1998-99
Minnesota Biennial Budget

Environment and Natural Resources

Presented by Governor Arne H. Carlson to the 80th Legislature

1998-99 BIENNIAL BUDGET

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ENVIRONMENT AND NATURAL RESOURCES

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1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: Pollution Control Agency (MPCA)

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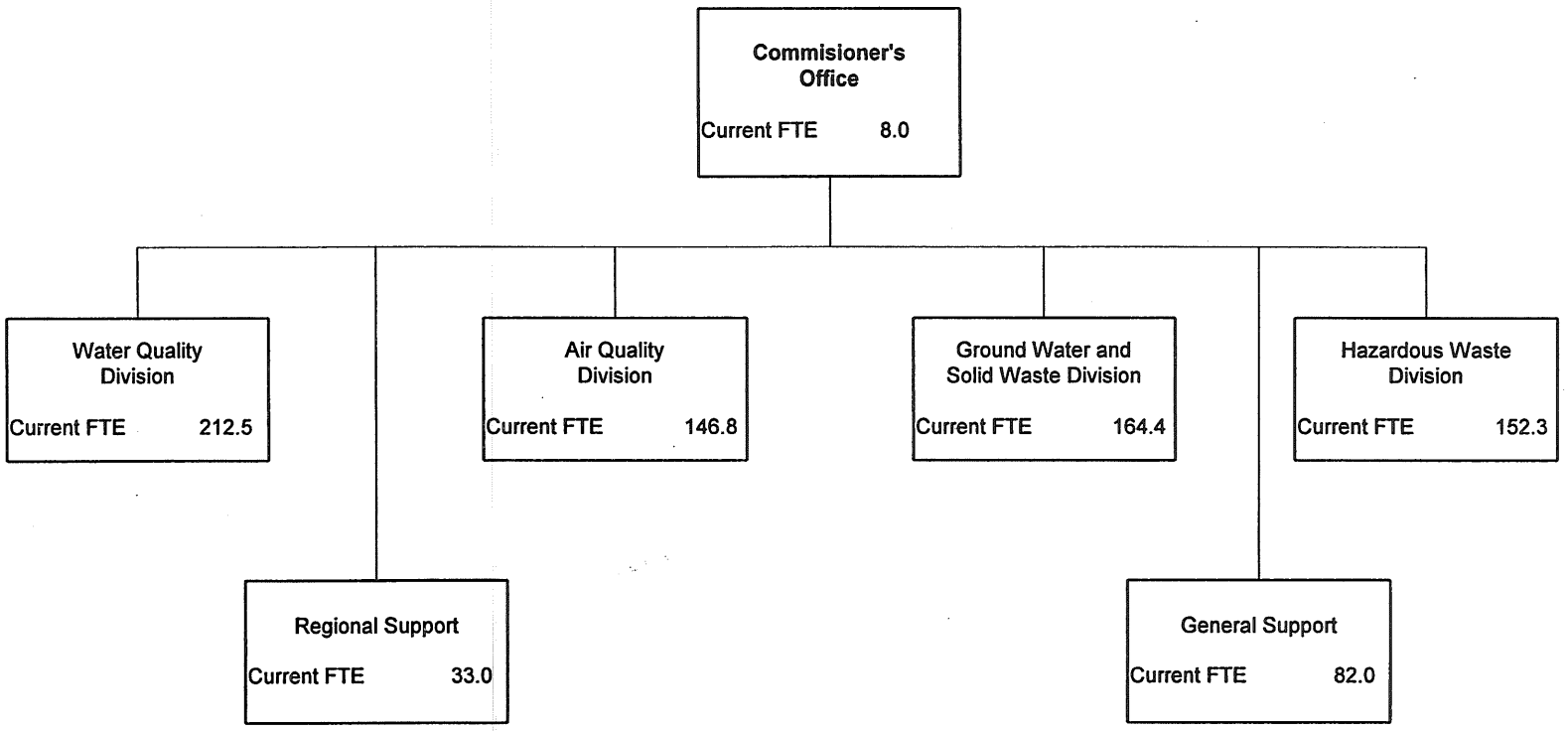
Minnesota Pollution Control Agency

