is proposed in the deficiency appropriations bill which would permit the department to transfer up to \$1,000,000 from the Family Farm Security Default Account (M.S. 41.61, subd. 1) to the Grain Inspection Account (M.S. 17B.15, subd. 1). Under the plan, all amounts transferred would have to be repaid by 6-30-97.

REVENUE:

This activity generates dedicated revenue. The revenue comes from the mandatory sampling, weighing and inspection of grain going into foreign export markets; the remainder is collected for the same services requested on a voluntary basis by customers who wish to receive sampling, weighing and inspection services.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Special	\$3,413	\$3,459	\$3,333	\$3,914	\$3,914

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: GRAIN INSPECTION

ACTIVITY SUMMARY	Est.			FY 1996			FY 1997		
	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	3,550	3,251	3,077	2,803	2,803	2,803	2,803	2,803	2,803
EXPENSES/CONTRACTUAL SRVCS	310	277	311	311	311	311	311	311	311
MISC OPERATING EXPENSES	234	168	226	226	226	226	226	226	226
SUPPLIES/MATERIALS/PARTS	42	189	50	50	50	50	50	50	50
CAPITAL EQUIPMENT	48	100	25	25	25	25	25	25	25
OTHER	129	79	469	469	469	469	469	469	469
SUBTOTAL STATE OPERATIONS	4,313	4,064	4,158	3,884	3,884	3,884	3,884	3,884	3,884
TOTAL EXPENDITURES	4,313	4,064	4,158	3,884	3,884	3,884	3,884	3,884	3,884
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	35		360	360	360	360	360	360	360
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,278	3,983	3,798	3,524	3,524	3,524	3,524	3,524	3,524
AGENCY		81							
TOTAL FINANCING	4,313	4,064	4,158	3,884	3,884	3,884	3,884	3,884	3,884
FTE BY EMPLOYMENT TYPE:									
REGULAR	61.6	56.8	56.0		40.0			40.0	
TEMP/SEAS/PART_TIME	20.1	15.0	15.0		15.0			15.0	
OVERTIME	5.4	5.2	5.2		5.2			5.2	
TOTAL FTE	87.1	77.0	76.2		60.2	60.2		60.2	60.2

1996-97 Biennial Budget

BUDGET ACTIVITY: Food Inspection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to protect public health and prevent fraud through an effective food establishment inspection program that reduces the risk of foodborne disease and prevents the sale of unwholesome or misbranded food.

Qualified inspectors make unannounced surveillance inspections of 9,500 licensed food handlers to assure that they are complying with both state and federal food safety and labeling requirements. Reinspections are conducted at firms with significant food safety violations. Samples of food, meat, fish, poultry, beverages, raw fruits and vegetables, dairy products and processed foods are submitted to the department's laboratory for examination to assure that they are safe and meet product standards. Inspection responsibilities are coordinated with federal and state agencies, counties, and municipalities through official contracts and cooperative agreements.

The division is required by state law to carry out food inspection activities designed to protect consumers from substandard food products and to allow for the movement of Minnesota food products into interstate and foreign markets.

This activity serves a clientele that includes consumers, food businesses within the state, firms outside of the state who sell products here, and other regulatory agencies and academia.

The food inspection activity uses regulatory, consultative, informational, and educational approaches to assure that the public is protected against potential and actual food safety hazards.

BUDGET ISSUES:

The agency budget plan will result in a major food safety initiative. The initiative would be paid for through increases in Food Handler License fees. The major components are:

- Increased Market Basket Food Safety Sampling Program and Inspector Workload Adjustment. Large volume of food products from all over the world are shipped to Minnesota each year. Consumers and food regulators are concerned about the possibility of micro-biological and chemical contamination of these products. To meet this challenge, the agency budget plan proposes increased expenditures to:
 - Increase the present food safety sampling program by 2,000 samples per year for microbiological and chemical analysis.
 - Increase the effectiveness of the food safety inspection program by reducing inspector workloads from the current average of 306 firms to a more manageable number of 250 firms for each inspector. This will be accomplished by the addition of 3 new food inspectors.

- Hazard Analysis Critical Control Point [HACCP] Requirement. Food processing technology is rapidly becoming more advanced and automated. Firms are developing new and innovative food processing methods that could cause potential threats to public health if not carefully controlled and monitored. In order to assure that safe food handling practices are being utilized, the Minnesota Food Law, Chapter 31, should be amended to require that certain food firms develop a HACCP Plan and that food managers are trained and certified through either voluntary or mandatory training programs. To implement this policy, the agency proposes adding a coordinator position to develop and manage a HACCP program.
- Revision of the Consolidated Food Licensing law and fee structures, Chapter 28A, must be amended to better define firms that are exempt from licensing as well as revise fees so that they are more equitable and provide increased support for new food safety initiatives.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Non-dedicated revenues come 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 review. The following accounts are included: Food Handler Plan Review Fund, Beverage Inspection Fund, Egg Law Inspection Fund, and the Commercial Canneries Inspection Account.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l *	\$1,760	\$1,797	\$1,898	\$2,598	\$2,598
Dedicated - Special	173	160	168	168	168
Dedicated - Federal	<u>342</u>	<u>352</u>	<u>369</u>	<u>378</u>	<u>378</u>
Total	\$2,275	\$2,309	\$2,435	\$3,144	\$3,144

* The estimates for F.Y. 1996 and F.Y. 1997 include proposed increases in food handlers license fees.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: FOOD INSPECTION

ACTIVITY SUMMARY	FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:						
DETAIL BY CATEGORY:						
STATE OPERATIONS:						
PERSONAL SERVICES	1,879	1,909	2,087	2,087	2,405	2,405
EXPENSES/CONTRACTUAL SRVCS	95	89	117	100	118	118
MISC OPERATING EXPENSES	223	207	161	146	196	196
SUPPLIES/MATERIALS/PARTS	26	20	27	27	56	56
CAPITAL EQUIPMENT			10	5	43	43
OTHER	27	52	57	57	111	111
SUBTOTAL STATE OPERATIONS	2,250	2,277	2,459	2,422	2,929	2,929
TOTAL EXPENDITURES	2,250	2,277	2,459	2,422	2,929	2,929
AGENCY PLAN ITEMS:						
PROPOSED FEE CHANGE				507		507
TOTAL AGENCY PLAN ITEMS				507		507
SOURCES OF FINANCING:						
DIRECT APPROPRIATIONS:						
GENERAL	1,776	1,796	1,950	1,919	2,426	2,426
STATUTORY APPROPRIATIONS:						
SPECIAL REVENUE	162	190	166	164	164	164
FEDERAL	312	291	343	339	339	339
TOTAL FINANCING	2,250	2,277	2,459	2,422	2,929	2,929
FTE BY EMPLOYMENT TYPE:						
REGULAR	47.7	46.9	49.0	54.0		54.0
OVERTIME	.3	.3	.3	.3		.3
TOTAL FTE	48.0	47.2	49.3	54.3	54.3	54.3

1996-97 Biennial Budget

BUDGET ACTIVITY: Dairy and Livestock
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to provide for safe and wholesome milk and dairy products which meet state and federal standards; assure acceptability of Minnesota milk and dairy products 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 Shipper Certification program to assure unrestricted interstate movement of milk and other dairy products and to avoid duplicate inspections by other states and agencies. Dairy product pricing is monitored to prevent unfair or predatory practices which could affect the orderly marketing of selected dairy products.

This activity is required by state and federal law to carry out all inspection and certification programs so Minnesota milk can move into interstate commerce.

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.

BUDGET ISSUES:

The agency budget plan will result in the following:

- The fee base is being reduced each year as between 700 to 800 dairy farms go out of business. As this occurs, more of the budget burden for assuring that milk is safe and wholesome will have to be placed on fees assessed to processors of Class 1 (fluid) milk which normally means the increased cost is passed on directly to consumers.
- The Food and Dairy Division is issuing a significant number of "Certificates of Free Sale" which permit food distributors to export dairy and other food products to foreign countries. The division currently does not charge for this service and the volume of requests has increased to over 500 per year. These certificates are estimated to cost between \$30 - \$35 each to issue. It is expected that the North American Free Trade Agreement and General Agreement on Trade and Tariffs will significantly increase the amount of Minnesota products moving in international commerce; all requiring these certificates. Company and products records must be researched to establish the necessary information for each certificate.
- The service provided by this activity directly affects the profitability and protects the future of the dairy and livestock industries in Minnesota, which have a large economic impact on the rural economy of this state. Service levels, therefore, will be maintained at least at current levels into the foreseeable future to sustain the current industry.

- The department may have to pay unanticipated legal expenses for lawsuits regarding challenges to the volume premium statute. The fees and expenses could range as high as \$150,000.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Dedicated funds come 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 Account and the Livestock Weighing Fund.

	<u>Dollars in Thousands</u>				
	<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>
Type of Revenue:					
Non-dedicated - Gen'l	\$205	\$208	\$208	\$208	\$208
Dedicated - Special	<u>1,932</u>	<u>1,834</u>	<u>1,815</u>	<u>1,785</u>	<u>1,914</u>
Total	\$2,137	\$2,042	\$2,023	\$1,993	\$2,122

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: DAIRY & LIVESTOCK

ACTIVITY SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,777	1,834	2,041	1,969	1,969	1,969	1,969	1,969	1,969
EXPENSES/CONTRACTUAL SRVCS	129	86	79	71	96	96	71	96	96
MISC OPERATING EXPENSES	235	232	298	217	217	217	217	217	217
SUPPLIES/MATERIALS/PARTS	25	19	17	17	17	17	17	17	17
CAPITAL EQUIPMENT	18	8	4	4	4	4	4	4	4
OTHER	45	44	195	195	195	195	195	195	195
SUBTOTAL STATE OPERATIONS	2,229	2,223	2,634	2,473	2,498	2,498	2,473	2,498	2,498
AIDS TO INDIVIDUALS	3,438	2,390							
TOTAL EXPENDITURES	5,667	4,613	2,634	2,473	2,498	2,498	2,473	2,498	2,498
AGENCY PLAN ITEMS:									
			FUND						
DEDICATED FUND INCREASES			SR		72			72	
AGENCY REALLOCATIONS			GEN		<72>			<72>	
AGENCY REALLOCATIONS			GEN		25			25	
TOTAL AGENCY PLAN ITEMS					25			25	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	574	535	699	693	646	646	693	646	646
SPECIAL REVENUE	1,527	1,688	1,858	1,780	1,852	1,852	1,780	1,852	1,852
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	128								
AGENCY	3,438	2,390	77						
TOTAL FINANCING	5,667	4,613	2,634	2,473	2,498	2,498	2,473	2,498	2,498

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: DAIRY & LIVESTOCK

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	41.6	38.4	42.3		42.3		42.3		
TEMP/SEAS/PART_TIME	1.4	1.4	1.2		1.2		1.2		
OVERTIME	.8	.7	.7		.7		.7		
TOTAL FTE	43.8	40.5	44.2		44.2	44.2	44.2		44.2

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1996-97 Biennial Budget

BUDGET ACTIVITY: Laboratory Services
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The Laboratory Services Division provides comprehensive laboratory testing of samples submitted by the inspection activities and other regulatory programs of the department.

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, staff of the Laboratory Services activity perform analyses to fulfill contracts and cooperative agreements with the USDA, FDA, 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 laboratory expertise and technical knowledge for the department as a whole.

These analytical activities support the department's regulatory work and help protect consumers, farmers, processors and the environment through the elimination of fraud and error in the production, processing, marketing and consumption of agricultural/food products.

The clientele for the services of the laboratory include the regulatory divisions within the department, other state and federal agencies, and the public-at-large.

BUDGET ISSUES:

The agency budget plan will result in the following:

- Increased federal and other legal requirements for quality assurance/quality control compete with production expectations for the laboratory's personnel and equipment. Movement to Good Laboratory Practices (GLP) computerized systems to comply with these requirements has been challenging in terms of time, budget and resources.
- Requests for analyses are increasing at a high rate, and are shifting to more difficult and time consuming types of tests requiring extensive method development and analyst training.
- The agency budget plan calls for internal reallocations of \$50,000 of General Funds each year to help to maintain and adopt the laboratory's extensive computerized information systems, as well as meet other requirements. In addition, the department's proposed food safety initiative will provide additional laboratory resources to assist with food safety issues.

REVENUE:

This activity generates dedicated revenue from the Laboratory Service Account and federal contracts.

	<u>Dollars in Thousands</u>				
	<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>
Type of Revenue:					
Dedicated - Special	\$15	\$10	\$18	\$18	\$18
Dedicated - Federal	<u>127</u>	<u>155</u>	<u>85</u>	<u>85</u>	<u>85</u>
Total	\$142	\$165	\$103	\$103	\$103

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: LABORATORY SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,751	1,851	2,091	2,091	2,141	2,141	2,091	2,141	2,141
EXPENSES/CONTRACTUAL SRVCS	603	557	533	827	827	827	827	827	827
MISC OPERATING EXPENSES	30	40	45	45	45	45	45	45	45
SUPPLIES/MATERIALS/PARTS	211	202	199	182	182	182	182	182	182
CAPITAL EQUIPMENT	183	544	190	183	183	183	183	183	183
OTHER	22	24	119	121	121	121	121	121	121
SUBTOTAL STATE OPERATIONS	2,800	3,218	3,177	3,449	3,499	3,499	3,449	3,499	3,499
TOTAL EXPENDITURES	2,800	3,218	3,177	3,449	3,499	3,499	3,449	3,499	3,499
AGENCY PLAN ITEMS:									
FUND									
AGENCY REALLOCATIONS									
					50			50	
TOTAL AGENCY PLAN ITEMS									
					50			50	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,624	1,620	1,630	1,855	1,905	1,905	1,855	1,905	1,905
MN RESOURCES	5								
SPECIAL REVENUE	940	1,064	1,233	1,284	1,284	1,284	1,284	1,284	1,284
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	18		18	18	18	18	18	18	18
FEDERAL	202	248	292	292	292	292	292	292	292
AGENCY		286	4						
GIFTS AND DEPOSITS	11								
TOTAL FINANCING	2,800	3,218	3,177	3,449	3,499	3,499	3,449	3,499	3,499

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: LABORATORY SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	45.0	44.0	50.3		54.3		54.3		
TEMP/SEAS/PART_TIME	.9	.6	2.1		2.1		2.1		
OVERTIME	.1	.2	.1		.1		.1		
TOTAL FTE	46.0	44.8	52.5		56.5	56.5	56.5	56.5	56.5

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1996-97 Biennial Budget

BUDGET ACTIVITY: Grain Licensing and Auditing
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this division is to reduce marketing risks for producers and sellers of grain due to the activities of buyers of grain and those who provide storage facilities for grain. The division also assures customers of general merchandise warehouses that their goods are being stored in a safe manner.

This division issues licenses to public grain storage warehouse operators, grain buyers, grain bank operators and general merchandise warehouse operators. The division's field staff performs examinations of these licensed operators to determine compliance with applicable statutes and laws. These examinations determine, in part, if goods stored are being held and safeguarded by the licensee, and that liquidity requirements for credit grain purchases are being maintained.

The field staff also investigates claims of unlicensed and/or unlawful activities in regard to the buying and storing of grain, and the storing of general merchandise.

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 that affords the public the greatest amount of protection. This division 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:

The agency budget plan will result in the following:

- The budget plan calls for continuation of same levels of services in F.Y. 1996 and F.Y. 1997.
- This activity is funded through fees collected from licensees as well as reimbursements for services performed under contract with the United States Department of Agriculture (USDA). All funds are deposited in dedicated accounts.
- Due to continued consolidations and attrition in the grain industry, the number of licenses issued continues to decline, with an accompanying decline in fee collection from licensees and reimbursement amounts from USDA.
- To compensate for reduced license numbers this unit is providing an enhanced level of service in order to attract additional work from current license holders and to attract new clientele. The division is operating with unfilled positions and delaying equipment purchases in order to defer increasing fees.

REVENUE:

This activity generates dedicated revenue. The dedicated revenues come from license and examination fees, and from fees received from the USDA for the performance of contracted services. Dedicated accounts include the Grain Buyers and Storage Funds.

	Dollars in Thousands				
	<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>
Type of Revenue:					
Dedicated - Special	\$397	\$388	\$430	\$430	\$430
Dedicated - Federal	<u>135</u>	<u>130</u>	<u>169</u>	<u>169</u>	<u>169</u>
Total	\$532	\$518	\$599	\$599	\$599

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROTECTION SERVICE
ACTIVITY: GRAIN LICENSING & AUDITING

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	399	417	503	503	503	503	503	503	503
EXPENSES/CONTRACTUAL SRVCS	41	47	43	38	38	38	38	38	38
MISC OPERATING EXPENSES	76	77	88	88	88	88	88	88	88
SUPPLIES/MATERIALS/PARTS	7	5	10	10	10	10	10	10	10
CAPITAL EQUIPMENT	2		6	6	6	6	6	6	6
OTHER	17	22	54	59	59	59	59	59	59
SUBTOTAL STATE OPERATIONS	542	568	704	704	704	704	704	704	704
TOTAL EXPENDITURES	542	568	704	704	704	704	704	704	704
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			39	39	39	39	39	39	39
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	456	445	495	495	495	495	495	495	495
FEDERAL	86	123	169	169	169	169	169	169	169
AGENCY			1	1	1	1	1	1	1
TOTAL FINANCING	542	568	704	704	704	704	704	704	704
FTE BY EMPLOYMENT TYPE:									
REGULAR	11.0	11.0	11.0		11.0			11.0	
TOTAL FTE	11.0	11.0	11.0		11.0	11.0		11.0	11.0

1996-97 Biennial Budget

PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of

PROGRAM DESCRIPTION:

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 the social, economic and cultural contributions of Minnesota agriculture.

The activities of this program include the Minnesota Grown program; processed food promotion programs; market research; administration of 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 objectives associated with this program are:

- Assisting direct marketers by linking Minnesota producers with potential buyers.
- Identifying and quantifying market niches (windows of opportunity) for existing or potential Minnesota products.
- Assisting with the creation of producer processing and marketing cooperatives to meet Minnesota's ethanol needs.
- Helping producers to market products profitably by providing market information and analysis, assist with collective marketing (i.e. farmers' markets, cooperatives, etc.).
- Encouraging the development of industries which increase farmer owned processing and marketing of Minnesota agricultural commodities.
- Providing administrative services to Commodity Research and Promotion Councils consistent with statutory responsibilities.
- Cooperating with the Minnesota Department of Trade and Economic Development (DTED) in areas of foreign trade and investment.
- Helping students, teachers and the general public to understand agriculture and its relevancy to the daily life of all Minnesotan's.

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.

PROGRAM STATUS:

The activities of this program help realize the following Minnesota Milestones goals:

- Minnesota will have sustained, above-average, strong economic growth that is consistent with environmental protection.
- Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.

The programs of this activity work to increase rural and agricultural development. Base funding will allow current levels of activity to continue, but the resources are insufficient to meet the demand for ethanol production, or provide ways to capitalize on opportunities in aquaculture development.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished. Key indicators and results that can be accomplished within base level funding include:

- Maintaining and increasing annual sales of Minnesota grown fruits and vegetables by about 8% each fiscal year.
- Increasing sales of Minnesota grown specialty livestock products by 50% in F.Y. 1996 and 33% in F.Y. 1997.
- Maintaining modest growth in the aquaculture industry.
- Maintaining modest growth in participation in the Minnesota Food Expo with the resulting sales and other benefits for participants.

The proposed new funding will result in the following:

- Accelerated growth in the ethanol production industry through financial assistance and incentives in the form of producer payments.
- Continued research and development of environmentally safe aquaculture production technologies.