Organization Chart 7/1/96



June 30, 1996 FTE Employees 799.0

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($ in thousands)

Agency: Pollution Control Agency (MPCA) **Fund:** General Direct Appropriations

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$9,420	$9,420	$18,840
BASE ADJUSTMENT			
Biennial Appropriations	1,946	-0-	1,946
Systems Development Costs	(400)	(400)	(800)
1998-99 Compensation Inflation	151	305	456
Annualization of New Program Costs	45	45	90
BASE LEVEL (for 1998 and 1999)	**$11,162**	**$9,370**	**$20,532**
AGENCY DECISION ITEMS			
Information Systems Support	450	400	850
AGENCY PLAN (for 1998 and 1999)	**$11,612**	**$9,770**	**$21,382**
GOVERNOR'S INITIATIVES			
Water Monitoring	1,312	1,038	2,350
Community Technical Assistance	435	435	870
Hydrogen Sulfide	208	92	300
Individual Sewage Treatment Systems	200	200	400
Wastewater Infrastructure Fund	214	214	428
	2,311	2,037	4,348
GOVERNOR'S RECOMMENDATIONS	**$13,981**	**$11,749**	**$25,730**

Brief Explanation of Agency Plan:

Base Level Adjustments:

- The biennial appropriation is for Clean Water Partnership grants.
- Systems Development costs for Project DELTA are removed.
- The Annualization of New Program Costs includes 2 items: an appropriation of $200,000 for statistically based water quality monitoring is annualized; and the operating costs for water quality monitoring stations are reduced by $55,000 a year which had been appropriated for one-time start-up costs.

Agency Decision Item:

- The agency initiative includes funds to maintain the investments made in the DELTA computer system to continue improved customer service and staff productivity.

Revenue Summary:
None.

Affected Statutes:
None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan and further recommends the following 5 initiatives:

- Water Monitoring to provide necessary data to determine problems, trends and effective solutions to improve environmental outcomes.
- Technical assistance for communities to leverage resources to improve and maintain Minnesota's water quality.
- Resources to begin to address the issues surrounding hydrogen sulfide, particularly as they relate to feedlots.
- Resources to assist in addressing failing septic systems which impact water quality.
- Operating funds for the Wastewater Infrastructure Fund so that resources to improve water quality are dispersed in a timely manner.

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Agency: Pollution Control Agency (MPCA) **Fund:** Petroleum Tank Release Cleanup

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$2,659	$2,659	$5,318
BASE ADJUSTMENT			
Systems Development Costs	(32)	(32)	(64)
1998-99 Compensation Inflation	48	98	146
BASE LEVEL (for 1998 and 1999)	**$2,675**	**$2,725**	**$5,400**
AGENCY DECISION ITEMS			
Leaking Underground Storage Tanks	660	660	1,320
AGENCY PLAN (for 1998 and 1999)	**$3,335**	**$3,385**	**$6,720**
GOVERNOR'S INITIATIVES			
GOVERNOR'S RECOMMENDATIONS	**$3,335**	**$3,385**	**$6,720**

Brief Explanation of Agency Plan:

Base Level Adjustments:

- Reduces the request by the amount appropriated for Project DELTA.

Agency Decision Items:

- The agency initiative will allow continued timely cleanup and reimbursement to owners for leaking underground storage tanks as owners move to meet statutory deadlines.

Revenue Summary:

- Revenue is primarily derived from a fee of $20 per 1,000 gallons of petroleum products. The fee is imposed when the balance in the fund falls below $4,000,000. The fee is collected by the Department of Revenue and the fund is managed by the Department of Commerce. The Pollution Control Agency deposits a small amount of revenue from fees charged for the tank installer certification program into this fund.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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Agency: Pollution Control Agency (MPCA) **Fund:** State Government Special Revenue

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$-0-	$-0-	$-0-
BASE ADJUSTMENT			
1998-99 Compensation Inflation	1	2	3
Biennial Appropriation	41	41	82
BASE LEVEL (for 1998 and 1999)	**$42**	**$43**	**$85**
AGENCY DECISION ITEMS			
	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$42**	**$43**	**$85**
GOVERNOR'S INITIATIVES			
	-0-	-0-	-0-
GOVERNOR'S RECOMMENDATIONS	**$42**	**$43**	**$85**

Brief Explanation of Agency Plan:

- Annualized costs for the Operator Training effort in the Protection of Water program. No appropriation is shown for F.Y. 1997 because $82,000 was appropriated in F.Y. 1996 for both years of the biennium.

Revenue Summary:

- Revenue is derived from fees paid by wastewater treatment facility operators for exams and certification.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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Agency: Pollution Control Agency (MPCA) **Fund:** Special Revenue

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$699	$699	$1,398
BASE ADJUSTMENT			
1997 Salary Supplement Transfers	27	27	54
1998-99 Compensation Inflation	14	29	43
BASE LEVEL (for 1998 and 1999)	**$740**	**$755**	**$1,495**
AGENCY DECISION ITEMS			
	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$740**	**$755**	**$1,495**
GOVERNOR'S INITIATIVES			
	-0-	-0-	-0-
GOVERNOR'S RECOMMENDATIONS	**$740**	**$755**	**$1,495**

Brief Explanation of Agency Plan:

This fund supports the Air Inspection and Maintenance (I&M) program. At this time the agency does not plan any changes to this program. A report is due to the Legislature in December 1997, which will address recommended changes.

Revenue Summary:

Cars registered in the 7 county metro area which were built after 1976 and are more than 5 years old, pay an $8 annual fee to support the I&M Program. This fee is collected by the Department of Public Safety. Of the $8 collected, less than $1 comes to this fund which supports the administrative costs of the program. These include public education, customer service and assistance, assistance to the auto repair industry and contract oversite. Revenue has decreased by approximately one-third since the 1996 legislation exempting cars which are newer than 5 years.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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Agency: Pollution Control Agency (MPCA) **Fund:** Environmental Direct Appropriations

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$19,607	$19,607	$39,214
BASE ADJUSTMENT			
One-time Appropriations	(500)	(500)	(1,000)
Systems Development Costs	(1,635)	(1,635)	(3,270)
Fund Changes/Fund Consolidation	(113)	(113)	(226)
1997 Salary Supplement Transfers	540	540	1,080
1998-99 Compensation Inflation	373	783	1,156
BASE LEVEL (for 1998 and 1999)	**$18,272**	**$18,682**	**$36,954**
AGENCY DECISION ITEMS			
ISTS Reduction	(44)	(44)	(88)
ISTS Indirect Reduction	(17)	(17)	(34)
Information Systems Support	300	300	600
Motor Vehicle Wastes	427	228	655
Air Quality Fees	200	900	1,100
AGENCY PLAN (for 1998 and 1999)	**$19,138**	**$20,049**	**$39,187**
GOVERNOR'S INITIATIVES			
Water Quality Fees	1,095	816	1,911
GOVERNOR'S RECOMMENDATIONS	**$20,233**	**$20,865**	**$41,098**

Brief Explanation of Agency Plan:

Base Level Adjustments:

- A one-time appropriation transfer from the Motor Vehicle Transfer Account fund balance to the Water Quality Point Source Program is removed.
- The Systems Development costs for the DELTA Project have been removed from a number of accounts, the largest being the Motor Vehicle Transfer Account ($1,278 per year).
- The Hazardous Waste Property Transfer program was moved from the Environmental Fund to a Special Revenue Fund Statutory account. This results in a decrease of $113,000 in the base.
- The agency manages 2 loan programs to assist small businesses with loans for equipment needed to meet environmental regulation or to cleanup on-site hazardous waste contamination. One is a revolving account for Air Quality and one is a revolving account for Hazardous Waste Generators. The agency proposes to merge these 2 programs into one Small Business Assistance Loan Program. This is consistent with a move toward a more multi-media approach with our customers.