BUDGET AND REVENUE SUMMARY:

The agency budget plan for this program is as follows:

- Continuation of base level funding for the Market Development activity within this program.
- The internal reallocation of General Funds of \$37,000 each year to the Agriculture Promotion activity in each fiscal year to increase public information and promotional activities.
- Increase the Ethanol Producer payments by \$2,640,000 each year to reach the current \$10,000,000 cap.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends the following initiative:

- An increase of \$8,000,000 for the biennium to go for producer payments in order to facilitate the continued growth of the ethanol industry in Minnesota. The appropriation is in addition to \$10,000,000 each year in the budget base. Proposed legislation will be provided to revise the current cap limitations.

The Governor has identified projects recommended for funding by the Legislative Commission on Minnesota Resources that should be addressed in the capital budget. The Governor recommends instead, that a portion of the funds allocated for these projects be used to finance selected environmental initiatives of high priority.

- The Governor recommends spending of \$250,000 from the Environmental Trust Fund to continue research on aquaculture production technologies with an emphasis on improved fish waste handling methods.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997				
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.		
MARKET DEVELOPMENT	4,379	6,032	8,892	8,874	11,514	13,764	8,855	11,495	17,495		
AGRICULTURAL PROMOTION	183	182	243	242	279	279	242	279	279		
TOTAL EXPENDITURES BY ACTIVITY	4,562	6,214	9,135	9,116	11,793	14,043	9,097	11,774	17,774		
AGENCY PLAN ITEMS:				FUND							
OPEN APPROPRIATIONS ADJUSTMENTS				GEN			2,640				
AGENCY REALLOCATIONS				GEN			37				
TOTAL AGENCY PLAN ITEMS				2,677			2,677				
GOV'S INITIATIVES:				FUND							
(B) ETHANOL PRODUCER PAYMENTS				GEN			2,000				
(B) AQUACULTURE DEVELOPMENT				EVT			250				
TOTAL GOV'S INITIATIVES				2,250			6,000				
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
ENVIRONMENT TRUST				250							
GENERAL				736	927	1,137	964	1,001	1,001	1,001	
MN RESOURCES				15	262	198					
SPECIAL REVENUE				122	113	183	182	182	182	182	
OPEN APPROPRIATIONS:				GENERAL			3,577				
STATUTORY APPROPRIATIONS:				SPECIAL REVENUE			10				
FEDERAL				17	60	176	552	552	533	533	
GIFTS AND DEPOSITS				85	34	69	46	46	46	46	
TOTAL FINANCING				4,562	6,214	9,135	9,116	11,793	14,043	9,097	11,774

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
FTE BY EMPLOYMENT TYPE:									
REGULAR	15.1	14.8	15.1		17.1		18.1		
TEMP/SEAS/PART_TIME	.2	.4	.4		.4		.4		
OVERTIME	.2								
=====									
TOTAL FTE	15.5	15.2	15.5		17.5	18.5	18.5		19.5

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1996-97 Biennial Budget

BUDGET ACTIVITY: Market Development
PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The Market Development activity uses educational, promotional, and consultative approaches to develop markets for and increase sales of Minnesota agricultural products.

Programmatic activities emphasize 2 themes. Agricultural diversification efforts broaden the base of Minnesota agriculture by encouraging the development of new crops, products, and market systems. Examples of efforts in this area include development of an aquaculture industry in the state, promotion of fruits, vegetables, and non-traditional meat products, and establishment and promotion of farmers markets. Value-added processing efforts create markets for the state's raw products and commodities, simultaneously increasing industry investment and employment. Examples include encouraging the expansion of corn milling industry for production of ethanol, starches, and sweeteners, and the promotion of processed food products.

Customers include individual producers/firms, associations of producers/manufacturers, agribusiness, and interested public parties such as the Agricultural Utilization Research Institute, the University of Minnesota, the Departments of Trade and Economic Development and Natural Resources and the Minnesota Pollution Control Agency.

BUDGET ISSUES:

The agency budget plan will result in the following:

- The activity will continue at same level of funding during the biennium for all activities and programs except the ethanol development and aquaculture initiatives. This allows the activity to maintain current activities while providing resources to capitalize on opportunities in the areas outlined below.
- Expansion of the Corn Milling Industry. As a result of federal and state clean-air legislation, the use of oxygenated fuels will continue to increase, concurrently leading to increased demand for ethanol. In Minnesota alone, annual ethanol demand is anticipated to reach 200 million gallons by 1999. To meet this demand, several new ethanol production facilities would have to come into production during the F.Y. 1996-97 biennium. To facilitate the development of the ethanol industry, the proposed budget calls for increasing spending for producer payments by \$8,000,000 during the biennium.
- Aquaculture Industry Expansion. Continuing increases in world demand for fish products is creating additional market opportunities for aquacultural products. Minnesota's aquacultural industry has expanded significantly, growing to over \$5 million in sales in the past 6 years. Having achieved success in developing a regulatory framework for aquacultural production, program emphasis is now being shifted to refining environmentally sound production technologies and creating a marketing infrastructure for the industry. Unlike other meat product categories, Minnesota produces less than 2% of the fish products consumed by Minnesotans

each year.

It is proposed to spend an additional \$250,000 of Environmental Trust Fund resources during the biennium to continue an additional promising research on technology that would promote the development of the industry while protecting the environment.

- Livestock Industry Expansion. Minnesota has lost market share in key livestock production sectors over the past 10 years. Erosion of market share due to shifting or loss of production has cost millions in farm income in the cattle, calf, and turkey industries alone.

REVENUE:

This activity generates dedicated revenue from the Advertising Revenue Account and the Minnesota Grown Account.

	<u>Dollars in Thousands</u>				
	<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>
Type of Revenue:					
Dedicated - Special	\$9	\$13	\$11	\$11	\$11
Dedicated - Federal	<u>49</u>	<u>44</u>	<u>144</u>	<u>531</u>	<u>512</u>
Total	\$58	\$57	\$155	\$542	\$523

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: MARKET DEVELOPMENT

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	480	487	643	599	599	655	669	669	669
EXPENSES/CONTRACTUAL SRVCS	196	345	395	499	499	614	413	413	413
MISC OPERATING EXPENSES	47	58	82	86	86	90	83	83	83
SUPPLIES/MATERIALS/PARTS	31	50	45	30	30	55	30	30	30
CAPITAL EQUIPMENT	8	63	1	1	1	51	1	1	1
OTHER			4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS	762	1,003	1,170	1,219	1,219	1,469	1,200	1,200	1,200
AIDS TO INDIVIDUALS	40	67	212	195	195	195	195	195	195
LOCAL ASSISTANCE	3,577	4,962	7,510	7,460	10,100	12,100	7,460	10,100	16,100
TOTAL EXPENDITURES	4,379	6,032	8,892	8,874	11,514	13,764	8,855	11,495	17,495
AGENCY PLAN ITEMS:									
FUND									

OPEN APPROPRIATIONS ADJUSTMENTS					2,640			2,640	
TOTAL AGENCY PLAN ITEMS					2,640			2,640	
GOV'S INITIATIVES:									
FUND									

(B) ETHANOL PRODUCER PAYMENTS						2,000			6,000
(B) AQUACULTURE DEVELOPMENT						250			
TOTAL GOV'S INITIATIVES						2,250			6,000
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST									
GENERAL	687	880	1,088	915	915	915	915	915	915
MN RESOURCES	15	262	198						
OPEN APPROPRIATIONS:									
GENERAL	3,577	4,799	7,360	7,360	10,000	12,000	7,360	10,000	16,000

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: MARKET DEVELOPMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	10	11	12	12	12	12	12	12	12
FEDERAL	17	60	176	552	552	552	533	533	533
GIFTS AND DEPOSITS	73	20	58	35	35	35	35	35	35
TOTAL FINANCING	4,379	6,032	8,892	8,874	11,514	13,764	8,855	11,495	17,495
FTE BY EMPLOYMENT TYPE:									
REGULAR	11.9	11.4	12.3		14.3			15.3	
TEMP/SEAS/PART_TIME	.2	.4	.4		.4			.4	
TOTAL FTE	12.1	11.8	12.7		14.7	15.7		15.7	16.7

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
 PROGRAM: Promotion and Marketing
 ACTIVITY: Market Development

ITEM TITLE: Ethanol Industry Development

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- Grants	\$2,000	\$6,000	\$8,400	\$9,700
Revenues: (\$000s)				
General Fund	\$0-	\$0-	\$0-	\$0-

Statutory Change? Yes No Funding M.S. 41A.09 authorization.

If yes, statutes(s) affected: M.S. 296.02, Subd. 7 and M.S. 41A.09

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the General Fund of \$8,000,000 for the biennium. This appropriation is in addition to the \$20,000,000 in the department's budget. The Governor also recommends passage of legislation reducing payments from 25 to 20 cents per gallon; this budget recommendation is based upon the anticipated passage of such legislation. The appropriation is available in either year of the biennium.

RATIONALE:

Minnesota imports \$1 billion in petroleum products each year for gasoline while two-thirds of the state's corn crop is exported as a low value commodity. The advent of the 1992 EPA oxygenated fuel program saw Twin City carbon monoxide levels decline to attainment levels for the first time since 1975. Ethanol blends have been used exclusively to comply with Clean Air Act requirements in the Twin Cities with excellent results. Though market conditions could change, ethanol use is expected to continue. In F.Y. 1994 the state used 120 million gallons of ethanol. Due to an existing statute requiring statewide oxygenate use, this figure is expected to reach 200 million gallons by the year 2000. Unfortunately, Minnesota's F.Y. 1994 production capacity was just slightly more than 40 million gallons.

During F.Y. 1995 and 1996, farmers in 8 rural Minnesota communities will attempt to build new processing plants that would add 98 million gallons of ethanol production capacity and hundreds of jobs to the state while doubling the value of 39 million bushels of corn. A dependable producer incentive program is necessary to help developers secure long term financing and compete for market share with a well established petroleum industry and large ethanol producers outside the state. At the same time the excise tax credit, which was necessary to build initial ethanol market share, can be carefully phased out to enrich the highway trust fund. The net effect of the phase

out of the excise tax credit and the increase in production payments will result in a net revenue gain to the state of \$28,000,000 for the biennium.

It is difficult to predict the success or timing of proposed new plant construction or the expansion of existing plants. Therefore, the request for additional appropriations in F.Y. 1996 and 1997 are limited to amounts needed to approximately cover producer payments for the expansion of existing plants and for new developers that have formally contacted the department and demonstrated that they have acquired the necessary equity capital for long-term financing. Although not earmarked for specific projects, the appropriation provides support for 3 additional plants beyond those now operating or under construction. Projections for F.Y. 1998 and 1999 reflect the level of funding required when these same plants reach their full capacity.

Supplemental appropriations may be required for F.Y. 1997 and the future if, and as other projects achieve a similar equity base and further progress toward long-term financing.

PROGRAM OUTCOMES:

The goal of the program is to replace 10% of all gasoline used in the state, reduce air pollution and provide economic development for rural Minnesota. To meet this demand, ethanol production will more than triple and the value of 10% (70 million bushels) of the state's corn crop will be doubled. Petroleum imports will be reduced by \$100 million each year. Over 4,000 new jobs will be created generating \$100 million in rural payroll and \$300 million in capitol investments; \$140 million of value will be added to Minnesota crops and food processing waste products each year.

The phase out of the excise tax credit is being implemented by the Department of Revenue and will completely eliminate the credit by 10-1-97. At full penetration of ethanol blends in the state's gasoline market the phase out of the credit would mean that about \$40,000,000 would enhance the Highway Users Tax Distribution Fund. This credit was a direct incentive for members of the state's petroleum industry to use ethanol blends. It was instrumental in building market share allowing consumers and industry to discover the quality and performance of ethanol blends. It now appears that ethanol can maintain market share in competition with petroleum oxygenates. The focus of this provision is to shift state resources away from building market share toward incentives that will result in additional production capacity in the state.

LONG-TERM IMPACT:

The fiscal impact of 100% ethanol blend market share supplied by Minnesota ethanol will generate a \$30 million net gain in state fiscal revenues. This net revenue will be over and above increased revenue from the phase out of the excise tax credit. Thousands of Minnesota farmers will profit from the processing and marketing of crops in their own local corn milling facilities. Millions of dollars will stay in the community and provide local jobs and economic development. This will help to reverse the long term trend of low commodity prices, lost farms and local businesses, and continued migration of rural residents to urban centers where infrastructure and environment are already overloaded.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Promotion and Marketing
ACTIVITY: Market Development

ITEM TITLE: Aquaculture Development Initiative

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$250	\$-0-	\$-0-	\$-0-

Revenues: (\$000s)

Statutory Change? Yes No Funding M.S. 17.49, Subd. 2d authorization.

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the Environmental Trust Fund of \$250,000 in F.Y. 1996 to continue research on aquaculture production technologies, with an emphasis on improved fish waste handling methods. Funding for this initiative has been made available in the Environmental Trust fund because the Governor has identified projects recommended by the LCMR that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative. The appropriation is available for both years of the biennium.

RATIONALE:

Fish and seafood is the only major animal protein category for which humans still depend on hunting and gathering of wild animals for the majority of supply (84%). World population continues to grow, and fish and seafood consumption is currently increasing. World per capita consumption of fish and seafood is projected to increase 25% to 34 pounds per capita by the year 2000. As a result, wild harvest of fish and seafood species has often been negligently high -- often to the point of population collapse. The closing of a New England rock fishery and a temporary ban on Northwest salmon fishing are only a few recent examples from North America. The United Nations estimates that the global fishing fleet costs \$92 billion to operate while it only produces \$70 billion in revenue. The difference is made up by government subsidies. Aquaculture can reduce pressure on wild fish populations and supply the fingerlings (small fish) to replenish harvested wild populations.

Aquaculture can enhance human health and welfare. Increased consumption of fish and seafood has been proven to also provide many health benefits. Cultured fish are also less likely to be exposed to environmental pollutants since, along with diet, culture water quality is carefully con-

trolled. Encouraging a significant aquaculture industry in Minnesota will ensure a high quality, fresh source of fish that can compete for in-state, national and international markets.

Aquaculture also works to reduce the nation's trade deficit which is second only to petroleum in commodity items. Salmon imports alone exceeded \$265 million in 1993; the total deficit in fish and seafood trade has exceeded \$3 billion in recent years. There is a large, potential local market as well; Minnesota fish growers currently produce less than 2% of the fish and seafood consumed annually by Minnesotans.

Aquaculture provides jobs and economic development for rural Minnesota and can also increase the utilization of agricultural commodities in feed products because corn, soybeans, and wheat are among the major ingredients of fish feed.

PROGRAM OUTCOMES:

This initiative will produce the following outcomes:

- Improved aquaculture production technology. The research and evaluation of environmentally sound aquaculture production technology was begun with LCMR funding during the F.Y. 1994-95 biennium and would be continued under this initiative.
- Greater system reliability, production cost reduction and improved fish waste handling methods will be the focus of this continued project. These are major needs articulated by fish growers.

LONG-TERM IMPACT:

- We are in the beginning phases of a multi-billion dollar industry. This initiative would provide an incentive and stimulation for private investment that will result in industry development. This in turn will provide jobs and economic development in Minnesota that could eventually rival that of the poultry industry.
- This initiative would be an initial step in positioning Minnesota as a leading fish producing state.
- Other long-term benefits of this investment include increased availability of healthy and safe food and preservation of natural fisheries resources by reducing demand on wild populations and the need to further exploit natural resources.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Agricultural Promotion
PROGRAM: Promotion and Marketing
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The Agricultural Promotion activity carries out two primary tasks: educating the general public about agriculture and administering the Commodity Promotions Act.

Educational activities include the Agriculture in the Classroom program, State Fair displays, school visits by producers, and public relations events surrounding National Agriculture Week and National Farm City Week.

Administration of the Commodity Promotions Act includes verifying requests for refunds of commodity check-offs; administering commodity council elections; reviewing council budgets; and approving council contracts.

Customers include 11 commodity research and promotion councils; individual producers and farm organizations; educators; media; and the general public.

BUDGET ISSUES:

The agency budget plan anticipates program re-design or acceleration as follows:

- Reduction in Refund Requests. Legislation in F.Y. 1994 authorized the wheat and barley councils to have non-refundable check-offs. As a result, the department anticipates a significant reduction in total refund requests. Staff activity in this area will be reduced accordingly and efforts in the promotion area will increase.
- Implementation of Federal Soybean Check-off program. Passage of a national soybean referendum in 1994 established a new approach for handling requests of soybean check-offs. To accommodate these new procedures and to make the soybean refund handling procedure more efficient, the department anticipates implementing a computerized data base process for F.Y. 1995. If successful, the computerized system will be extended to corn refund processing during the F.Y. 1996-97 biennium.
- Urbanization/suburbanization of Consumers. As Minnesota's population becomes increasingly urbanized, it becomes even more important for the department to maintain and increase its efforts to educate the public about agriculture, biotechnology, food production practices, and the economic importance of agriculture.
- The budget plan provides increased resources of \$37,000 in each fiscal year from reallocated General Funds to develop new approaches and forums for communicating information about agriculture to the public.

REVENUE:

This activity generates dedicated revenue from the Commodities Research and Promotion Account.

	<u>Dollars in Thousands</u>				
	<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>
Type of Revenue:					
Dedicated - Special	\$119	\$103	\$183	\$183	\$183
Dedicated - Federal					

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: PROMOTION & MARKETING
ACTIVITY: AGRICULTURAL PROMOTION

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	130	128	154	154	154	154	154	154	154
EXPENSES/CONTRACTUAL SRVCS	22	24	34	30	50	50	30	50	50
MISC OPERATING EXPENSES	25	25	35	35	52	52	35	52	52
SUPPLIES/MATERIALS/PARTS	4	4	4	4	4	4	4	4	4
CAPITAL EQUIPMENT	1								
OTHER	1	1	16	19	19	19	19	19	19
SUBTOTAL STATE OPERATIONS	183	182	243	242	279	279	242	279	279
TOTAL EXPENDITURES	183	182	243	242	279	279	242	279	279
AGENCY PLAN ITEMS:									
			FUND						
AGENCY REALLOCATIONS			GEN		37			37	
TOTAL AGENCY PLAN ITEMS					37			37	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	49	47	49	49	86	86	49	86	86
SPECIAL REVENUE	122	113	183	182	182	182	182	182	182
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		8							
GIFTS AND DEPOSITS	12	14	11	11	11	11	11	11	11
TOTAL FINANCING	183	182	243	242	279	279	242	279	279
FTE BY EMPLOYMENT TYPE:									
REGULAR	3.2	3.4	2.8		2.8			2.8	
OVERTIME	.2								
TOTAL FTE	3.4	3.4	2.8		2.8	2.8		2.8	2.8

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1996-97 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

PROGRAM DESCRIPTION:

The mission of this program is to provide overall policy direction and supervision of departmental programs, administer a variety of agricultural assistance and development programs, and to provide support services for the department.

The activities of this program enhance Minnesota agricultural production and processing capacity by administering programs that provide financial assistance to 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. Another major activity includes making various grants, loans, payments, reimbursements and other forms of financial support to agriculture to preserve and develop the state's agricultural resources.

The objectives associated with this program are:

- Meeting administrative challenges to fulfill statutory mandates within budgetary limits.
- Assisting departmental activities regarding administration, information services, planning, personnel, employee safety, office management, and accounting.
- Promoting land stewardship programs that encourage agriculture land preservation planning.
- Encouraging the adoption of sustainable farming practices and systems.
- Administering grants to agricultural societies and associations and reimburse farmers for timber wolf-caused livestock losses.
- Providing affordable financing to beginning farmers as well as assisting existing farmers improve or expand their operations.
- Providing affordable financing for ethanol and other value-added processing facilities.
- Providing for customer research, outreach and participation in the planning and programming efforts of state and federal agencies.
- Producing 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; Agriculture Nonpoint Source Pollution; Information Services; Rural Financing; and the Commissioner's Office.