Agency Decision Items:

- Because of insufficient revenues, direct and indirect expenditures for the individual sewage treatment systems (ISTS) program must be reduced.
- To maintain the investments made in the DELTA computer system to continue improved customer service and staff productivity, information systems support is requested.
- To improve management of wastes associated with vehicles including, tires, used oil, and other problem materials, funds are requested from the Motor Vehicle Transfer account.
- Funds are requested to meet federal matching requirements for the base air grant which will support and supplement work in the areas of ozone, fine particulate matter, mercury reduction, air toxics, and global climate change policy.

Revenue Summary:

The Environmental Fund receives revenue from a number of different sources. The majority comes from permit fees (air permits annually generate approximately $7.8 million; water permits annually generate approximately $2.9 million; hazardous waste fees annually generate approximately $2.1 million). The Motor Vehicle Transfer Account generates approximately $3.9 million annually, but is scheduled to sunset 6-30-97.

Affected Statutes:

M.S. 115B.223, M.S. 115B.224 and M.S. 116.992

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan and further recommends:

- An increase in Water Quality Permit Fees in order to maintain the base program and the service improvements gained through implementation of Blue Ribbon Advisory Task Force recommendations.
- Repeal of the sunset on the Motor Vehicle Transfer account fee with the revenue generated in F.Y. 1998-99 transferred to the statutory appropriation for the Superfund Program in order to facilitate cleanups and meet federal match requirements.

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Agency: Pollution Control Agency (MPCA) **Fund:** Metro Landfill Contingency Trust

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$134	$134	$268
BASE ADJUSTMENT			
1998-99 Compensation Inflation	3	6	9
BASE LEVEL (for 1998 and 1999)	**$137**	**$140**	**$277**
AGENCY DECISION ITEMS			
	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$137**	**$140**	**$277**
GOVERNOR'S INITIATIVES			
	-0-	-0-	-0-
GOVERNOR'S RECOMMENDATIONS	**$137**	**$140**	**$277**

Brief Explanation of Agency Plan:

- The agency plans no changes in the administration of this fund.

Revenue Summary:

- Revenues to the Metropolitan Landfill Contingency Action Trust Fund have stabilized after declining due to the fact that there are only 2 landfills currently receiving solid waste in the metropolitan area and due to a substantial reduction in interest income because of the transfer of $7,764,000 to the Landfill Cleanup Fund in 1995. There will be a one-time increase to the fund of approximately $3.5 million resulting from a lawsuit. Once received, these funds should be transferred to the Solid Waste Cleanup Fund (formerly the Landfill Cleanup Fund).

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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Agency: Pollution Control Agency (MPCA) **Fund:** Solid Waste Cleanup Direct Appropriations

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$5,907	$5,907	$11,814
BASE ADJUSTMENT			
1998-99 Compensation Inflation	132	276	408
BASE LEVEL (for 1998 and 1999)	**$6,039**	**$6,183**	**$12,222**
AGENCY DECISION ITEMS			
	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$6,039**	**$6,183**	**$12,222**
GOVERNOR'S INITIATIVES			
	-0-	-0-	-0-
GOVERNOR'S RECOMMENDATIONS	**$6,039**	**$6,183**	**$12,222**

Brief Explanation of Agency Plan:

- The agency does not anticipate reallocations in this program.

Revenue Summary:

Solid Waste Assessment Fees are deposited to this fund. Direct appropriations are made from this fund to support the Solid Waste activity and administration of the Landfill Cleanup Program. The assessment is paid on both residential ($2/residence) and commercial (.48/uncompacted cubic yard) waste. No fee increases are anticipated in the F.Y. 1998-99 biennium.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

AGENCY: Pollution Control Agency (MPCA)

AGENCY DESCRIPTION:

The mission of the Minnesota Pollution Control Agency (MPCA) is to protect and improve Minnesota's water, air and land to maintain and improve the quality of life for its citizens. To achieve this mission, the agency develops common goals with customers of all types to establish a broad plan for action to protect the environment; forms alliances with a broad spectrum of customers to achieve shared environmental goals; and continues to build a comprehensive process for measuring environmental outcomes of the activities conducted to achieve these goals. Authority is provided under Minnesota Statutes, Chapter 116.

Activities conducted to meet theses shared goals include: setting environmental standards and issuing permits to meet these standards; providing technical, educational, and financial assistance to those required to meet the standards as well as to those seeking to improve the environment on a voluntary basis, including pollution prevention; monitoring and assessing the environment for current conditions, problem investigation, and effectiveness of activities such as Best Management Practices; providing compliance and, when necessary, taking enforcement action; supervising cleanup and remediation of contaminated sites; responding to environmental threats such as spills; and providing a public forum for discussion of environmental issues.

Currently the agency is organized into 6 divisions and 5 regional offices. The divisions are: Water Quality, Air Quality, Groundwater and Solid Waste; Hazardous Waste; Administrative Services; and Regional Offices. The regional offices are located in Brainerd, Detroit Lakes, Duluth, Marshall and Rochester. These offices help provide a service delivery system which is closer to the customer.

AGENCY ISSUES:

Minnesota is a diverse state with an abundance of natural resources. Environmental priorities and issues vary within the regions of the state. We need to approach protection of the environment in a geographic manner. Nonpoint pollution is a primary issue in the Minnesota River Basin, while unsewered and under-sewered communities as well as individual septic systems are a top priority in the Lakes regions. Approaches to point sources and nonpoint sources must be integrated. We must work with all interested parties to develop shared goals and strategies to reach those goals on a geographic basis.

No longer is command and control the preferred method of protecting the environment. Decisions should look at environmental outcomes. Working with the regulated community regulatory innovation and on self audits can achieve positive environmental results. Minnesota has been a leader with Project XL in looking at ways to work with industry and municipalities to achieve superior environmental results with flexible permits. Our Environmental Auditing Program focuses on first providing technical assistance and help to regulated parties rather than taking enforcement action.

In addition, we have begun to work with individual business sectors, such as the printing industry and mining, to look at a holistic approach to pollution prevention and regulation.

AGENCY STRATEGIES:

The agency is committed to being a customer-focused, risk-based environmental protection organization. To this end, we have undertaken a major strategic planning effort over the past year to address how best to meet our mission and goals in today's world. We will be restructuring our organization over the next year to better meet the issues facing the agency.

This budget plan will allow the agency to achieve the following outcomes:

- Establish and improve partnerships with other agencies and customers to better leverage resources to achieve shared environmental goals.
- Continue education, outreach, and technical assistance efforts in order to increase pollution prevention and maintain efforts abating pollution.
- Continue efforts with regulatory innovations so that superior environmental results are achieved with less red tape.
- Continue developing and refining environmental indicators using scientific data and assessments to guide planning, priorities, and decisions.
- Provide a regulatory system that takes a holistic approach to protecting the environment based on desired environmental outcomes.
- Use a geographic approach to environmental protection to address the most pressing needs in a region.
- Promote sustainable development through a balanced approach to environmental protection and economic development.

SUMMARY OF BUDGET REQUEST:

The agency budget plan includes the following:

The LCMR has recommended the following projects:

- Red River Valley Planning and Management: $375,000 to create an ecosystem plan for the Red River Valley.
- Water Quality Indicators of Endocrine Disrupting Chemicals: $250,000 to monitor and research the effects of endocrine disrupting chemicals in surface on fish and wildlife.
- On-site Sewage Treatment Alternatives: Pathogen Removal/Technology Transfer: $500,000 to develop and demonstrate and promote reliable, low cost alternative designs for septic systems in areas with seasonally high water tables, and designs for removal of nitrogen by septic systems and evaluate their effectiveness at pathogen removal.
- Atmospheric and Nonpoint Trends in Minnesota Lakes: $325,000 to help document geographic and historic trends in lake eutrophication and inputs of toxic metals.
- Expanded Applications for Metropolitan Groundwater Model: $300,000 to expand the application for the model to enhance its usefulness in evaluating potential threats to public water supplies and evaluating effectiveness of remediation approaches.