PROGRAM STATUS:

The activities of this program contribute to the realization of the following Minnesota Milestones goals:

- Rural areas, small cities and urban neighborhoods throughout the state will be economically viable places for people to live and work.
- Minnesotans will act to protect and enhance their environment.
- 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 program has added one new budget activity which is Agriculture Nonpoint Source Pollution.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished. Key indicators and results include:

- To continue outreach activities with farmers, farm groups and organizations and the general public.
- Continued farm entry services to beginning farmers through the Agricultural Development Bond Program and other related efforts.
- To provide information, education or other assistance to producers and agri-professionals on sustainable agriculture.
- To continue work toward stabilizing and expanding Minnesota's livestock industry with emphasis on the dairy industry.
- To conduct customer research to identify and develop policy or administrative responses to needs.
- Technical assistance to local governments on agriculture land preservation and integration of livestock farming into local land use plans.
- Full implementation of Agricultural Best Management Practices Loan Program created by the 1994 legislature.

The proposed new initiatives would have the following results:

- Support for the dairy industry in Minnesota by challenging and working to change a discriminating federal milk marketing order, and carrying out ongoing policy research.
- Support the stabilization and expansion of the livestock industry by providing producers affordable financing for improvements and expansions.
- Enhancement of environmental protection from agricultural practices by accelerating the identification, transfer and use of information that will enhance private decision making.

BUDGET AND REVENUE SUMMARY:

The agency budget plan is summarized as follows:

- The agency budget plan calls for the internal reallocation of General Funds of \$50,000 each fiscal year to the Personnel and Office Management activity to help implement the Statewide Systems Project.
- The agency budget plan calls for the internal reallocation of General Funds of \$50,000 each fiscal year to the Information Services activity to increase computer support for other activities.
- The agency budget plan calls for spending \$725,000 of Future Resources Funds for the following purposes:
 - \$400,000 for feedlot and manure management practices assistance;
 - \$225,000 for developing, evaluating and promoting sustainable farming systems; and
 - \$100,000 for strengthening cooperatives to promote sustainable agriculture practices and research.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends the following initiatives:

1996-97 Biennial Budget

PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
(Continuation)

- \$250,000 in General Funds in F.Y. 1996 to provide capital for loans for ethanol production facilities.
- \$150,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 in General Funds for dairy policy studies and federal milk marketing order reform.
- \$250,000 in F.Y. 1996 for loan participations to assist young farmers purchase stock in value-added processing cooperatives.
- \$133,000 in F.Y. 1996 and \$59,000 in F.Y. 1997 in General Fund to accelerate the livestock expansion program. Legislation will be proposed to raise the loan participation amount from \$100,000 to \$250,000.
- Passage of legislation raising the loan participation amount for the Agriculture Improvement Loan program from \$50,000 to \$100,000.

The Governor has identified projects recommended for funding by the Legislative Commission on Minnesota Resources that should be addressed in the capital budget. The Governor recommends instead that a portion of the funds allocated for these projects be used to finance selected environmental initiatives of high priority. Two initiatives are included in the program for appropriation of \$940,000 from the Environmental Trust Fund for the following purposes:

- \$300,000 to continue the analysis of Conservation Reserve Program (CRP) lands relative to nonpoint source pollution, develop land management options for lands emerging from the CRP, and develop the capability to target future CRP funds for the greatest environmental benefit;
- \$640,000 to accelerate the availability of research findings regarding practices that mitigate or prevent agricultural nonpoint source pollution, to conduct pilot whole-farm planning in selected watersheds, and to enhance efforts regarding plant pest detection and remediation;

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.		
FINANCIAL ADMINISTRATION	1,641	1,464	1,676	1,549	1,661	1,661	1,549	1,661	1,661
PERSONNEL & OFFICE MGMT	418	415	521	486	536	536	486	536	536
AGRIC PLANNING & DEVELOPMENT	2,170	2,918	4,334	2,522	2,735	3,035	2,522	2,410	2,410
AG NONPNT SOURCE POLLUTION			925	925	925	1,565	925	925	925
INFORMATION SERVICES	680	705	761	692	742	742	692	742	742
RURAL FINANCING	2,695	6,533	9,819	10,065	10,065	14,224	8,565	8,565	12,371
COMMISSIONERS OFFICE	1,201	1,314	1,763	1,271	1,271	1,421	1,271	1,271	1,321
TOTAL EXPENDITURES BY ACTIVITY	8,805	13,349	19,799	17,510	17,935	23,184	16,010	16,110	19,966
AGENCY PLAN ITEMS: FUND									
LCMR NEW ALLOCATIONS					MNR	325			
AGENCY REALLOCATIONS					GEN	100		100	
TOTAL AGENCY PLAN ITEMS						425		100	
GOV'S INITIATIVES: FUND									
(B) RFA AGRICULTURE IMPROVEMENT LOAN PROGRAM					RFA	1,400			1,575
(B) RFA AGRICULTURE IMPROVEMENT LOAN PROGRAM					SR	21			24
(B) ETHANOL PRODUCTION FAC. LOANS					GEN	250			
(B) VALUE-ADDED PRODUCTION LOANS					GEN	250			
(B) VALUE-ADDED PRODUCTION LOANS					SR	4			47
(B) RFA LIVESTOCK EXPANSION PROGRAM					GEN	133			59
(B) RFA LIVESTOCK EXPANSION PROGRAM					RFA	2,070			2,070
(B) RFA LIVESTOCK EXPANSION PROGRAM					SR	31			31
(B) FEDERAL MILK ORDER REFORM					GEN	150			50
(B) CRP ASSESSMENT					EVT	300			
(B) NON-POINT SOURCE POLLUTION					EVT	640			
TOTAL GOV'S INITIATIVES						5,249			3,856
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST						940			
GENERAL	5,431	5,153	6,735	5,386	5,486	6,269	5,386	5,486	5,595

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MN RESOURCES	152	916	876		325	325			
SPECIAL REVENUE		27	46	2	2	23	2	2	26
STATUTORY APPROPRIATIONS:									
GENERAL		2	2						
SPECIAL REVENUE	724	815	3,688	3,919	3,919	3,954	2,419	2,419	2,497
FEDERAL	102	170	239	38	38	38	38	38	38
RURAL FINANCE ADMIN	2,391	6,205	8,162	8,162	8,162	11,632	8,162	8,162	11,807
AGENCY		2	2	2	2	2	2	2	2
GIFTS AND DEPOSITS	5	59	49	1	1	1	1	1	1
TOTAL FINANCING	8,805	13,349	19,799	17,510	17,935	23,184	16,010	16,110	19,966
FTE BY EMPLOYMENT TYPE:									
REGULAR	72.7	75.5	87.0		89.0		89.0		
TEMP/SEAS/PART_TIME	2.1	2.0	1.2		.6		.6		
OVERTIME	.2								
TOTAL FTE	75.0	77.5	88.2		89.6	92.1		89.6	92.1

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BUDGET ACTIVITY: Financial Administration
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to provide financial, accounting, budgeting, and auditing services to the department.

The division distributes state funds to county and district agricultural societies and associations, makes grant payments as provided by law or contract, 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 material 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.

The clientele for the division are the staff, administrators and supervisors of the department, and the organizations or individuals receiving financial services from the department.

BUDGET ISSUES:

The agency budget plan does not contain funds for any conversions of hardware and software for the implementation of the Statewide Systems Project, nor for enhancements that may be necessary with any system expansion or enhancements. Current revenue recording systems may need updates or total rewrites to keep pace with changes in information and data processing.

REVENUE:

This activity generates dedicated and non-dedicated revenues. The dedicated account is for indirect costs which provide funding for this activity.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$3	\$11	\$1	\$1	\$1
Dedicated - Special	367	233	470	470	470
Dedicated - Federal	7				
Total	\$377	\$244	\$471	\$471	\$471

GRANTS:

- 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 Farmers 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.

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
County and District Ag. Societies	\$349,000	\$349,000	\$349,000	\$349,000
Livestock Premiums Boys & Girls	3,700	3,700	3,700	3,700
Red River Valley Livestock Assn.	5,900	5,900	5,900	5,900
Northeast MN Junior Livestock Show Assn.	1,200	1,200	1,200	1,200
Red Lake Band of Chippewa Indians	900	900	900	900
Poultry Association	1,800	1,800	1,800	1,800
Minnesota Poultry Association	800	800	800	800
Northern Poultry Association	100	100	100	100
Red River Valley Dairymen's Assn.	1,200	1,200	1,200	1,200
Minnesota Livestock Breeders Assn.	19,000	19,000	19,000	19,000
Northern Sheep Growers Association	1,000	1,000	1,000	1,000
TOTAL	\$384,600	\$384,600	\$384,600	\$384,600

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Grants By Fund:				
General	\$385	\$385	\$385	\$385

- 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. 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 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

1996-97 Biennial Budget

BUDGET ACTIVITY: Financial Administration
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
 (Continuation)

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.

Claims By Fund:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General - Livestock	\$44	\$35	\$40	\$40	\$40
General - Elk	<u>4</u>	<u>10</u>	<u>5</u>	<u>5</u>	<u>5</u>
TOTAL	\$48	\$45	\$45	\$45	\$45

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 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.

Grants By Fund:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$70	\$70	\$70	\$70	\$70

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: FINANCIAL ADMINISTRATION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	624	623	802	802	802	802	802	802	802
EXPENSES/CONTRACTUAL SRVCS	188	175	222	149	253	253	149	253	253
MISC OPERATING EXPENSES	72	57	84	82	90	90	82	90	90
SUPPLIES/MATERIALS/PARTS	27	41	41	39	39	39	39	39	39
CAPITAL EQUIPMENT	39	36	15	15	15	15	15	15	15
OTHER	208		7	7	7	7	7	7	7
SUBTOTAL STATE OPERATIONS	1,158	932	1,171	1,094	1,206	1,206	1,094	1,206	1,206
LOCAL ASSISTANCE	483	532	505	455	455	455	455	455	455
TOTAL EXPENDITURES	1,641	1,464	1,676	1,549	1,661	1,661	1,549	1,661	1,661
AGENCY PLAN ITEMS:									
			FUND						
LIVESTOCK & ELK CLAIMS			GEN		8			8	
RENT AND REPAIRS			GEN		104			104	
TOTAL AGENCY PLAN ITEMS					112			112	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,275	1,308	1,196	1,069	1,181	1,181	1,069	1,181	1,181
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	366	156	480	480	480	480	480	480	480
TOTAL FINANCING	1,641	1,464	1,676	1,549	1,661	1,661	1,549	1,661	1,661
FTE BY EMPLOYMENT TYPE:									
REGULAR	15.9	15.6	18.0		18.0			18.0	
TOTAL FTE	15.9	15.6	18.0		18.0	18.0		18.0	18.0

1996-97 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 OSHA reporting.

Clientele for this activity includes all managers, supervisors and employees of the department, and the general public.

BUDGET ISSUES:

The agency budget plan will result in the following:

- The activity continues to assume more delegated responsibility from the Department of Employee Relations (DOER). For example, last year 13 examinations were administered by the Personnel Section. This activity also assumed responsibility for 9 position classifications under DOER classification authority. Additionally, this activity processed 820 insurance applications and discussed more than 175 insurance problems with employees as part of the Department Designated Insurance Representative Program.
- The activity will be connected to the new centralized human resources management system. Currently, to record employee and position transactions, human resources staff fill out manual forms and submit them to DOER where they are checked and data entered. The new system will provide direct on-line entry by agency staff. This new system will put information about employees and applicants at the fingertips of managers and supervisors.
- This new system will increase the work load at the agency level and require the addition of more staff and equipment. The new system and the continued decentralization will require additional staff resources.
- The agency budget plan is providing for an internal reallocation of \$50,000 of General Funds for each fiscal year to help the activity implement the Statewide Systems Project, as well as handle increases in delegated responsibilities.

REVENUE:

This activity generates dedicated revenue. The dedicated account is for indirect costs which provide funding for this activity.

	Dollars in Thousands				
	<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>
Type of Revenue:					
Dedicated - Special	\$34	\$82	\$248	\$248	\$248

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: PERSONNEL & OFFICE MGMT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	357	359	449	419	454	454	419	454	454
EXPENSES/CONTRACTUAL SRVCS	78	31	41	37	37	37	37	37	37
MISC OPERATING EXPENSES	9	12	15	15	15	15	15	15	15
SUPPLIES/MATERIALS/PARTS	12	7	9	8	8	8	8	8	8
CAPITAL EQUIPMENT	6	5	3	3	18	18	3	18	18
OTHER	<44>	1	4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS	418	415	521	486	536	536	486	536	536
TOTAL EXPENDITURES	418	415	521	486	536	536	486	536	536
AGENCY PLAN ITEMS:									
FUND									
AGENCY REALLOCATIONS									
GEN									
TOTAL AGENCY PLAN ITEMS									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	384	331	271	238	288	288	238	288	288
STATUTORY APPROPRIATIONS:									
GENERAL		2	2						
SPECIAL REVENUE	34	82	248	248	248	248	248	248	248
TOTAL FINANCING	418	415	521	486	536	536	486	536	536
FTE BY EMPLOYMENT TYPE:									
REGULAR									
TOTAL FTE	9.9	9.9	11.0		12.0	12.0		12.0	12.0

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1996-97 Biennial Budget

BUDGET ACTIVITY: Agriculture Planning and Development
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to provide planning and administrative support services for the department. It also develops and implements new programs, and administers planning programs. The activity also conducts surveys of Minnesota farmers and agricultural industries.

The activity provides 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.

BUDGET ISSUES:

The department budget plan will result in the following:

- Rural non-farm growth is a growing trend in rural Minnesota which results in increased public service costs, contentious neighbor relations, environmental degradation and loss (in many instances) of prime farm land. The department, under M.S. 42.01-42.14, is directed to provide assistance to local governments. The department has lacked resources to fully implement this authority. The resources have not been available to develop technical assistance materials, provide planning grants, and complete necessary background policy and fiscal research.
- The Conservation Reserve Program (CRP) has been a very successful program. However, decreasing federal appropriations threaten the continuation, and many contract holders are expected to take their acreage out of CRP once contracts expire. During the 1994-95 biennium, the department expects to complete mapping the location of CRP acres in up to 30 counties, assess contract holder intentions and began to develop policy alternatives.

The budget plan calls for spending \$300,000 of Environmental Trust Fund resources to continue the project during F.Y. 1996-97 biennium. Emphasis would be given to completing the mapping of CRP lands, develop land management options for parcels emerging from CRP, and

develop the capability to target future CRP funds for the greatest environmental impact.

- Minnesota agriculture is a leading state in total agriculture production. However, it faces severe challenges as well as opportunities to expand value-added processing. The department will reassign staff to conduct the planning and analysis to complete an agricultural development strategy.
- The agency budget plan calls for the spending of \$725,000 from the Future Resources Fund for feedlot and manure management practices assistance; developing, evaluating and promoting sustainable farming systems; and cooperatives to promote sustainable farming systems.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Dedicated accounts include the Statistical Services Account, Family Farm Loan Guarantee Fund, the Sustainable Agriculture Loan Account, and an account for indirect costs which provide funding for this activity.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$923	\$1,249	\$146	\$160	\$160
Dedicated - Special	557	448	492	492	492
Dedicated - Federal	120	88	38	38	38
Total	\$1,600	\$1,785	\$676	\$690	\$690

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 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.

Eligibility Criteria: Eligible recipients must be residents of Minnesota engaged in farming. Loans may not exceed \$15,000 per individual, or \$75,000 for loans to 5 or more individuals on joint projects.

Funding Criteria: 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 farmers, educational institutions, or non-profit organizations residing or located in the state. Grant awards may not exceed \$50,000. If project cost is above \$25,000, the amount above \$25,000 must be cost-shared at a ratio of 1 to 1. Priority must be given to projects involving multiple parties.

1996-97 Biennial Budget

BUDGET ACTIVITY: Agriculture Planning and Development
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
(Continuation)

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.) Customers include the approximately 146 participants who remain in the program.

Funding Criteria: Not applicable. No new applications have been taken since December, 1985.

Eligibility Criteria: See above.

LCMR RECOMMENDATIONS:

FEEDLOT AND MANURE MANAGEMENT PRACTICES ASSISTANCE

This appropriation is to the commissioner of agriculture to accelerate adoption of and changes in feedlot and manure management practices through research, economic analysis and enhanced program design and delivery. \$100,000 of this appropriation is for an agreement with the University of Minnesota for evaluation of manure effluent treatments. (\$400,000 Future Resources Fund.)

DEVELOPING, EVALUATING AND PROMOTING SUSTAINABLE FARMING SYSTEMS

This appropriation is to the commissioner of agriculture for an agreement with the Whitewater Joint Powers Board to develop and evaluate farming systems for impacts on ecosystems, profitability, and quality of life through on-farm experiment station research, watershed demonstration farms and education. This appropriation must be matched by at least \$50,000 of nonstate money. (\$225,000 Future Resources Fund.)

COOPERATIVES TO PROMOTE SUSTAINABLE AGRICULTURAL PRACTICES AND RESEARCH

This appropriation is to the commissioner of agriculture for an agreement with the sustainable farming association of Minnesota to promote sustainable farming practices by strengthening farmer-based demonstration and education networks of the sustainable farming association and by forming a pilot cooperative of on-farm and southwest experiment station research. This appropriation must be matched by at least \$15,000 of nonstate money. (\$100,000 Future Resources Fund.)

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: AGRIC PLANNING & DEVELOPMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	860	922	1,279	990	990	1,094	990	990	990
EXPENSES/CONTRACTUAL SRVCS	376	1,137	1,559	195	520	704	195	195	195
MISC OPERATING EXPENSES	100	82	311	274	266	274	274	266	266
SUPPLIES/MATERIALS/PARTS	65	22	38	25	25	29	25	25	25
CAPITAL EQUIPMENT	52	20	6	1	1	1	1	1	1
OTHER	606	613	919	877	773	773	877	773	773
SUBTOTAL STATE OPERATIONS	2,059	2,796	4,112	2,362	2,575	2,875	2,362	2,250	2,250
AIDS TO INDIVIDUALS	101	54	222	160	160	160	160	160	160
LOCAL ASSISTANCE	10	68							
TOTAL EXPENDITURES	2,170	2,918	4,334	2,522	2,735	3,035	2,522	2,410	2,410
AGENCY PLAN ITEMS:									
									FUND
LCMR NEW ALLOCATIONS						325			
LIVESTOCK & ELK CLAIMS						<8>		<8>	
RENT AND REPAIRS						<104>		<104>	
TOTAL AGENCY PLAN ITEMS						213		<112>	
GOV'S INITIATIVES:									
									FUND
(B) CRP ASSESSMENT								300	
TOTAL GOV'S INITIATIVES								300	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST								300	
GENERAL	1,638	1,481	2,385	1,519	1,407	1,407	1,519	1,407	1,407
MN RESOURCES	152	916	876		325	325			

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: AGRIC PLANNING & DEVELOPMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	278	421	965	965	965	965	965	965	965
FEDERAL	102	100	108	38	38	38	38	38	38
TOTAL FINANCING	2,170	2,918	4,334	2,522	2,735	3,035	2,522	2,410	2,410
FTE BY EMPLOYMENT TYPE:									
REGULAR	18.5	19.0	23.4		23.4			23.4	
TEMP/SEAS/PART_TIME	1.6	1.9	1.1		.5			.5	
TOTAL FTE	20.1	20.9	24.5		23.9	25.4		23.9	25.4

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administrative Support and Grants
ACTIVITY: Agriculture Planning and Development

ITEM TITLE: Continuation of Demonstrating and Assessing Sustainable Management Practices for Agricultural Land Emerging from the Conservation Reserve Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$300	\$-0-	\$-0-	\$-0-

Revenues: (\$000s)

Statutory Change? Yes No

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the Environmental Trust Fund of \$300,000 in F.Y. 1996 to continue the analysis of Conservation Reserve Program (CRP) lands relative to nonpoint source pollution, develop land management options for lands emerging from the CRP, and develop the capability to target future CRP funds for the greatest environmental benefit.

Funding for this initiative has been made available in the Environmental Trust fund because the Governor has identified projects recommended by the LCMR that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative.

The appropriation is available for both years of the biennium.

RATIONALE:

The Conservation Reserve Program (CRP) is the most significant environment protection initiative undertaken by federal farm programs to date. The CRP has markedly reduced soil erosion and reduced off-site effects such as sedimentation while improving water quality and enhancing fish and wildlife habitat. It has also supported farmers' income. In economic terms, the estimated total environmental and soil productivity benefits-over-costs exceeds \$10 billion annually nationwide.

Minnesota currently has approximately 1.9 million acres enrolled in the CRP with 1.1 million acres available for release in the fall of 1996. Based on national and state surveys of CRP contract holders, the majority of contracted land taken out of CRP is expected to return to previous management practices.

The F.Y. 1994 - 95 project began the:

1. Assessment of NPS importance of CRP lands in a geographical and environmental context, mapping 20-30 counties and evaluating CRP land parcels on criteria such as land capability classification, erodibility, and location (adjacent to stream, river or lake).
2. Identification of contract holder intentions, policy concerns and information needs regarding the return of CRP lands to production.
3. Identification and demonstration of some alternative crops and land management practices that would retain the environmental benefits of CRP when land returns to production.

The current project was not intended to complete statewide CRP mapping or to accomplish a complete determination of land management options for CRP lands returning to production. Since implementation, the federal government has begun to consider allowing states to have significant input into the targeting of future CRP funds. The extension of the project will continue the development of the capacity to target future state initiatives as well as federal CRP funds to the most appropriate lands, and provide land management information to landowners who will return CRP land to production. The location of CRP holdings and the ability to assess their relative importance for soil conservation, water quality improvement and habitat value in a geographical context are integral to the state's ability to target available dollars to critical areas.

PROGRAM OUTCOMES:

This initiative would continue and build on the current initiative with these results:

- Complete the statewide mapping of CRP lands and integrate that and other pertinent agriculture data into natural resource/environmental databases. Build capacity for analyzing and formatting agricultural data to link with GIS environmental and natural resource data.
- Complete the evaluation of NPS models so as to have the ability to a) examine public policy options for CRP lands relating to agricultural NPS issues; and b) target federal and state initiatives to priority lands based on natural resource protection factors.
- Complete and communicate the identification of land management practices that will preserve the environmental benefits of CRP for land parcels that will return to production.
- Monitor contract holder actions after federal policy is determined to track the fate of CRP acres and any changes in management so as to make appropriate state policy changes.
- Using information and simulation tools developed by the project, try to identify alternative strategies that can be taken by landowners, the state or the federal governments while considering the implications of those decisions.

LONG-TERM IMPACT:

- The completion of this project would result in the capacity to target (and evaluate) state expenditures for land conservation programs as well as future federal CRP payments to the most critical land parcels.
- This targeting could decrease the need for future state expenditures while directing federal expenditures within a state policy NPS framework.
- This project would perpetuate existing soil and water resource benefits for CRP parcels returned to production through enhanced land management.
- This project would decrease off-site damages from soil erosion and thereby affect future expenditures to remediate NPS damage to lakes and streams.

1996-97 Biennial Budget

BUDGET ACTIVITY: Agriculture Nonpoint Source Pollution
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The purpose of this activity is to assist livestock producers with all aspects of manure collection, storage and utilization. The activity will identify and implement programs that include information dissemination, research on livestock manure collection systems, environmentally sound utilization practices, and involving livestock producers in program development.

Resources are directed at the coordination, development and promotion of manure utilization BMPs. This activity provides for assessment of current management practices and evaluation of changes that occur based on education and information efforts. The delivery and promotion of feedlot and manure best management practices are accomplished through the Minnesota Extension Service and other state and local programs. In addition, manure testing is evaluated and a laboratory certification program develops and promotes use of standardized manure nutrient analysis.

The activity provides for the participation of livestock producers in state policy and program development. The major vehicle for this will be the Feedlot and Manure Management Advisory Committee, for which the department will help provide staff support. In addition, customer research will be conducted among livestock producers to identify needs and priorities. The program also identifies needs regarding applied and basic research on animal waste systems and management practices.

The program provides technical assistance for developing and implementing feedlot land use plan provisions and ordinances. The assistance consists of model plan and ordinance provisions, on-site technical assistance, information, etc. The clients for these services are local units of government and farmers.

The activity administers the Agriculture Best Management Practices Loan Program whose purpose is to provide low interest loans to local governments in order to implement local water planning priorities as these pertain to agriculture. The loans will be provided to farmers, agriculture supply businesses and rural landowners to implement agriculture water quality improvement practices. These practices include but are not limited to items such as tillage equipment, grass water ways, animal waste control systems, well sealing, terraces, etc. The clients for services are farmers, rural landowners and agriculture supply businesses implementing water quality improvement projects.

BUDGET ISSUES:

The department budget plan calls for current level spending which would result in the following:

- The department anticipates full implementation of the Agriculture Best Management Practices Loan Program during F.Y. 1995 and continuing into the F.Y. 1996-97 biennium.
- The activity will develop and deliver training to livestock producers regarding manure management and utilization as a nutrient through the Minnesota Extension Service.

- Livestock manure BMPs will be prepared to address the variations in Minnesota's diverse climate and regional landscapes, animal species and soil types. Consideration will be given to variation in livestock enterprises and manure management systems.
- The activity will prepare an inventory of needs regarding basic and applied research on animal waste systems and management practices.
- The activity will provide technical assistance to local officials regarding feedlot siting and development issues as part of local planning.
- The agency budget plan also proposes the additional spending of \$640,000 of Environmental Trust Fund resources to accelerate the availability of research findings regarding practices that mitigate or prevent agricultural nonpoint source pollution, to conduct pilot whole-farm planning in selected watersheds, and to enhance efforts regarding plant pest detection and remediation.

REVENUE:

This activity does not generate revenue.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: AG NONPNT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			409	409	409	493	409	409	409
EXPENSES/CONTRACTUAL SRVCS			415	415	415	961	415	415	415
MISC OPERATING EXPENSES			29	29	29	35	29	29	29
SUPPLIES/MATERIALS/PARTS			10	10	10	14	10	10	10
CAPITAL EQUIPMENT			12	12	12	12	12	12	12
SUBTOTAL STATE OPERATIONS			875	875	875	1,515	875	875	875
AIDS TO INDIVIDUALS			50	50	50	50	50	50	50
TOTAL EXPENDITURES			925	925	925	1,565	925	925	925
GOV'S INITIATIVES:									
FUND									
(B) NON-POINT SOURCE POLLUTION						640			
TOTAL GOV'S INITIATIVES						640			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST						640			
GENERAL			925	925	925	925	925	925	925
TOTAL FINANCING			925	925	925	1,565	925	925	925
FTE BY EMPLOYMENT TYPE:									
REGULAR	1.0	3.0	6.0		6.0			6.0	
TOTAL FTE	1.0	3.0	6.0		6.0	7.0		6.0	7.0

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Agriculture Nonpoint Source Pollution

ITEM TITLE: Agricultural Nonpoint Source Pollution

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Environmental Trust Fund				
- State Operations	\$640	\$-0-	\$-0-	\$-0-

Revenues: (\$000s)

Statutory Change? Yes No

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the Environmental Trust Fund of \$640,000 in F.Y. 1996 to accelerate the availability of research findings regarding practices that mitigate or prevent agricultural nonpoint source pollution, to conduct pilot whole-farm planning in selected watersheds, and to enhance efforts regarding plant pest detection and remediation.

Funding for this initiative has been made available in the Environmental Trust fund because the Governor has identified projects recommended by the LCMR that should be addressed in the Capital Budget. The Governor recommends, instead, that a portion of the funds allocated for those projects be used to fund this initiative.

The appropriation is available for both years of the biennium.

RATIONALE:

The Minnesota River Assessment Project and related efforts have identified some agricultural practices as contributors to Nonpoint Source Pollution (NPS). In addition, the state's adopted Nonpoint Management Plan identifies topical areas in which implementation measures are necessary to address agricultural sources of NPS. However, mitigating or eliminating agricultural sources of NPS will challenge agricultural producers, agri-suppliers, the U of M, and state, local and federal governments. The mitigation and prevention of agricultural NPS will require intensified levels of planning, communication and coordination among existing agencies and programs.

The intent of this initiative is to address agricultural NPS mitigation and prevention implementation needs as identified by the Minnesota River Agriculture Team (MnRAT). The MnRAT, in consulting with producers, agricultural professionals and agencies, has identified the following as issues which should be addressed:

- There is a need to inventory, analyze and make available to farmers/agricultural professionals existing agricultural research findings as these findings apply to NPS.
- Greater coordination and integration of existing environmental activities or efforts are needed at the local, state and federal levels to provide a consistent message to producers.
- Enhanced management and dissemination of existing scientific information is needed on a site specific area, taking into account variables such as landscapes, soils, climate, etc.
- Increased participation by producers in planning and implementing agency programs ought to occur in order to build true partnerships and enhance program outcomes.
- Additional resources are needed to identify gaps in and develop long-range plans for research on environmentally benign, affordable farm practices, such as Integrated Pest Management (IPM) and Sustainable Agriculture.
- Input through the MnRAT process also suggests that integrated state efforts regarding information and coordination gaps needed to be filled in order to support local efforts.

PROGRAM OUTCOMES:

This initiative builds upon past studies and efforts by providing more definitive products and results for guidance and coordination mechanisms. The state NPS management planning process, as it pertains to agriculture, and coordination of activities must be enhanced. The initiative will be coordinated with those of other agencies or departments. Specific outcomes include:

- Identification, analysis, codification and availability of existing research (on basis of landscapes/weather/soils) into an accessible data base for agricultural professionals/producers regarding applicability to NPS.
- Enhanced participation and utilization of the resources of the Agriculture Experiment Station and Minnesota Extension Service in assisting with agricultural NPS.
- Technical and scientific information to producers and agricultural professionals on applicable farming practices, IPM or specific practices to mitigate or prevent NPS.
- Better coordination and targeting of information/information management on agricultural practices according to specific producer needs (landscapes/weather/soils).
- Needs assessment regarding improving plant pest monitoring and enhanced information on control strategies. Demonstrations in 5 to 10 watersheds to evaluate usefulness of data and producer responses.
- Pilot whole farm planning efforts in 2 small watersheds to ascertain producer needs and responses, and evaluate approaches.

LONG-TERM IMPACT:

- Full utilization of past and current investments in agricultural research, organized and directed at NPS problems and challenges.
- Increased coordination among and results from existing programs or efforts at local, state and federal level and complimentary planning and program delivery.
- Enhanced management/dissemination of agricultural BMPs at state, federal, and local levels.
- Enhanced efforts by producers regarding preventive efforts regarding NPS.
- Decreased future expenditures by lessening need for remedial efforts.

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1996-97 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 department and to the public.

This 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, the activity produces the licenses, certificates, permits, and application and renewal forms for other divisions using department micro computers and the LAN.

BUDGET ISSUES:

The agency budget plan will result in the following:

- The activity provides support to the department for computer hardware, software and data. It also operates the Local Area Network. These activities require additional resources to operate effectively.
- Additional resources are needed to more effectively use micro computers, the LAN, and software, and provide direct assistance to the department's other activities.
- The agency budget plan proposes an internal reallocation of \$50,000 of General Funds each fiscal year to strengthen the computer support function and meet critical internal needs.

REVENUE:

This activity generates dedicated revenue. The dedicated accounts are for publication fees and for indirect costs which provide funding for this activity.

	Dollars in Thousands				
	<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>
Type of Revenue:					
Dedicated - Special	\$18	\$13	\$294	\$294	\$294

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: RURAL FINANCING

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	259	267	272	272	272	295	272	272	294
EXPENSES/CONTRACTUAL SRVCS	21	34	68	61	61	1,476	61	61	1,656
MISC OPERATING EXPENSES	19	18	39	38	38	50	38	38	50
SUPPLIES/MATERIALS/PARTS	6	7	11	11	11	12	11	11	15
CAPITAL EQUIPMENT	1	3	17	17	17	22	17	17	17
OTHER	2,389	6,204	9,412	9,666	9,666	12,369	8,166	8,166	10,339
SUBTOTAL STATE OPERATIONS	2,695	6,533	9,819	10,065	10,065	14,224	8,565	8,565	12,371
TOTAL EXPENDITURES	2,695	6,533	9,819	10,065	10,065	14,224	8,565	8,565	12,371
GOV'S INITIATIVES:									
			FUND						
(B) RFA AGRICULTURE IMPROVEMENT LOAN PROGRAM			RFA			1,400			1,575
(B) RFA AGRICULTURE IMPROVEMENT LOAN PROGRAM			SR			21			24
(B) ETHANOL PRODUCTION FAC. LOANS			GEN			250			
(B) VALUE-ADDED PRODUCTION LOANS			GEN			250			
(B) VALUE-ADDED PRODUCTION LOANS			SR			4			47
(B) RFA LIVESTOCK EXPANSION PROGRAM			GEN			133			59
(B) RFA LIVESTOCK EXPANSION PROGRAM			RFA			2,070			2,070
(B) RFA LIVESTOCK EXPANSION PROGRAM			SR			31			31
TOTAL GOV'S INITIATIVES						4,159			3,806
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	304	318	318	316	316	949	316	316	375
SPECIAL REVENUE		1	2	2	2	23	2	2	26
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		7	1,335	1,583	1,583	1,618	83	83	161
RURAL FINANCE ADMIN	2,391	6,205	8,162	8,162	8,162	11,632	8,162	8,162	11,807
AGENCY		2	2	2	2	2	2	2	2

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: RURAL FINANCING

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	2,695	6,533	9,819	10,065	10,065	14,224	8,565	8,565	12,371
FTE BY EMPLOYMENT TYPE:									
REGULAR	5.1	5.0	5.0		5.0			5.0	
TOTAL FTE	5.1	5.0	5.0		5.0	5.0		5.0	5.0

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: INFORMATION SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	504	546	579	534	584	584	534	584	584
EXPENSES/CONTRACTUAL SRVCS	104	69	138	122	122	122	122	122	122
MISC OPERATING EXPENSES	8	9	12	4	4	4	4	4	4
SUPPLIES/MATERIALS/PARTS	12	21	30	30	30	30	30	30	30
CAPITAL EQUIPMENT	52	60	2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS	680	705	761	692	742	742	692	742	742
TOTAL EXPENDITURES	680	705	761	692	742	742	692	742	742
AGENCY PLAN ITEMS:									
			FUND						
AGENCY REALLOCATIONS			GEN						
			50			50			
TOTAL AGENCY PLAN ITEMS			50			50			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	664	670	423	398	448	448	398	448	448
SPECIAL REVENUE		26	44						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	16	9	294	294	294	294	294	294	294
TOTAL FINANCING	680	705	761	692	742	742	692	742	742
FTE BY EMPLOYMENT TYPE:									
REGULAR	11.9	12.0	13.0		14.0			14.0	
TOTAL FTE	11.9	12.0	13.0		14.0	14.0		14.0	14.0

1996-97 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 farmers and agricultural resource processing businesses.

This activity administers 7 different loan programs to provide affordable credit to farmers and rural agriculture businesses. Loans can be used for farm purchases, livestock, machinery, new livestock expansion facilities, improvements to land and buildings, value-added stock loans, manure handling facilities and other improvement projects. This is accomplished through participation with community banks, other lending institutions and farmland owners.

The Agriculture Improvement Loan Program assists producers to finance improvements to buildings, manure handling facilities and other development projects. Direct loans can be obtained up to \$35,000, and 45% participation loans up to \$50,000.

The Livestock Expansion Program creates affordable financing for new state-of-the-art improvements for livestock operation. The RFA participates on 45% of a loan up to \$100,000 on its portion.

Three programs assists beginning farmers in buying real estate at below market financing. The Agricultural Development Bond creates a federal tax exemption for banks and a federal and state tax exemption on interest income for an individual in exchange for below market interest rates for the buyer. The Basic Beginning and Seller Sponsored programs are participation programs with the RFA taking 45% of the loan up to \$100,000.

The Restructure II Loan Program is a 45% participation loan with the local lender holding 55% of the loan to help farmers reorganize their debt. The RFA portion is up to \$100,000 at affordable financing.

The Ethanol Production Facility Loan Program, created in 1993, provides for loans of up to \$500,000 for construction of ethanol plants. A Value-Added Stock Loan Program is available to provide financing for farmers with limited capital who want to buy stock in a cooperative proposing to operate a processing facility, which then allows them to sell their produce at a premium. The RFA participates on 45% of the loan up to \$24,000 at a 4% fixed interest rate.

A high percentage of family farmers are at retirement age. A database list to connect entering and retiring farmers, called the "Minnesota Farm Connection", is available in cooperation with the Technical College system, Land Stewardship, Communicating For Agriculture, the Minnesota Extension Service and their counterparts around the nation. Educational classes are being offered to facilitate a successful land transfer from the retiring generation to the entering farm families.

Clientele for this activity include entering farmers, retiring farmers, and livestock and dairy farmers. Also, clientele include those wanting to make improvements, wishing to purchase stock in value-

added production facilities, wanting to build ethanol production facilities, agri-businesses, bankers and other lending institutions.

BUDGET ISSUES:

The agency budget plan will result in the following:

- The activity has received appropriations sufficient to provide 5 loans of \$500,000 for the construction or expansion of ethanol production plants. These funds will be committed by January, 1995. The agency budget plan calls for an additional appropriation of \$250,000 to provide capital for ethanol production facilities.
- The activity received an appropriation of \$250,000 in 1994 to participate in value-added stock loans. This pilot program will assist about 40 farmers with the funds fully committed by end of F.Y. 1995. The budget plan calls for an appropriation of \$250,000 for loan participants to assist young farmers purchase stock in cooperatives engaged in agricultural value-added processing.
- There are strong indications that the Livestock Expansion Program participation should be increased to adequately support the dairy and livestock industries. The budget plan provides additional debt service relative to the acceleration of this program. A related policy initiative would raise loan participation amounts from \$100,000 to \$250,000.
- Because of the recent emphasis on environmental issues including livestock waste management, nonpoint source pollution and ground water protection, environmental protection guidelines may be financially burdensome for many farmers. The demand for financing will exceed available assistance programs. It is proposed in a policy initiative to raise the \$50,000 cap on RFA participation in the Agriculture Improvement Loan Program to \$100,000 to provide additional assistance to affected farmers.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Sources of non-dedicated revenue include 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 Agriculture Improvement Loan Program, and on Agricultural Development Bond Program volume cap allocation fees.

Dollars in Thousands					
F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	
Type of Revenue:					
Non-dedicated - Gen'l	\$13	\$73	\$156	\$156	\$156
Dedicated - Special	<u>1</u>	<u>74</u>	<u>169</u>	<u>97</u>	<u>69</u>
Total	\$14	\$147	\$325	\$253	\$225

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Rural Financing

ITEM TITLE: RFA Agriculture Improvement Loan Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Special Revenue (20)	\$21	\$24	\$24	\$24
Bond Proceeds (45) ¹	[\$1,400]	[\$1,575]	[\$1,575]	[\$1,575]
Revenues: (\$000s)				
Special Revenue (20)	\$21	\$24	\$24	\$24
Loan Repayments (45)	\$10	\$132	\$265	\$398
Rural Finance Admin. (45)	\$2	\$9	\$17	\$25

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 41B.043, Subd. 2

¹ The information in brackets is for information only; it does not require legislative action.

GOVERNOR'S RECOMMENDATION:

The Governor recommends passage of legislation raising the loan participation amount from \$50,000 to \$100,000. While the Special Revenue expenditures are currently direct appropriated, the Governor recommends changing the appropriation from direct to statutory to be consistent with other RFA programs.

RATIONALE:

Improvements to buildings, land and manure handling facilities are eligible under this program. In order to improve water quality, strict manure management and pollution control practices have been implemented. The improvements needed to meet manure Best Management Practices and comply with rules governing feedlot operations are often very costly to the livestock producer. Also, economic pressures and safety factors are forcing farmers to make a sizeable investment in facilities improvements or get out of livestock production.

PROGRAM OUTCOMES:

The RFA will participate with local lenders to provide affordable financing for eligible farmers. It is estimated that 35 loan participations per year averaging \$70,000 each will help farmers make improvements to their farms and stay in livestock production. Just making the improvements will generate \$6.0 to \$6.5 million per year in construction activity.

The interest rate is set to repay bond costs over the term of the participation and provide for a loan loss reserve. Carry-over from the loan repayment account and the projected stream of loan repayments from this on-going loan program will meet the projected debt service expenditures of \$104,000 in F.Y. 1996, \$182,000 in F.Y. 1997, \$259,000 in F.Y. 1998 and \$339,000 in F.Y. 1999. Loan origination fees of \$21,000 in F.Y. 1996 and \$24,000 each year F.Y. 1997-1999 will be utilized to meet the projected additional administrative costs of implementing this initiative.

The RFA will require additional bonding authority in F.Y. 1998. It is estimated that the current loan participation programs will utilize \$44.2 million of the RFA's \$50 million general obligation bond allocation by the end of F.Y. 1997. Approval of this initiative is estimated to increase bond proceeds demand by \$1.4 million in F.Y. 1996 and \$1,575,000 each year F.Y. 1997-1999. The full \$50 million will be utilized by mid-F.Y. 1998.

LONG-TERM IMPACT:

Livestock production is a value-added activity providing a market for a variety of crops grown in Minnesota. On average, each participant will generate \$200,000 to \$250,000 of sales per year, funds that go back into the local and regional economy for production inputs, capital items and family living. This also provides the packing plants and milk processing plants with the volume of raw products needed to help keep these plants in Minnesota and the jobs and economic activity they provide. Some of the improvements will also contribute to the pollution abatement efforts that are being made to improve water quality of our rivers and streams.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
 PROGRAM: Administration and Financial Assistance
 ACTIVITY: Rural Financing

ITEM TITLE: Ethanol Production Facility Loan Program

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- Loans	\$250	\$-0-	\$-0-	\$-0-
Revenues: (\$000s) ¹				
Special Revenue (20)	\$2	\$15	\$34	\$34

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

¹ Loan Repayment

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the General Fund of \$250,000 in F.Y. 1996 to the Ethanol Production Facility Loan Program to provide capital for ethanol production facilities. The funds shall be used in accordance with the provisions of M.S. 41B.044 which established the program.

RATIONALE:

There is a need for more ethanol production in Minnesota. Approximately 40 million gallons were produced in the state in F.Y. 1994. Over 120 million gallons were consumed. By the year 2000, it is projected that 200 million gallons of ethanol may be needed. Minnesota normally exports two thirds of its corn crop as a raw unprocessed commodity with no value added. Less than 5% of Minnesota's corn is processed into industrial products while some other states process up to one third of their entire corn crop adding millions of dollars of income and economic activity to the community where the corn was grown.

PROGRAM OUTCOMES:

Legislation passed during the 1993 session created the Ethanol Production Facility Loan Program administered by the Rural Finance Authority. One million dollars was appropriated from the General Fund. Two loans for the maximum \$500,000 each were approved. Three more loans will be made with the \$1,475,000 appropriated in 1994. Currently there are at least 8 new ethanol production facilities being proposed around the state. The requested funds will assist one of these proposals to become reality and increase ethanol production in Minnesota by 7-10 million gallons annually.

LONG-TERM IMPACT:

Minnesota now imports over half of the ethanol it uses from neighboring states. With the establishment of additional ethanol production capacity capable of producing the 200 million gallons projected usage by the year 2000, 10% of the state's gasoline needs could be replaced with Minnesota grown and processed renewable ethanol. That would reduce the state's annual cash drain for petroleum imports by \$100 million dollars and add millions of dollars of revenue to the economy and state treasury. The 6 plants assisted by this program will provide a more stable market for approximately 28 million bushel of corn and improve production profitability for about 3,000 farmers. This added farm income plus the economic benefit from plant expenditures for construction, labor, management, goods and services enriches the urban and rural economy of the entire state.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Rural Financing

ITEM TITLE: Value-added Production Loan Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- Loans	\$250	\$-0-	\$-0-	\$-0-
Special Revenue (20) ¹	[\$4]	[\$47]	[\$56]	[\$65]
Revenues: (\$000s)				
Special Revenue (20)	\$4	\$47	\$56	\$65

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

¹ The information in brackets is for information only; it does not require legislative action.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the General Fund of \$250,000 in F.Y. 1996 to the Value-added Production Loan Program. The funds are for loan participations that will assist young farmers purchase stock in cooperatives engaged in value-added processing.

RATIONALE:

There are at least 8 new Ethanol Production facilities being proposed around the state. This stock loan program allows farmers in need of additional capital the opportunity to purchase stock in an ethanol production facility, or other agricultural product processing facility cooperative, at a low interest rate. Stockholders have the opportunity to sell their crop at a processing plant for a more stable, above-market commodity price. Stockholders have voting rights and thus some control over management of the facility. The stock loan program is meant to include as many farmers as possible.

PROGRAM OUTCOMES:

Legislation passed during the 1994 session created the value-added agricultural product loan program (stock loan program), administered by the Rural Finance Authority. This included a \$250,000 appropriation from the General Fund. About 40 farmers will be assisted with low interest rate participation loans to purchase stock in a cooperative proposing to build or purchase and operate an agricultural product processing facility. An additional 40 farmers will be assisted with each \$250,000 appropriation to this activity. These loans will be repaid in 5-7 years.

LONG-TERM IMPACT:

Providing additional farmers with the financing ability to invest in value-added processing facilities increases the ownership base and assures more proposed projects will be completed and operated successfully. These processing facilities provide a more stable, higher return market to the farmer and contribute significantly to economic activity in the area. For example, a 15 million gallon ethanol facility utilizes 6 million bushel of corn at a return of 10-50¢ above the cash grain market and provides 35-40 good paying jobs in the plant.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Rural Financing

ITEM TITLE: RFA Livestock Expansion Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- Transfer to Debt Service	\$133	\$59	\$-0-	\$-0-
Special Revenue (20) ¹	[\$31]	[\$31]	[\$31]	[\$31]
Bond Proceeds (45) ¹	[\$2,070]	[\$2,070]	[\$2,070]	[\$2,070]
Revenues: (\$000s)				
Special Revenue (20)	\$31	\$31	\$31	\$31
Loan Repayments (45)	\$21	\$191	\$361	\$531
Rural Finance Admin. (45)	\$2	\$12	\$22	\$32

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 41B.045

¹ The information in brackets is for information only; it does not require legislative action.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the General Fund of \$133,000 in F.Y. 1996 and \$59,000 in F.Y. 1997 to provide for debt servicing costs relative to the acceleration of this program. The Governor also recommends passage of legislation raising the loan participation amount from \$100,000 to \$250,000.

RATIONALE:

Cash receipts to Minnesota farmers from farm marketings of livestock and livestock products have averaged about \$3.7 billion in recent years. Minnesota has traditionally been one of the leading states in the production of milk, market hogs and turkeys and the processing and support industries that go along with this production. However, other regions of the country are vigorously competing for a larger share of the livestock industry and the economic activity that it will bring. At the same time, Minnesota farmers are falling behind in the adoption and utilization of the new and improved production technologies and management practices. Particularly vulnerable is the dairy industry. On average, we are losing 3 dairy farms a day. Milk and cheese plants are closing because of insufficient milk supplies.

PROGRAM OUTCOMES:

Original legislation was passed in 1994 to provide a participation program with maximum state involvement of 45% of a loan up to \$100,000. This amount has proved to be insufficient to provide the affordable financing livestock producers need to undertake an extensive expansion of their operation incorporating state of the art facilities and technologies. With the increase from \$100,000 to \$250,000 participation, we anticipate that lenders will submit about 18 loans per year requesting an average of \$190,000 per participation. The construction phase alone will generate \$8 to \$9 million in economic activity per year.

This initiative assumes that the RFA will request additional bonding authority in the 1996 legislative session. It is estimated that the current loan participation programs will utilize \$44.2 million of the RFA's \$50 million general obligation bond allocation by the end of F.Y. 1997. If the Ag Improvement Loan Program initiative to increase participation from \$50,000 to \$100,000 is approved, it is projected that an additional \$3.1 million of bond proceeds will be needed during the biennium for that program. The projected increase for the Livestock Expansion initiative of \$2 million per year would bring the total estimated demand to over \$51.3 million by end of F.Y. 1997.

Interest rates on loan participations are set to repay bond costs over the term of the participation and provide for a loan loss reserve. However, bond servicing cost projections call for up-front payments. Thus, the projected stream of loan repayments falls short of the projected debt service expenditures of \$154,000 in F.Y. 1996, \$250,000 in F.Y. 1997, \$351,000 in F.Y. 1998 and \$455,000 in F.Y. 1999 by \$133,000 in F.Y. 1996 and \$59,000 in F.Y. 1997. Loan origination fees (Special Revenue 20) of \$31,000 per year will be utilized to meet the projected additional administrative costs of implementing this initiative.

LONG-TERM IMPACT:

The end result is that Minnesota retains some of this double value-added industry. Farmers provide a market and add value to crops grown here through production of the livestock. The second stage of value-added comes with the milk processing plants and livestock slaughtering and packing facilities that provide good jobs in Greater Minnesota as well. Each one of the loans participated in this program will represent at least a doubling of the farmer's production while lowering average cost of production in order to compete in global markets.

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1996-97 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 provide the overall policy direction and supervision of the department and meet all statutory obligations within budgetary limitations as well as to support the needs of agriculture.

The Commissioner's Office is responsible for the overall management of departmental responsibilities and authorities. Major responsibilities include enforcing assigned statutes and rules; maintaining cooperation with federal, state, and local agricultural agencies; establishing internal and external department objectives and policies; promoting agriculture in cooperation with private organizations; integrating activities organizationally for effective and efficient operations; and developing legislation and regulations. The department's legal affairs, data practices, and communication efforts are also directed from the Commissioner's Office.

The Commissioner's Office is also responsible for outreach activities, such as working with other agencies and organizations on issues of common interest; constituent interaction by the department ombudsman; and department communications that informs the public about agricultural issues.

The Farm Crisis Assistance Program is part of this program. It provides a statewide network of farm advocates who provide services directly to farm families, as well as referrals to other agencies or resources for specialized services. The services include assistance with foreclosures, lender negotiations, mediations, financial statements, farm and home plans, social service needs, and legal referrals. A major function has been to provide assistance to farmers in mediation (Laws of Minnesota 1986, Chapter 398). The department gives administrative direction and provides farm advocates with training in financial management, agricultural law and other informational areas. Customers for Farm Crisis Assistance services are farmers 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 assistance helps farmers either to continue farming or to make the transition to an alternative career.

BUDGET ISSUES:

The agency budget plan will result in the activity continuing efforts in the following critical areas:

- **International Agreements.** Recent negotiations regarding both NAFTA and GATT will have a significant impact upon Minnesota agriculture by exposing Minnesota producers to increased competition while also increasing U.S. access to foreign markets. The impact of these agreements will continue to be monitored.
- **Federal Milk Marketing Orders.** Considerable effort has been exerted in an effort to change the Federal Milk Marketing Order, which effectively determines prices for Minnesota dairy producers. Changes in the order are believed to be necessary to stabilize the dairy industry in the Midwest. The department anticipates continuing some level of effort during the 1996-97 biennium.

- **Livestock Industry.** Major structural and geographic shifts within the livestock production and processing industry are causing rapid changes in Minnesota. A major effort will be made through the Dairy Leaders Roundtable and other efforts to keep Minnesota's livestock industry healthy, both environmentally and economically.
- **Farm Financial Assistance.** The lingering effects of the 1980's financial crisis continue to be felt by some producers who participated in short-term debt restructure and whose operations have been more recently affected by bad weather conditions. These factors and the weather related losses of 1993 will deter a healthy financial recovery for some Minnesota farmers resulting in continuing demands for farm advocate services.

The agency budget plan calls for spending \$150,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 for dairy policy studies and supporting legal challenges to the current federal milk marketing order system. The studies would analyze the impact of marketing orders in Minnesota and contiguous states, and suggest policy alternatives that could be pursued.

REVENUE:

This activity generates dedicated and non-dedicated revenues. The dedicated account is for indirect costs which provide funding for this activity.

	<u>Dollars in Thousands</u>				
	<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>
Type of Revenue:					
Non-dedicated - Gen'l	\$8	\$8	\$-0-	\$-0-	\$-0-
Dedicated - Special	-0-	117	349	349	349
Dedicated - Federal	<u>-0-</u>	<u>93</u>	<u>108</u>	<u>-0-</u>	<u>-0-</u>
Total	\$8	\$218	\$457	\$349	\$349

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: COMMISSIONERS OFFICE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	597	558	665	619	619	619	619	619	619
EXPENSES/CONTRACTUAL SRVCS	401	310	570	233	233	383	233	233	283
MISC OPERATING EXPENSES	88	85	149	123	123	123	123	123	123
SUPPLIES/MATERIALS/PARTS	44	15	45	31	31	31	31	31	31
CAPITAL EQUIPMENT	25	7							
OTHER	<164>	2	2						
SUBTOTAL STATE OPERATIONS	991	977	1,431	1,006	1,006	1,156	1,006	1,006	1,056
LOCAL ASSISTANCE	210	337	332	265	265	265	265	265	265
TOTAL EXPENDITURES	1,201	1,314	1,763	1,271	1,271	1,421	1,271	1,271	1,321
GOV'S INITIATIVES:									
			FUND						
(B) FEDERAL MILK ORDER REFORM			GEN			150			50
TOTAL GOV'S INITIATIVES						150			50
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,166	1,045	1,217	921	921	1,071	921	921	971
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	30	140	366	349	349	349	349	349	349
FEDERAL		70	131						
GIFTS AND DEPOSITS	5	59	49	1	1	1	1	1	1
TOTAL FINANCING	1,201	1,314	1,763	1,271	1,271	1,421	1,271	1,271	1,321
FTE BY EMPLOYMENT TYPE:									
REGULAR	10.4	11.0	10.6		10.6			10.6	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE
PROGRAM: ADMIN & FINANCIAL ASSIST
ACTIVITY: COMMISSIONERS OFFICE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	.5	.1	.1		.1			.1	
OVERTIME	.2								
TOTAL FTE	11.1	11.1	10.7		10.7	10.7		10.7	10.7

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Commissioner's Office

ITEM TITLE: Dairy Policy Studies and Federal Milk Marketing Order Reform

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$150	\$50	\$50	\$50
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation from the General Fund of \$150,000 in F.Y. 1996 and \$50,000 in F.Y. 1997 to conduct policy analysis on the impact of the federal milk marketing orders on Minnesota and surrounding states, and develop options to stabilize the dairy industry. Part of the appropriation is to be used to support legal challenges to the current Federal Milk Marketing Order.

RATIONALE:

This initiative has 2 objectives: (1) To provide on-going analysis of dairy policy in cooperation with the Wisconsin Department of Agriculture, Trade & Consumer Protection; and (2) to support legal challenges to the current Federal Milk Marketing Order system.

The dairy industry is a major economic and social contributor to Minnesota. In economic terms, the dairy industry directly accounts for Industry Output of \$4.04 billion, provides \$0.68 billion in value-added, employs almost 23,000 persons and contributes \$2.46 billion to exports. The overall effect of the industry is much greater, resulting \$9.8 billion in Industry Output, providing for \$3.78 billion in value-added and accounting for over 112,000 jobs.

A report prepared for the Minnesota Dairy Research and Promotion Council in 1992 found the following:

- In 1980, Minnesota contributed 7.5% of U.S. total milk output. This share of national production has declined to 6.8% by 1994.
- The state's market share fell to 6.6% during 1991. This was a continuation of a 6-year trend.

(By 1994, Minnesota's market share had dropped to 6.4%. In addition, Minnesota has gone from 16,500 dairy farmers in 1990 to 12,200 today.)

The study also concluded that growth or decline in levels of production in the future could mean swings of thousands of jobs and hundreds of millions of dollars in terms of employee payroll and value-added dollars. The large potential impact calls for on-going policy assessment and development.

The Federal Milk Marketing Order #68 currently has the lowest Class I differential of any of the 37 orders in the U.S. This situation puts Minnesota dairy producers at an economic disadvantage to dairy producers in other order areas. If the Secretary of Agriculture does not take action to correct this inequity, then producers and handlers in this state will no doubt consider voting the Federal Milk Marketing Order #68 out. Before such a decision can be made, information about the impact of such action needs to be available particularly given the upcoming 1995 Farm Bill deliberations. A study of the fiscal and other impacts of not having a federally regulated milk pricing system must be provided. The intent of this initiative is to initially provide funding for a study to analyze the overall impact that the elimination of Order #68 will have on Minnesota's dairy industry. In future years, other policy studies would be completed on other topics of critical importance to Minnesota's dairy industry.

The Minnesota Milk Producers Association (MMPA) has been carrying a lawsuit against the U.S. Secretary of Agriculture for 5 years. They are requesting that Class I differentials be changed to provide a more equitable system for pricing milk. The current system discriminates against the milk producers in Minnesota by paying them the lowest Class I differential. This legal action has been very costly and needs the support of all Minnesotans. The dairy industry is this state's largest agricultural income source. The Secretary of Agriculture has been reluctant to take corrective action available to him and this lawsuit is the only hope available to the producers of Minnesota at this time. This initiative provides funding to support the lawsuit.

PROGRAM OUTCOMES:

Information obtained from the Federal Milk Marketing Order study will provide the basis to decide if the elimination of Federal Milk Marketing Order #68 is the proper action to be taken. In future years, other topics critical to the dairy industry would be explored.

If this lawsuit is decided in favor of MMPA, then dairy producers in Minnesota will be able to receive a higher base price for their milk.

LONG-TERM IMPACT:

The decision made as a result of the milk marketing study will greatly impact the future of Minnesota's dairy industry and the economic viability of its dairy producers. The results could mean thousands of jobs and hundreds of millions in value-added dollars.

A higher base price to Minnesota dairy producers will provide a stronger economic base for Minnesota agriculture and result in a more viable dairy industry in this state.

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1996-97 Biennial Budget

AGENCY: Animal Health, Board of

AGENCY DESCRIPTION:

The Board of Animal Health is the official animal disease control and eradication agency of the state. Its authority and direction are derived from M.S. Chap. 35. The board's mission is to protect, maintain and improve the health of the state's domestic animals. In carrying out its mission the board is able to protect the public health and to provide an abundant and wholesome food supply to the consumers of Minnesota.

The agency fulfills its mission through a combination of regulatory activities designed to prevent the spread of infectious and contagious diseases harmful to livestock and poultry production in the state. To achieve this end, the board enforces health requirements for the importation of livestock and poultry. It also enforces health requirements for the inspection and regulation of livestock and livestock related facilities and activities.

For purposes of the agency's mission, livestock include horses, cattle, sheep, swine, goats, dogs and cats. Poultry includes chickens, turkeys, and other domesticated fowl such as pheasants, partridges, quail, guinea fowl, or wild birds maintained in captivity. In 1993 the legislature included farmed cervidae, i.e. elk and deer as well as llamas and ostriches.

REVENUES:

This activity generates dedicated and non-dedicated revenues. Dedicated revenues are generated through federal grants for pseudorabies and brucellosis detection and surveillance activities in Minnesota. Non-dedicated revenues are generated through collection of the following: license fees for kennels, dog and cat dealers, and institutions housing dogs and cats; fees for registering horse and cattle brands; penalties levied by the board for violations of rules or statute. The amounts of fees and the maximum amount of penalties are set in statute.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$4	\$5	\$5	\$14	\$5
Dedicated - Federal	\$260	\$473	\$531	\$500	\$500

ISSUES AFFECTING AGENCY OPERATIONS:

The board recognizes the public's ever-increasing and legitimate concerns for food safety. In order to address these concerns, the agency is aggressively pursuing projects designed to control the spread of infectious and communicable diseases and to eradicate certain infectious and communicable diseases from livestock and poultry in Minnesota.

There are presently in effect control projects for rabies, anaplasmosis, pseudorabies, equine infectious anemia, avian influenza, salmonella pullorum, salmonella typhimurium, salmonella enteritidis, mycoplasmas, paratuberculosis and cattle scabies. And there are ongoing eradication projects for brucellosis and tuberculosis in cattle and swine, and pseudorabies in swine.

Testing of livestock herds and poultry flocks has qualified Minnesota as being free of the following diseases: cattle and swine brucellosis, cattle and swine tuberculosis, hog cholera, sheep scabies and salmonella pullorum/typhoid in turkeys and chickens. But the increased need to test and monitor for the spread of the pseudorabies virus in swine populations and the increased need to test poultry for all types of salmonellae, particularly salmonella enteritidis, will continue to place strains on the agency's resources.

Since eradication of pseudorabies is a nationwide priority, the agency will continue to seek relief from the federal government through grants from the U.S. Department of Agriculture, Animal and Plant Health Inspection Service. But we anticipate a net reduction in federal funding during the budget period as compared to the base year.

The testing of poultry flocks has produced solid results by allowing the board to identify infected flocks, thus reducing the spread of disease to clean flocks. But to keep pace, 3 additional sectors of the poultry industry will begin salmonella testing. The 3 sectors are 1) broiler breeder flocks, 2) table egg producer's started pullet flocks, and 3) turkey hatcheries.

Salmonella is a dangerous disease which is easily spread to humans. In 1993 (the latest year for which data are available), there were 551 cases of salmonella food poisoning in Minnesota. The average cost of medical treatment and lost wages was \$2,100 per case. This amounts to a cost of over \$1 million dollars annually and does not count the costs associated with any deaths that might occur.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The flocks from the 3 additional sectors will become part of the newly developed Minnesota Salmonella Control Data Base. The data base presents testing results in a manner which allow for tracing the sources of salmonella in a manner which is both timely and efficient. Testing for the data base takes place at the board's Minnesota Poultry Testing Laboratory at Willmar (MPTL).

The present budget levels will not allow for adequate testing of flocks at the increased flock levels. Therefore the board is requesting the following increases in budget levels: F.Y. 1996 - \$92,000; F.Y. 1997 - \$144,000.

The increases will allow for 1.0 additional laboratory technician in F.Y. 1996 and another in F.Y. 1997 and will allow for the purchase of the additional and upgraded equipment which the increased testing levels will require. As a result, testing efficiency will increase from the present 65.2 flocks per technician to 100.0 flocks per technician in F.Y. 1997.

Management of the board's program is provided through its executive and administrative services divisions. The quantity and complexity of administering the agency's projects continue to increase. But with the help of computer technology, the agency has been able to meet its management and administrative demands while absorbing the loss of 3 employees due to budget constraints over the past 2 biennia. This is a 10% reduction in the work force of the board's staff in less than 4 years.

GOALS AND OBJECTIVES:

- To provide Minnesota's consumers with an abundant and wholesome food supply.
- To maintain Minnesota's disease free status for the following diseases: brucellosis and tuberculosis in cattle and swine, scabies in sheep, and certain mycoplasmas and salmonellae in poultry.

GOVERNOR'S RECOMMENDATION:

AGENCY: Animal Health, Board of
(Continuation)

The Governor concurs with the agency plan, including the request for additional funding for poultry salmonella testing.

- To progress to stage III/IV statewide pseudorabies status.
- To investigate each reported case of rabies in order to ensure that exposed animals do not pose a threat to people or other domestic animals.
- To prevent foreign animal diseases such as foot and mouth disease in cattle and hog cholera in swine from being imported into Minnesota from other states.
- To provide early detection of livestock diseases which are not present in the United States but which can be carried into the U.S. on animals, people and products.
- Continue to control the following diseases: anaplasmosis in cattle, equine infectious anemia in horses, avian influenza and mycoplasma in poultry, paratuberculosis and scabies in cattle, and salmonella in all animals.
- Eliminate serious diseases through testing and other professional services to the state's 50,000 producers and herd owners of cattle, swine and poultry.
- To provide professional services to the state's 2,000 licensed and accredited veterinarians.

WORKLOAD/EFFICIENCY MEASUREMENTS:

Pseudorabies and Swine:

- Over 15,000 swine herds tested since inception of the project, 12,000 of these herds were tested in F.Y. 1994 alone;
- Over 30% reduction in number of infected swine herds during the last 3 years;
- Progressed from stage II to stage II/III pseudorabies status;
- 250,000 swine tested annually for pseudorabies:
 - 50% at producer expense,
 - 30% at federal expense, and
 - 20% at state expense.
- 140,000 swine tested annually for brucellosis; and
- All garbage feeding facilities inspected monthly.

Cattle and Ruminants:

- 600,000 cattle blood samples tested annually;
- 300 livestock market inspections annually; and
- 39,000 milk samples tested annually.

Poultry and Companion Animals:

- 270,000 poultry samples tested annually;
- Average of 200 rabies cases investigated annually;
- 164 annual inspections of dog pounds; and
- All rendering facilities and trucks inspected annually.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ANIMAL HEALTH, BOARD OF
PROGRAM: LIVESTOCK AND POULTRY HEALTH
ACTIVITY: DISEASE REGULATION AND CONTROL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,534	1,486	1,609	1,604	1,638	1,638	1,604	1,664	1,664
EXPENSES/CONTRACTUAL SRVCS	551	592	769	611	612	612	611	613	613
MISC OPERATING EXPENSES	155	140	356	263	265	265	263	266	266
SUPPLIES/MATERIALS/PARTS	28	14	30	20	65	65	20	89	89
CAPITAL EQUIPMENT	5	30	54	4	14	14	4	14	14
OTHER			74	71	71	71	71	71	71
SUBTOTAL STATE OPERATIONS	2,273	2,262	2,892	2,573	2,665	2,665	2,573	2,717	2,717
TOTAL EXPENDITURES	2,273	2,262	2,892	2,573	2,665	2,665	2,573	2,717	2,717
AGENCY PLAN ITEMS:									
			FUND						
POULTRY SALMONELLA TESTING			GEN		92			144	
TOTAL AGENCY PLAN ITEMS					92			144	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,013	1,789	2,361	2,073	2,165	2,165	2,073	2,217	2,217
STATUTORY APPROPRIATIONS:									
FEDERAL	260	473	531	500	500	500	500	500	500
TOTAL FINANCING	2,273	2,262	2,892	2,573	2,665	2,665	2,573	2,717	2,717
FTE BY EMPLOYMENT TYPE:									
REGULAR	34.6	32.8	34.4		35.0			36.0	
TOTAL FTE	34.6	32.8	34.4		35.0	35.0		36.0	36.0

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

AGENCY: ANIMAL HEALTH, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	2,892	2,892	2,361	2,361			531	531
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<285>	<285>	<285>	<285>				
FEDERAL RECEIPTS	<31>	<31>					<31>	<31>
ATTORNEY GENERAL COSTS	<3>	<3>	<3>	<3>				
SUBTOTAL BASE ADJ.	<319>	<319>	<288>	<288>			<31>	<31>
CURRENT SPENDING	2,573	2,573	2,073	2,073			500	500

1996-97 Biennial Budget

AGENCY: Agricultural Utilization Research Institute (AURI)

AGENCY DESCRIPTION:

The Agricultural Utilization Research Institute (AURI) is a non-profit corporation created by the state of Minnesota to fuel new growth in the rural agricultural economy by developing value-added uses and new markets for Minnesota farm products. AURI builds public-private partnerships with farmers, rural entrepreneurs and business innovators, and provides a comprehensive menu of business and technical services that increases the probability of new venture success.

AURI programs include:

- Initial Produce Assessments - offer support for short-term projects (not more than \$9,500) to test technical feasibility and commercial viability of new business concepts;
- AURI Partnerships - help move new products and processes into the marketplace through technical assistance, business development guidance and up to \$100,000 in funding;
- The New Markets program - helps commodity and farm organizations identify opportunities to add value to agriculture commodities; a for profit business need not be involved, but there must be potential for broad grower benefit;
- AURI Applied Research Services acquires, develops and transfers new technologies in emerging markets where the potential for new commercial investment is most promising. Focus areas for AURI applied research include alternative fuels and lubricants, industrial oilseed products, new meat and dairy products, value-added processing of cereal grains, alternative crops and starch-based degradable plastics and chemicals; and
- AURI's Pesticide Reduction Options (PRO) program funds research and demonstration projects intended to reduce the use of petroleum-based products in farm production.

AURI programs are market-driven and its services are customer oriented. Operating from field offices in Crookston, Marshall, Morris and Waseca, the decentralized structure provides maximum accessibility for the rural clientele. Laboratories and pilot plant facilities in Crookston and Marshall assist clients with benchtop research, testing and analysis and product scale-up. They are a unique and valuable resource where rural innovators can access new product research and development technologies. With the exception of PRO and some New Markets projects, AURI financial assistance is provided under negotiable but contractually specified repayment terms. AURI customers indicate that the Institute's allied business and technical services are as essential to success as the direct financial assistance provided.

The clientele for AURI programs are private for profit businesses engaged in the development and commercialization of value added agricultural based products and processes, including entrepreneurs, farmer owned cooperatives and other Minnesota based companies; agricultural organizations, including commodity groups and general farm organizations, and individual farmers; and members of the general public. In serving these clients, AURI cooperates with economic development organizations, state and federal agencies and laboratories, nonprofit agricultural and environmental groups, universities and other post-secondary institutions conducting research; and private sector experts.

REVENUES AND EXPENDITURES:*

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Operating Revenues:				
State G.F. Appropriation	\$3,930	\$3,930	\$3,930	\$3,930
State Pesticide Regulatory Acct.	362	200	200	200
Interest	188	135	135	135
LCMR	12	0	-0-	-0-
Federal and Other	<u>386</u>	<u>641</u>	<u>921</u>	<u>1,035</u>
TOTAL REVENUE	\$4,878	\$4,906	\$5,186	\$5,300
Expenditures:				
Products/Markets/Business Devel.	\$2,043	\$2,600	\$2,600	\$2,714
Applied Research	2,050	1,560	1,560	1,560
Technical and Informational Svcs.	423	423	423	423
Administrative Services	<u>601</u>	<u>603</u>	<u>603</u>	<u>603</u>
TOTAL EXPENDITURES	\$5,117	\$5,186	\$5,186	\$5,300

* Reflects AURI's Fiscal Year, figures may differ from state records

EXPLANATION OF AGENCY'S BUDGET PLAN:

Expenditure history for F.Y. 1993 is in the Minnesota Technology, Inc. (MTI) budget because AURI was appropriated its funding through MTI prior to F.Y. 1994.

The AURI budget plan will achieve the mission on behalf of all Minnesotans through an overall strategy to:

- Accelerate the creation of new and diverse value-added agricultural enterprises;
- balance investments between short-term commercialization projects and longer-term efforts to perfect and commercialize new technologies and develop emerging high-value/high volume markets; and
- build a critical mass of business opportunities and technical expertise capable of renewing and sustaining rural prosperity well into the future.

The AURI budget plan emphasizes 5 major economic segments identified as having high potential for economic development and appropriate for strategic investment.

- Approximately 50% of the Institute's budget will be directed toward Partnerships, Initial Product Assessments and New Markets projects and associated business development and technical services to address two of these segments - Food and Feed Enterprises and Industrial and Consumer Product Enterprises.
- Approximately 29.8% of the Institute's budget will focus Applied Research Services on 3 segments: Energy, Environment and Green Products, New Crops and Animal Products, and Advanced Food Ingredients/Industrial Chemicals and Products.
- Approximately 8% of the Institute's budget will be directed toward program, technical and informational services to AURI clients, the agricultural industry and the general public.
- Approximately 11.5% of the Institute's budget will be directed toward administrative services.

1996-97 Biennial Budget

AGENCY: Agricultural Utilization Research Institute (AURI)
(Continuation)

ISSUES AFFECTING AGENCY'S OPERATIONS:

1. An encouraging economic renaissance of the rural Minnesota economy is at hand. New investment opportunities in product and process development are being pursued by risk-takers throughout the state. A renewed emphasis on entrepreneurial and cooperative business development has increased the number of clients approaching AURI to help identify, manage, and overcome the risks of innovation. As a nationally recognized model for success, this is a responsibility for AURI and an opportunity for the state of Minnesota.
2. Demand for AURI Partnerships, Initial Product Assessments, and New Markets has accelerated beyond the capacity of the institute to fund and service projects. In 1993, the number of projects funded was 225% of the number funded 4 years earlier (72 versus 32) and the dollars (exclusive of allied service costs) provided to Minnesota entrepreneurs was 256% of the 1990 level (\$2.53 million versus \$0.98 million). All indications point to a further acceleration of demand for AURI services through 1995 and beyond. There is a rapidly growing consensus in rural regions that building new businesses based on higher value agricultural products is the route to future prosperity, and an increasing awareness that AURI programs deliver high-quality and cost-effective assistance.
3. Renewable energy and environmental technologies are gaining in consumer awareness and preference. The federal government is placing greater emphasis on these areas with regulatory and research initiatives. New Crops and Animal Products offer new opportunities to diversify Minnesota agriculture and renew it as a revenue generator for the state. New uses for agricultural products, such as advanced foods and chemicals, also offer high potential for businesses for leadership in these promising markets.

WORKLOAD/EFFICIENCY MEASUREMENTS:

The AURI will use the following measurements to assess the outcomes of its programs and client services:

- Number and type of new products developed with AURI assistance.
- Value-added to specific businesses and the Minnesota economy.
- Volume of raw commodities used.
- New companies started and still operating.
- Employment retained or generated.
- Emerging technologies successfully transferred to Minnesota businesses.
- Private investments and other non-state funds leveraged by AURI funds.

PROJECTS/OUTCOMES:

Over the past 3 years, AURI has collaborated with private entrepreneurs and companies on over 200 projects involving the Partnership, Initial Products Assessment, and New Markets programs. Preliminary assessment of these projects yields the following outcomes:

- Approximately \$5.2 million in AURI funds have leveraged \$12.25 million in private funds.
- Approximately 87 new value-added products have been developed and marketed.
- The annual net value added to the Minnesota agricultural economy exceeds \$15.9 million. *
- Client companies project a potential employment generation of 5,000 or more jobs.
- 64 new facility starts.

* Direct measure of 1994 expenditures.

AURI projects are often based on the ideas and technologies of private sector companies. Because of the highly competitive nature of business today, their confidentiality must be respected. Additional information on specific projects may be available upon request.

Other projects have included collaboration with the public sector and nonprofit organizations and entail the development of new technologies and transfer to agricultural producers. The Agricultural Energy Savings Program and Pesticide Reduction Options (PRO) Program have aimed to reduce costs and save natural resources in production agriculture. Additional information and public reports regarding these programs and specific projects are available upon request.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan and recommends funding at the current appropriation level, including a \$200,000 annual appropriation from the Pesticide Regulatory Account in the Department of Agriculture. This appropriation shall be used for the purposes authorized by M.L. 1993, Chapter 367, Section 39.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: AG UTILIZATION RESEARCH INST
PROGRAM: AG UTILIZATION RESEARCH INST
ACTIVITY: AG UTILIZATION RESEARCH INST

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE		4,158	4,130	4,130	4,130	4,130	4,130	4,130	4,130
TOTAL EXPENDITURES		4,158	4,130	4,130	4,130	4,130	4,130	4,130	4,130
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		3,958	3,930	3,930	3,930	3,930	3,930	3,930	3,930
SPECIAL REVENUE		200	200	200	200	200	200	200	200
TOTAL FINANCING		4,158	4,130	4,130	4,130	4,130	4,130	4,130	4,130
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

AGENCY: Minnesota-Wisconsin Boundary Area Commission

AGENCY DESCRIPTION:

The commission, created in 1965 by the governors and legislatures of both states through an interstate compact, is an independent interstate agency "for the purpose of present and future protection, use and development in the public interest of the boundary lands, river valleys and waters between the 2 states." The commission's service area includes 127 miles of the St. Croix National Scenic Riverway and 139 miles of the Mississippi River, designated by Congress as a National Wildlife Refuge and a Federal Inland Waterway.

The commission is made up of 10 citizen governor-appointed members, 5 from each state. Assisting the commission are legislative advisory committees from each state, with the Minnesota committee comprised of 5 senators and 5 representatives appointed by legislative leadership.

The commission is organized into 2 functional standing committees, 1 for the Mississippi River and 1 for the St. Croix River for purposes of program formulation, issue evaluation, and implementation of work plan priorities. Staff support for the commission is provided by 4 permanent full-time staff, part-time clerical staff and interns.

REVENUES:

None.

EXPLANATION OF AGENCY'S BUDGET PLAN:

In compliance with the state of Minnesota budget instructions, the commission is requesting an appropriation at 103% of the current spending level, or \$134,000 in F.Y. 1996 and \$138,000 in F.Y. 1997. (The commission requests equitable funding from each state and abides by each state budgeting process.) The recommended budget plan will have the following effect on commission expenditures, operations, programs and services from current operating levels (note all figures represent Minnesota's 50% share of state grants for operations):

- continued employment of 4 full-time and 1 part-time staff in both years of the biennium. Budget for +.25 F.T.E. increase in hours for clerical and interns in second year of biennium only. (+\$2,500 in F.Y. 1997);
- retain existing office space and provide for a potential rent and normal operations increases due to inflation (+\$4,000 in F.Y. 1996 and \$5,500 in F.Y. 1997).

ISSUES AFFECTING AGENCY'S OPERATIONS:

The commission holds an annual strategic planning workshop to review its programs, identify and prioritize issues that are relevant to the commission's mission and objectives, and develop an annual work plan. Key issues that will drive the commission's work activities for the 1996-97 biennium are described below:

- The goal of the commission is to protect the Lower St. Croix corridor as it changes from a

river flowing along the eastern boundary of a metropolitan area to a river flowing through an expanding metro region. The expansion of the Twin Cities into western Wisconsin and the watershed of the Lower St. Croix River has resulted in the loss of more than 39,000 agricultural acres and an increase of more than 31,000 urban development acres in the last 20 years. In response, the commission is expanding its local government technical assistance and land-owner stewardship programs to help protect valuable urban, agricultural and natural resources in the watershed.

- The commission is a catalyst for citizen and state involvement in federal programs in the Mississippi River. Since the last biennium, 3 new federal initiatives have emerged on the Mississippi River: 1) a \$44 million Upper Mississippi River-Illinois Waterway study to consider improvements needed in the navigation system through the year 2025; 2) the initiation of a multi-agency Ecosystem Management Strategy; and 3) a re-examination of federal and state floodplain management policies as a result of the 1993 floods. The commission has responded by serving as an independent public interest representative on citizens' behalf. In addition, the commission is helping the 2 states coordinate their responses to significant land use issues such as a proposed new international airport in Dakota County.
- Conflicts in laws and regulations along the interstate border are a constant challenge. Uniform policies are essential from both the manager's standpoint as well as to the more than 1 million visitors to the river valleys. In 1993 the commission achieved a milestone in its efforts to resolve these disparities when it facilitated the signing of a joint cooperative agreement between the heads of the 2 DNRs and the commission. The agreement directed the signatories to address a specific list of disparities and propose timely solutions.

GOALS AND OBJECTIVES:

In the commission's service area the Mississippi and St. Croix Rivers, in addition to their national designations, are within the shared political jurisdictions of 18 counties and 48 incorporated municipalities. Acknowledging the physically and politically complex landscape, the commission strives to achieve the following objectives:

- to provide a source of independent analysis, in the broad public interest, of complex intergovernmental resource management issues and programs;
- to reduce duplication and inefficiencies in multi-jurisdictional government activities;
- to facilitate uniform laws and regulations and other cooperative, coordinated joint efforts of public authorities at all levels;
- to provide convenient access by the public to major river issues;
- to promote the best interests of both states in federal funding and management of the St. Croix and Mississippi River corridors;
- to promote wise stewardship of the exceptional natural, agricultural, and cultural resources of the boundary area through the concerted efforts of governmental officials, nonprofit organizations and a well-informed citizenry; and
- to advise state and local government officials on matters of regional and national scope that affect their jurisdictions.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 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 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			1	1	1	1	1	1	1
MISC OPERATING EXPENSES	1	2	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	1	2	4	4	4	4	4	4	4
LOCAL ASSISTANCE	126	126	126	126	130	130	126	134	134
TOTAL EXPENDITURES	127	128	130	130	134	134	130	138	138
AGENCY PLAN ITEMS:									
FUND									
3% SMALL AGENCY INCREASE									
GEN									
TOTAL AGENCY PLAN ITEMS					4			8	
					4			8	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	127	128	130	130	134	134	130	138	138
TOTAL FINANCING	127	128	130	130	134	134	130	138	138
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

AGENCY: Citizen's Council on Voyageurs National Park

AGENCY DESCRIPTION:

The Citizen's Council on Voyageurs National Park is made up of 17 members: 2 senators, 2 representatives and 13 governor appointed citizens. The purpose of the council is to study issues and make recommendations to the National Park Service, U. S. Department of Interior, and approximately 20 federal and state agencies that have a role in the operation of Minnesota's only national park. The council also communicates its recommendations to affected citizens and interest groups.

The council meets at least quarterly and its subcommittees meet as necessary. The council maintains an office in International Falls, a location that facilitates gathering information and communicating with the individuals and organizations involved with the park.

REVENUES

None.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The following activities form the basis for the council's funding:

1. Aggressively market and promote Voyageurs National Park to:
 - assist in the economic growth and promotion of northern Minnesota;
 - offset the stagnant level of growth in park visits;
 - inform the public of the broad range of services, facilities and recreational experiences available in the park;
 - fulfill the expectations of the legislature which provided in Chapter 84B that the park "will be of benefit to the citizens of the state, due to its accessibility and the effect it may have on the development of tourism and related economic activities"; and
 - assure that park usage and development is environmentally sound.
2. Address new and additional federal regulations on trail systems, wilderness designations, and a visitor use and facilities plan.
3. Travel on council business to stay informed of federal requirements and research being conducted in other parks across the country.
4. Fund increased personnel costs.
6. Continue to fund the communication vehicles that keep citizens, groups, congressional delegations and state legislators informed about the activities in and around the park.

GOALS AND OBJECTIVES:

The council's primary goals for the biennium include:

1. Monitor federal rules, regulations, policies, legislative initiatives and associated implementation plans governing the use of Voyageurs National Park to ensure proper consideration of citizens' interests.
2. Seek appropriate and timely federal funding for the design and construction of new park facilities, the improvement and maintenance of existing facilities and park access roads, and the acquisition of lands from landowners willing to sell to the National Park Service.
3. Ensure that park development and usage is environmentally sound.
4. Promote economic development initiatives for the Voyageurs National Park region that are consistent with the traditional character of the area.
5. 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 the surrounding area.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VOYAGEURS NATL PK ADV
PROGRAM: VOYAGEURS NATL PK COMM
ACTIVITY: VOYAGEURS NATL PK COMM

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	32	26	29	29	30	30	29	31	31
EXPENSES/CONTRACTUAL SRVCS	5	12	13	10	10	10	10	10	10
MISC OPERATING EXPENSES	23	21	24	18	19	19	18	20	20
SUPPLIES/MATERIALS/PARTS	2	4	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	62	63	67	58	60	60	58	62	62
TOTAL EXPENDITURES	62	63	67	58	60	60	58	62	62
AGENCY PLAN ITEMS:									
									FUND
3% SMALL AGENCY INCREASE					2			4	GEN
TOTAL AGENCY PLAN ITEMS					2			4	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	62	63	67	58	60	60	58	62	62
TOTAL FINANCING	62	63	67	58	60	60	58	62	62
FTE BY EMPLOYMENT TYPE:									
REGULAR	.6	.5	.5		.5			.5	
TOTAL FTE	.6	.5	.5		.5	.5		.5	.5

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	67	67	67	67				
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<9>	<9>	<9>	<9>				
SUBTOTAL BASE ADJ.	<9>	<9>	<9>	<9>				
CURRENT SPENDING	58	58	58	58				

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AGENCY: Science Museum of Minnesota (SMM)

AGENCY DESCRIPTION:

The Science Museum of Minnesota (SMM) is a unique statewide educational resource which interprets 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. The museum's mission is to invite learners of all ages to discover their changing world through science.

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 science and technology center. The range and depth of the museum's programs make it a vital adjunct to the formal school system.

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 2 major program groups: 1) Education includes Museum on the Move, School Services, including Teacher Training, Museum Magnet School, Adult Computer Education, Youth and Family Programs, and the Warner Nature Center; and 2) Museum Programs that include Exhibit Development, Visitor Relations, Science Hall Programs, Research and Collections, Omnifilms Production and Distribution, Traveling Exhibits, and the St. Croix Watershed Research Station. These operating groups work together 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 Museum and in outreach programs;
- 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.

Now serving a million people annually, the Science Museum is the largest indoor cultural attraction in the state. In F.Y. 1994, 78,503 adults, students, children, and organized groups of all ages visited the museum proper. In addition, the museum served 194,587 students and teachers in their

own schools throughout the state; 31,624 participants of all ages in continuing education and nature center programs; 2,310 educators attending enrichment seminars; and 8,936 people at special events.

MINNESOTA MILESTONES:

The exhibits, Omnifilms research, collections and education programs of the Science Museum support 2 of the major Minnesota Milestones goals:

1. "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 high among the major sources of environmental information in the state.

SMM conducts environmental education programs and research in a variety of ways: 1) Exhibits such as *Antarctica* and *Hunters of the Sky*, (an exhibit about Raptors that opens November 1994 and will look at the relationship between birds of prey and humans;) 2) Our Minnesota, a permanent SMM exhibit hall focusing on the "Changing Landscapes" of our state; 3) GreenStreet, a metropolitan environmental learning center that receives support from the Legislative Commission on Minnesota Resources (LCMR), Northern States Power, and the Department of Energy. In August 1994, the LCMR recommended for funding SMM's Three Rivers Initiative, a project that will focus on the Mississippi, Minnesota, and St. Croix Rivers. This is going to be a high impact public education project that examines the connections between human activities on land and the health of our waterways; 4) Outreach and teacher education programs, with programs such as a Tropical Rainforest Institute and School Trunks that address a host of issues; 5) Warner Nature Center, providing environmental programs for almost 17,000 children in school groups and families annually; and 6) the St. Croix Watershed Research Station, which conducts and coordinates research in this important waterway.

2. "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. 1994, 2,310 educators participated in various science enrichment programs and reached, through their classrooms, an estimated 119,890 students in kindergarten through 12th grade.

AGENCY CHALLENGES

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

1996-97 Biennial Budget

AGENCY: Science Museum of Minnesota (SMM)
(Continuation)

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 the National Science Foundation (NSF), the Department of Energy (DOE) and the National Endowment for Humanities (NEH) that are currently supporting major SMM projects with national and international impact (e.g., NSF funding of the exhibit *Hunters of the Sky*; DOE funding of GreenStreet, a metropolitan environmental learning center).

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 programs seek to make all our visitors better informed about science issues. In particular our education programs for young people are designed to inspire a life long interest in science and science related careers.

Environmental Education: The successful stewardship of Minnesota's resources depends on an 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. General operating support from the state assures SMM's ability to disseminate its programs 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 inviting these hard-to-reach groups to pursue science learning. Example: **Lab Partners:** This innovative program funded by 3M, employs 8th grade youth (over 90% 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. **Youth Projects Club:** This program, for high school students, currently has 64 participants who help develop exhibits and activities in our Minnesota and off site. The club recently completed an exhibit on compost that is on display at SMM.

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. In F.Y. 1994, earned income represented 63% of all revenues. Private support generated 17% of income, and 12% came from public sources. The balance of 8% came from endowment income.

OUTCOMES:

Attendance: Serving a million visitors 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. 1994, millions of people:

- learned from SMM internationally-leased Omnifilms such as *Sharks* (5 million);
- viewed national traveling exhibits such as *Antarctica*;
- participated in field trips (every county in the state sent at least 1 school group to SMM--147,637 students, teachers and chaperons);
- used SMM as their regional science education center (over 600,000 young people);
- viewed science assemblies, Museum Trunks or participated in Science-by-Mail (175,440); and
- traveled to a 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 generates an overall impact of \$50 million annually to the 7-county Minneapolis-St. Paul metropolitan region. An estimated 30% of our visitors come from outside the metropolitan region, bringing in "new" dollars and contributing to the economic base.

Membership: With 25,223 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 11,992 members at the History Center and 20,199 members at the Minnesota Zoo.

Private Unrestricted Support: In F.Y. 1994, SMM received 17% of its budget support from more than 40,000 individuals, corporations and foundations. (This compares to 150 donors at the History Center and 1,816 donors at the Zoo.) Annual fund contributions increased 9% over the prior fiscal year.

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 194,587 in F.Y. 1994--an increase of 630% in just 6 years.

Earned Income: In F.Y. 1994, SMM generated 63% of its revenues from earned income (admissions, memberships, store sales, class fees, etc.). This is substantially higher than the average U.S. science center, and more than any major cultural organization in the state.

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AGENCY: Science Museum of Minnesota (SMM)
(Continuation)

Exhibit Production: After the Smithsonian, SMM is the nation's leading producer of major traveling science exhibits. Exhibits such as *Wolves and Humans*; *Bionics and Transplants*; *The World of Replacement Medicine*, and *Antarctica and the Global Future* have attracted almost 10 million visitors throughout North America. Future exhibits such as *Hunters of the Sky* 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 exceeded half a million dollars in F.Y. 1994 revenues.

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*; *Tropical Rainforest*; *Sharks*, and the museum is currently researching various projects to determine the next topic for an Omnifilm

International Trade: Since 1980, more than 40 million people world-wide have seen SMM produced Omnifilms.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The agency plan includes a 3% inflationary increase each year. 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 donor, membership level and education outreach services typically exceed the other 2 organizations. SMM currently receives 7% of its budget from the state. In comparison, the Zoo receives 37% of its budget from state funds, and the History Center receives 70%.

Beginning in F.Y. 1992, Ramsey County support of SMM was reduced by 64%, from \$1.3 million to \$534,000 annually. To help compensate for this cutback, the State of Minnesota increased its support of SMM from \$638,000 to \$1.1 million. Support from the state helped ensure the continuation of the museum's statewide educational programs. In addition, the museum enhanced its efforts to generate earned and contributed revenues by: 1) more aggressive advertising and marketing programs that generated greater attendance; 2) bringing in major exhibits such as *Jurassic Park*, and 3) increasing private fundraising from corporations and foundations. SMM also increased admission, membership, class fees, expanded open hours and telemarketing efforts, and reduced costs.

Outstate Programs: The Science Museum serves virtually every county in the state through its outreach programs to students and teachers. Participation in these programs has increased by almost 630% in the past 6 years. 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 would effectively eliminate such programs as teacher training workshops and science assemblies, as their cost would be beyond the reach of most outstate school districts.

School Ticket Subsidies: SMM currently provides a deep discount (of 43% from \$7.00 to \$4.00 a person) 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.

LCMR PROJECT NARRATIVE

Three Rivers Initiative

This appropriation is from the future resources fund to the Science Museum of Minnesota to develop exhibits and programs focusing on the Mississippi, Minnesota, and St. Croix rivers (\$750,000 Future Resources Fund)

ISSUES AFFECTING AGENCY'S OPERATIONS:

New Building Plans: On 9-12-94, SMM's Board of Trustees decided to intensify the museum's investigation of a riverfront site on Kellogg Boulevard as the preferred location for a new museum. SMM hopes to have a development agreement with the City of St. Paul in early 1996. The Museum's program planning is currently underway and an architect will be selected and begin schematic designs by spring of 1995.

In its 1994 session, the state legislature appropriated \$1 million through the City of St. Paul toward the Museum planning and design costs over the next two years. SMM will submit a bonding request for construction during the 1996 legislative session.

The Museum's long range financial plans do not assume major increases of either public or private funding. The financial model is based on increasing earned income to meet future needs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SCIENCE MUSEUM OF MINNESOTA
PROGRAM: SCIENCE MUSEUM OF MINN
ACTIVITY: SCIENCE MUSEUM OF MINN

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	1,268	1,108	1,108	1,108	1,891	1,891	1,108	1,174	1,174
TOTAL EXPENDITURES	1,268	1,108	1,108	1,108	1,891	1,891	1,108	1,174	1,174
AGENCY PLAN ITEMS:									
LCMR NEW ALLOCATIONS					750				
3% INFLATION COSTS					33			66	
TOTAL AGENCY PLAN ITEMS					783			66	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	160								
GENERAL	1,108	1,108	1,108	1,108	1,141	1,141	1,108	1,174	1,174
MN RESOURCES					750	750			
TOTAL FINANCING	1,268	1,108	1,108	1,108	1,891	1,891	1,108	1,174	1,174
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

AGENCY: Minnesota Academy of Science (MAS)

AGENCY DESCRIPTION:

The Minnesota Academy of Science is an organization of scientists from industry, government and academia who have the common goal of engaging the youth of Minnesota in the doing of science.

The Academy's mission is to stimulate interest and nurture involvement in science, engineering and technology among Minnesota students.

REVENUES:

None.

EXPLANATION OF AGENCY'S BUDGET PLAN:

MAS funding sources have been about 31 % from state, 45 % from MAS membership and program fees and 24 % from corporations and grants.

GOALS AND OBJECTIVES:

- To provide learning experiences in science where the emphasis is on process, rather than content.
- To make use of resources beyond the classroom by connecting students with resident scientists in active research.
- To involve students in a process which is student-directed not teacher-directed. In this model the teacher serves as the coach and the data, not the teacher, yield a solution to a problem.
- To implement special programs for under represented students and students "at risk."
- To create a climate that fosters and rewards scientific curiosity and research.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: ACADEMY OF SCIENCE
PROGRAM: ACADEMY OF SCIENCE
ACTIVITY: ACADEMY OF SCIENCE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	36	36	36	36	36	36	36	36	36
TOTAL EXPENDITURES	36	36	36	36	36	36	36	36	36
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	36	36	36	36	36	36	36	36	36
TOTAL FINANCING	36	36	36	36	36	36	36	36	36
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

AGENCY: Minnesota State Horticultural Society (MSHS)

AGENCY DESCRIPTION:

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 15,000 members statewide. MSHS translates technical research into useful information for home and community use in a variety of program offerings.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The state legislative appropriation request represents approximately 12% 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, showing that these funds successfully leverage an increasing amount of revenue for the organization.

Paid memberships will comprise approximately 52% of gross revenues in the next biennium. Increased emphasis on membership development has substantially increased cash flow. Other revenue sources, including donations, provides an additional 6% (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 30% of the total budget.

Net expenses are expected to increase nearly \$40,000 per year, with the move to the new headquarters building. This facility, the Center for Northern Gardening in Falcon Heights, is MSHS' first headquarters building since its founding in 1866. (MSHS was housed without charge on the University of Minnesota St. Paul Campus.) Over \$500,000 has been raised for the purchase of the new building; the state of Minnesota did not contribute to the purchase of this facility.

LCMR has included \$28,500 per year for MSHS as part of their funding recommendations for F.Y. 1996-97 (directed to DNR for a segment of the statewide Community Gardening Program.)

To meet budget changes, a dues increase was enacted in 1993; emphasis on expanding membership through marketing efforts is beginning; program and product sales revenues are expected to increase.

ISSUES AFFECTING AGENCY'S OPERATIONS:

Through the implementation of a long-range plan developed in 1994, MSHS priorities focus on effective services to Minnesota's home and community gardeners.

1. Financial Stability The Center for Northern Gardening, opened in 1993, is MSHS' first independent headquarters in their 126-year history. The facility located in Falcon Heights includes offices, classroom, and library to expand the organization's presence in the community and statewide. MSHS' goals related to financial stability center on eliminating debt for this facility to ensure maximum program and outreach opportunities capabilities for future years. A mortgage of \$180,000 remains to be paid. New revenue includes rental income from one-half of the facility. To meet new building expenses, staffing has been cut in program outreach and information services. Expanded emphasis on marketing the organization's benefits to homeowners in Minnesota will assist with future stability and growth, while providing needed information to this audience.

2. Horticultural and Environmental Outreach Commercial horticulture is the fastest growing segment of Minnesota agriculture, yet accompanying consumer education has not kept pace with purchases. The public is learning the importance of their environment (local and global) to quality of life; MSHS is in an excellent position to meet needs of environmentally-related horticultural outreach with new public facilities and a statewide network. Minnesota Green links land use to environmental impact in communities throughout the state; the same program links gardening services with lower-income, multi-cultural adults and youth. *Minnesota Horticulturist* magazine provides timely information on horticulture for homeowners. MSHS disseminates information through library materials and educational sessions on topics such as yard waste management, use of water resources, tree planting for energy conservation, and other specific ways to sustain and enhance our living world.

3. Personnel and Administration New facilities have necessitated changes in budget priorities: staffing in areas of program outreach and information services have been reduced to meet new building expenses. Expanded roles for volunteers assist program delivery and resource sharing. Computer analysis is planned to increase efficiency and effectiveness; new equipment is needed.

GOALS AND OBJECTIVES:

1. Expand outreach to 3,000 new citizens in each upcoming year, through outreach capabilities of the Center for Northern Gardening and statewide volunteer resources.
2. Maintain self-sufficiency through increased membership marketing, program fees, partnerships with other organizations, and cost-saving methods.
3. Reduce building debt through fundraising efforts.
4. Increase volunteer involvement by 10%, each offering a minimum of 20 hours in each upcoming year. Determine dollar value of volunteered labor and services.
5. Develop a long-term vision for MSHS regarding educating the public in the area of horticulture linked with environmental needs. Continue statewide program offerings: *Minnesota Horticulturist* magazine, seminars, support for garden-related groups, circulating multi-media library materials.
6. Increase membership by 10% in each upcoming year, emphasize members' relationship with MSHS.
7. Focus the work of staff and volunteers in highest priority areas of outreach, programs, and services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continued state support at the current appropriation level.

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE HORTICULTURAL SOCIETY
PROGRAM: HORTICULTURAL SOCIETY
ACTIVITY: HORTICULTURAL SOCIETY

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	72	72	72	72	72	72	72	72	72
TOTAL EXPENDITURES	72	72	72	72	72	72	72	72	72
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	72	72	72	72	72	72	72	72	72
TOTAL FINANCING	72	72	72	72	72	72	72	72	72
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)

AGENCY DESCRIPTION:

The Legislative Commission on Minnesota Resources (LCMR) was created in 1963 to provide the Legislature with the background necessary to evaluate programs proposed to preserve, develop, and maintain Minnesota's natural resources.

The LCMR is comprised of 16 members consisting of the chairs of the House and Senate committees on environment and natural resources (or designees appointed for the terms of the chairs), the chairs of the House ways and means and Senate finance committees (or designees appointed for the terms of the chairs), 6 members of the Senate appointed by the subcommittee on committees of the Committee on Rules and Administration and 6 members of the House appointed by the Speaker. At least 2 members from the Senate and 2 members from the House must be from the minority caucus. The members elect their officers, rotating the Chair from the Senate to the House every 2 years. The LCMR employs a full time professional and support staff.

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 and regional forums at which citizens advise Commission members of their concerns regarding natural resources. 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.

The Commission adopts a comprehensive strategic plan for the Minnesota Future Resources Fund, the Minnesota Environment and Natural Resources Trust Fund, Oil Overcharge Money, and the Great Lakes Protection Account. A Request for Proposals (RFP) is issued which is open to all.

In the cycle for funding recommendations of projects beginning 7-1-95, 473 proposals for \$170,000,000 were received. The Commission evaluated them based on the criteria and priority strategies set forth in a strategic plan (updated biennially) and in the request for proposals. Currently, the Citizens Advisory Committee advises the Commission regarding allocations from the Environment and Natural Resource Trust Fund. After the Commission made an initial selection of those projects which best fit the priority strategies and criteria from among all proposals, 175 project managers were invited to present their project proposals cases before Commission members at a series of hearings. Additionally, all proposed research projects selected for funding recommendation undergo a scientific peer review.

AGENCY CHALLENGES:

1. **Think beyond the short term future to provide a long range view.** The Commission, unlike other agencies in this budget, is more like a zero based budgeting operation. The process starts clean and fresh every 2 years, so it's not just a matter of continuing existing programs and making a few adjustments. The LCMR strives to understand what the issues of tomorrow will be and prepare both our colleagues in the Legislature and the executive branch agencies. Research, studies, inventories and pilot projects are at the heart of this effort. The Commission is also a vehicle to allow small yet significant projects which could not compete successfully in the rest of this budget process to be addressed.

2. **Act statesmanlike -- ensure a statewide perspective on natural resource needs.** All legislators are subject to intense pressure to support local projects. The challenge to LCMR members is to recommend a course that produces a quality future despite intense pressure to react only to immediate concerns. A measure of success is the degree to which LCMR recommendations transcend purely local interests toward a well-balanced package that recognizes how good local projects can provide examples of new techniques as well as broader service potential.
3. **Ensure net gains in environmental spending.** Expenditures from the Environment and Natural Resources Trust Fund may not be used to supplant existing funding per M.S. 116P.03. The LCMR applies this concept to all 4 fund sources in an attempt to gain real progress for Minnesota's natural resources.
4. **Initiate and accelerate.** Support innovative ideas and accelerate funding in selected areas of high priority for the future.
5. **Institutionalize success.** The LCMR evaluates the wisdom of incorporation of successful programs into the regular budget. Adapting regular budgets to accommodate new techniques or programs is an interesting challenge for the Commission as well as the Executive agencies.

AGENCY STRATEGIES:

The LCMR identified 18 priority strategies for funding which were issued in a RFP format. Sixteen of the priority strategies were addressed in the projects recommended for funding. The final recommendation summarizes the priority strategies into 10 issue areas, which includes 86 specific projects recommended to the 1995 legislature. The issue areas are listed below summarizing the project activities. The full text of the priority strategies is provided in the LCMR Strategic Plan.

Parks and Trails - Recreational Needs

There are 9 projects providing for the statewide development and acquisition of parks, trails and water access to help meet increasing demands on our state and regional recreation facilities. Projects include acquisition of critical parcels of land, trail and park rehabilitation and development, increasing water access for both boaters and non boaters, local recreation grants, and more access to information about recreation opportunities.

Management Approaches

Twenty projects enable assessment and demonstration of different management approaches for our natural resources, including local river planning grants, implementation of watershed activities, bluffslands protection, pollution assessments of our air and water resources, land use, forestry activities, native species planting, sustainable agriculture practices, and waste treatment.

Environmental Education

Seventeen projects address environmental/natural education activities including teacher training, videos, information clearinghouse, exhibits, community service activities, diversity and accessibility, and local government assistance.

Natural Resource Data

Ten projects develop benchmarks and trend analysis through collection of data and assessment or interpretation of inventory, ranging from basic soils data to rare and endangered species inventory.

1996-97 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

Urban Natural Resources

Eight projects specifically enhance our natural resources in urban areas through wildlife habitat improvement with native species, tree planting, and wetland restoration and management.

Fisheries

Three projects for fisheries include experimental fishing regulations, access, habitat assessment and hatchery rehabilitation.

Wildlife

Five projects enhance wildlife activities including acceleration of the Reinvest in Minnesota (RIM) projects, research, and local grants.

Energy

Five projects to accelerate alternative energy uses including wind and electric cars, and energy conservation activities.

Historic

Six projects develop and inventory historic sites and make them more accessible.

Biological Control

Three projects are for enhancement of biological control activities including oak wilt, Eurasian water milfoil, and purple loosestrife.

SUMMARY OF BUDGET REQUEST:

The commission's budget plan does not have direct long-range financial implications; a new set of allocation recommendations is prepared for each biennium. However, some projects may be recommended for additional allocations in future biennia and 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. 1996-97

Environment and Natural Resources Trust Fund (fund 03)	\$15,594
Minnesota Future Resources Fund (fund 13)	14,427
Oil Overcharge Money (fund 17)	2,055
Great Lakes Protection Account (included in fund 20)	130
Total	<u>\$32,206</u>

<u>Fund</u>	<u>Project Title</u>	<u>Requestor</u>	<u>Agency</u>	<u>Alloc.</u>
3	LCMR Administration		LCMR	\$394
13	LCMR Administration		LCMR	363
<u>Parks and Trails</u>				
3	Metropolitan Regional Park System	Met Council	DNR	4,550
3	State Park and Rec. Area Acquisition, Development, Betterment and Rehab.	DNR	DNR	3,750
3	State Trail Rehab. and Acquisition	DNR	DNR	250
3	Water Access	DNR	DNR	600
13	Local Grants	DNR	DNR	1,800
13	Minneapolis Park and Trail Connections	Mpls. Parks	DOT	141
17	Local Share for ISTEPA Federal Projects	Chisago Cty; St. Louis and Lake counties RRA	Admin	300
13	Pine Point Park Rest Station	Washington County	DNR	100
13	Multi Media Computer Information System	Lake County	DTED	45
<u>Management Approaches</u>				
13	Local River Planning	DNR	DNR	140
13	Cannon River Watershed Strategic Plan	Cannon River Partnership	BWSR	325
13	Leech Lake Watershed Project	Leech Lake Realty	DNR	300
13	Blufflands Landscape	DNR	DNR	630
13	Glacial Lake Agassiz Beach Ridges	DNR	DNR	85
13	Atmospheric Mercury Emissions	PCA	PCA	575
13	Mercury Deposition Trends; Water Quality	UMD	PCA	120
20	Mercury Deposition Trends; Water Quality	UMD	PCA	130
13	Feedlot and Manure Management Practices	Agric	Agric	400
13	Water Quality Impacts of Feedlot Pollution	PCA	PCA	300
13	Shoreland Septic Inventory and Education	Hubbard County	BWSR	145

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AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

<u>Fund</u>	<u>Project Title</u>	<u>Requestor</u>	<u>Agency</u>	<u>Alloc.</u>
13	Alternative Individual Sewage Treatment	PCA	PCA	425
3	Pathways to Sustainable Development	Env. Quality Bd.	Planning	200
13	Upper Mississippi River Protection Proj.	Miss. Headwtrs Bd.	DNR	200
3	Forest Management to Maintain Diversity	DNR	DNR	160
3	Native Grass and Forbs on Road ROW	DNR	DNR	150
13	Management in Whitewater Watershed	DNR	DNR	60
13	Sustainable Grassland Conserv. and Util.	DNR	DNR	125
13	Sustainable Ag. Practices and Research	White Water Joint Powers Bd.	Agric	225
13	Cooperatives to Promoting Sustainable Ag.	Sustainable Farming Assoc.	Agric	100
17	Recycled Biosolids in Disturbed Areas	Met Council	Admin	200
<u>Environmental Education</u>				
3	Leopold Education Project Curriculum	Pheasants Forever	OEA	100
3	Environmental Education Teacher Training	Env. Ed. Advisory Bd.	OEA	500
3	Sharing Environmental Knowledge	Env. Ed. Advisory Bd.	OEA	200
13	Environmental Video Resource Library	Public Television	OEA	250
13	Wolf Educational Materials	Wolf Center	OEA	100
3	Environmental Grants for Minn. Schools	St. Olaf College	DNR	200
13	Electronic Environmental Ed. Network	UM Raptor Center	OEA	250
13	Three Rivers Initiative	Sci Museum	Sci Museum	750
17	Exhibit on MN Renewable Energy Sources	Isaac Walton League	Admin	150
13	TREES for Teens	Tree Trust	DNR	75

<u>Fund</u>	<u>Project Title</u>	<u>Requestor</u>	<u>Agency</u>	<u>Alloc.</u>
13	Environmental Education Project	Redwood Falls ISD #637	OEA	250
13	Together Outdoors Minnesota	Wilderness Inquiry	DNR	575
13	Opportunities for Asian-Pacific Minnesotans	DNR	DNR	150
13	Info. and Tech Assistance to Local Gov'ts	DNR	DNR	100
13	Nonpoint Source Pollution Public Education	St. Paul	PCA	100
13	Whitetail Deer Resource Center	Deer Hunters Assoc.	DNR	50
13	Chair in Forest Wildlife Research	UM	UM	350
<u>Natural Resources Data</u>				
3	Environmental Indicators Initiatives	DNR	DNR	350
3	Assessing Wetland Quality	UM	BWSR	275
3	County Biological Survey	DNR	DNR	900
3	Forest Bird Diversity	DNR	DNR	400
3	Base Maps for 1990s	LMIC	Planning	600
13	Statewide Land Use Update	Assoc. of Counties	Planning	380
13	Fillmore County Soil Survey	Fillmore County	BWSR	65
13	Minnesota River Tile System Research	PCA	PCA	150
13	Sugarloaf Site Assessment	Sugarloaf Center Assoc.	DNR	70
17	Microbial Deterioration of Asphalt	Bemidji State Univ.	Admin	60
<u>Urban Natural Resources</u>				
13	Urban Wildlife Habitat Program	St. Paul Energy Consort.	DNR	150
13	Gardening Program	Sustainable Resources Center	DNR	300
17	Releaf: Planting for Energy Conservation	DNR	Admin	400
13	Maplewood Stormwater Management	Maplewood	PCA	100
3	Phalen Wetland Restoration	St. Paul	BWSR	115
3	Wetland Restoration and Enhancement	UM	Planning	250

1996-97 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

<u>Fund</u>	<u>Project Title</u>	<u>Requestor</u>	<u>Agency</u>	<u>Alloc.</u>
3	Metropolitan Area Groundwater Model	PCA	PCA	250
13	Arboretum Boundary Land Acquisition	UM	UM	680
<u>Fisheries</u>				
13	Statewide Experimental Fishing Regulations	DNR	DNR	500
3	RIM Acquisition for Angler Access	DNR	DNR	300
13	RIM Fisheries Habitat Development and Rehab. and Stream Flows Protection	DNR	DNR	800
<u>Wildlife</u>				
3	RIM Accelerate Wildlife Acquisition	DNR	DNR	450
3	RIM Critical Habitat Match Program	DNR	DNR	250
13	RIM Wildlife Habitat Stewardship	DNR	DNR	450
13	Management of Brushland Habitat	UM; Sharptail Grouse Society	DNR	200
13	Turn in Poachers Youth Activity Book	TIP, Inc.	DNR	50
<u>Energy</u>				
17	Inter-City Electric Vehicle Transportation	MN Power	Admin	150
17	Wind Energy on Family Farms	Sustainable Resources Center	Admin	200
17	Hybrid Electrical Generation Simulation	Dan Mar & Assoc.	Admin	50
17	Avian Population Analysis for Wind Power	Wind Energy Assoc.	Admin	75
17	Energy Improvements in Public Ice Arenas	Ctr. for Energy & Env.	Admin	470
<u>Historic</u>				
13	Historic Mississippi River Mill Site	Crown Hydro	MHS	120
13	Pond-Dakota Mission Restoration	Bloomington	MHS	270
13	Joseph Brown Interpretive Ctr. Restoration	Sibley County HS	MHS	75
13	Minnesota Heritage Trail	MHS	MHS	200

<u>Fund</u>	<u>Project Title</u>	<u>Requestor</u>	<u>Agency</u>	<u>Alloc.</u>
13	Restoration of Historic Elba Fire Tower	Elba Booster Club	DNR	73
13	Managing Minnesota Shipwrecks	MHS	MHS	100
<u>Biological Control</u>				
3	Control of Watermilfoil and Loosestrife	DNR	DNR	300
13	Control of Overland Spread of Oak Wilt	UM	Agric	90
3	Fungal Inoculum for Prairie and Wetlands	UM	DNR	100
GRAND TOTAL PROJECT ALLOCATIONS				<u>\$32,206</u>

GOVERNOR'S RECOMMENDATION:

The biennial budget instructions issued by the Department of Finance directed state agencies to incorporate the allocations made by the Legislative Commission on Minnesota Resources in their agency budget plans for the 1996-97 Biennium. The Governor recommends approval of these allocations with the exception of several allocations of a capital nature. The table below details these items and compares the LCMR allocations with amounts appropriated for the same items in the 1994 Bonding Bill and with the amount included for them in the Governor's 1994-99 Strategic Capital Budget Plan. The Governor believes these areas have been and will continue to be addressed adequately in the Capital Budget.

<u>PROGRAM</u>	<u>LCMR ALLOC</u>	<u>94 BONDING</u>	<u>96 CB GOV REC</u>	<u>98 CB GOV REC</u>
Metro Regional Park Sys	\$4,550	\$10,000	\$7,500	\$7,500
State Park System	3,750	6,250	13,000	13,000
Local Nat Res Grants	1,800	1,400	0	0
State Trail Rehab & Acq	250	6,128	8,500	8,500
Water Access	600	350	0	0
RIM - Fisheries Habitat	800	6,000	10,350	10,350
Acq Arboretum Bound Land	<u>680</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTALS	\$12,430	\$30,128	\$39,350	\$39,350

Funding the above items in the Capital Budget makes funds available in the Minnesota Future Resources Fund and in the Environmental Trust Fund for environmental programs of high priority that cannot be funded any other way.

If we add the projected administrative budget for the LCMR in F.Y. 1996 and F.Y. 1997 and projected increased receipts estimated in the November Forecast to the \$12.4 million above, a total of \$14.3 million is available for environmental initiatives. The Governor recommends these funds be appropriated according to the table below. These initiatives have been prepared in collaboration with the environmental agencies. They have been synchronized with agency operating budgets and past and projected capital budget projects. They concentrate on ecosystem management with funds for remediation, monitoring, and management of our forest, prairie/agriculture, and aquatic ecosystems.

1996-97 Biennial Budget

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

AQUATIC ECOSYSTEMS. Minnesota's aquatic ecosystems are significantly affected by local actions. To provide incentives and technical assistance to local units of government and private parties, the Governor recommends a mix of outreach and local grants.

FOREST ECOSYSTEMS. Minnesota's forest ecosystems are under major pressure from industry, tourism and development. The Minnesota Forest Generic Environmental Impact Statement (GEIS) provides remedial actions to improve the health of forest ecosystems. Recommended funding from the Environmental Trust Fund is supplemented with a Governor's Budget Initiative in DNR's budget to promote the sustainable development of our forest resources.

PRAIRIE/AGRICULTURE ECOSYSTEMS. Minnesota's prairie/agricultural areas remain under pressure from heavy chemical use, soil loss and development pressures. Much was done in the 1994 Capital Budget bill and in the 1994 Feedlot Bill to address this need. The Governor recommends five additional programs to supplement these efforts.

MONITORING AND ASSESSING OF ECOSYSTEM SUSTAINABILITY. Ecosystem monitoring and assessment provide long term direction for state, local, and private programs. Monitoring and assessment provide resource consumers with understanding of the sustainable use levels for resources. Such information provides predictability and stability necessary for a productive economy and quality resources. Investment in this area is vital to guide private, local, and state action.

<u>Category</u>	<u>Project</u>	<u>Agency</u>	<u>Amount</u>	
Aquatic Ecosystems	Clean Water Partnership Grants	PCA	\$2,225	
	Minnesota River Project	PCA	1,120	
	Minnesota River MNTAP	OEA	90	
	SWCD Funding for Technical Assistance	BWSR	1,500	
	Metro Water Planning	BWSR	390	
	Wetland Conservation Act	BWSR	187	
	Community Environmental Assistance	DNR	980	
	County Atlases	DNR	850	
	Stream Flow Protection	DNR	200	
	Non-point Source Pollution	Ag	640	
	Subtotal			\$8,182
	Forestry	Forestry GEIS	DNR	\$1,875
Subtotal			\$1,875	
Prairie Ecosystems/Agric.	CRP Assessment	Ag	\$ 300	
	Biological Control Program	Ag	880	
	Aquaculture Development Program	Ag	250	
	Soil Conservation Cost Share Program	BWSR	1	
	Extension Cooperative Education	BWSR	40	
	Subtotal			\$2,470

<u>Category</u>	<u>Project</u>	<u>Agency</u>	<u>Amount</u>
Monitoring and Assessment	Water Monitoring Statistical Project	PCA	\$ 200
	Mercury Coordination	PCA	120
	Statewide GIS Support	DNR	1,200
	Data Management	BWSR	150
	Sustainable Development Round Table	EQB	120
	Subtotal		
Governor's Recommendation TOTAL			\$14,317

With the exceptions noted above, the Governor has recommended the items allocated by the LCMR so as not to disrupt plans made in good faith by a variety of organizations. But changes need to be made to the current way of allocating funds deposited in the Minnesota Future Resources Fund and the Environmental Trust Fund. Accordingly the Governor will propose legislation abolishing the Legislative Commission on Minnesota Resources and supports reforming the budget process. Given our current tax rates and an intractable structural budget problem in the General Fund, Minnesota can no longer afford the luxury of allocating significant revenues for environmental programs outside the regular biennial and capital budget process. It is imperative to integrate all revenue sources in a single, unified budget process that can focus on environmental priorities. Such an effort will go further in achieving the priorities identified by the governor and the legislature rather than continuing the current fragmented approach.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: LEG COMM-MN RESOURCES
PROGRAM: LEGIS MN RESOURCES COMM
ACTIVITY: LEGIS MN RESOURCES COMM

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	249	253	245		549				
EXPENSES/CONTRACTUAL SRVCS	15	16	22		37				
MISC OPERATING EXPENSES	26	51	84		124				
SUPPLIES/MATERIALS/PARTS	2	2	5		4				
CAPITAL EQUIPMENT	9	1	12		15				
OTHER			5		28				
SUBTOTAL STATE OPERATIONS	301	323	373		757				
TOTAL EXPENDITURES	301	323	373		757				
AGENCY PLAN ITEMS:									
LCMR NEW ALLOCATIONS					394				
LCMR NEW ALLOCATIONS					363				
TOTAL AGENCY PLAN ITEMS					757				
GOV'S INITIATIVES:									
(B) LCMR REDISTRIBUTION						<394>			
(B) LCMR REDISTRIBUTION						<363>			
TOTAL GOV'S INITIATIVES						<757>			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST			271		394				
MN RESOURCES	301	323	102		363				
TOTAL FINANCING	301	323	373		757				

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. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	373	373			373	373		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<373>	<373>			<373>	<373>		
SUBTOTAL BASE ADJ.	<373>	<373>			<373>	<373>		
CURRENT SPENDING								