Protection of the Air Program

- State Match Requirements: To leverage the maximum amount of federal funds, we are requesting

$1,100,000 for the biennium from additional permit fees to meet our federal match requirement. These additional funds will help assess human health and environmental impacts of air emissions, including work on mercury.

Protection of the Land

- Leaking Underground Storage Tank Program: To continue the rapid investigation, remediation, and closure of sites contaminated by leaking petroleum storage tanks so they no longer represent a threat to human health or the environment, we are requesting $1,320,000 for the biennium.

- Management of Motor Vehicle Wastes: To prevent, manage and remediate pollution caused by motor vehicles, we are requesting $655,000 for the biennium from the balance in the Motor Vehicle Transfer Account. These funds will support work on waste tires, used oil, and salvage yards.

General Support

- Management Information System Support: To assist in providing information and improved customer service, we are requesting $600,000 for the biennium from the Environmental Fund and $850,000 from the General Fund to support basic, on-going costs associated with the new DELTA system.

GOVERNOR'S RECOMMENDATION:

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

- Water Monitoring: To provide necessary information to assess the outcomes of actions affecting both groundwater and surface water, $2,350,000 for the biennium is recommended. Of this amount, $850,000 will be passed through to the Metropolitan Council.

- Community Technical Assistance and Education: To ensure effective management and protection of the environment, in partnership with local communities, $870,000 for the biennium is to provide technical assistance in regional offices. This recommendation includes funds which will be used in the communities to support local efforts.

- Hydrogen sulfide/Feedlots: To provide information on the environmental effects of hydrogen sulfide, particularly as they relate to feedlot odors, $300,000 is recommended for the biennium.

- Individual Sewage Treatment Systems: To begin implementation of recommendations generated by discussions with interested parties on improvements to address the environmental impact of individual sewage treatment systems, $400,000 is recommended for the biennium.

- Water Quality Point Source Maintenance: To support the Point Source activity in meeting the stretch goals recommended by the Blue Ribbon Advisory Committee, an increase in the fee appropriation of $1,911,000 is recommended for the biennium. Goals include reducing the average number of weeks to issue a permit, and reducing the permit backlog by June 1999.

- Wastewater Infrastructure Fund Operating Support: To provide operating support to the Wastewater Infrastructure Fund program so that funds to prevent and control adverse affects of point source pollution to surface water can be accomplished on a timely basis, $428,000 for the biennium is recommended.

- Superfund: To continue the state's progress in cleaning up Superfund sites so that the land is returned to productive use, $7,800,000 is recommended for the biennium. This should be funded by removing the sunset on the Motor Vehicle Transfer Fee and using funds generated in F.Y. 1998-99 to support this program.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
PROTECTION OF THE WATER	15,753	19,881	17,522	18,603	21,833	15,467	15,423	18,050
PROTECTION OF THE AIR	16,408	17,524	17,240	17,736	17,736	16,638	17,411	17,411
PROTECTION OF THE LAND	32,440	48,176	52,020	53,152	57,052	48,084	48,716	52,616
GENERAL SUPPORT	11,428	13,449	9,664	10,681	10,915	9,789	10,855	11,023
TOTAL EXPENDITURES BY PROGRAM	76,029	99,030	96,446	100,172	107,536	89,978	92,405	99,100
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	121	129		1,250	1,250			
GENERAL	8,304	10,375	11,162	11,612	13,981	9,370	9,770	11,749
MINNESOTA RESOURCES	960	1,050		500	500			
PETROLEUM TANK RELEASE CLEANUP	1,972	3,073	2,675	3,335	3,335	2,725	3,385	3,385
STATE GOVERNMENT SPECIAL REVENUE	22	60	42	42	42	43	43	43
SPECIAL REVENUE	703	791	740	740	740	755	755	755
ENVIRONMENTAL	18,602	20,770	18,272	19,138	20,233	18,682	20,049	20,865
METRO LANDFILL CONTINGENCY	84	184	137	137	137	140	140	140
SOLID WASTE CLEANUP	5,156	6,389	6,039	6,039	6,039	6,183	6,183	6,183
STATUTORY APPROPRIATIONS:								
PETROLEUM TANK RELEASE CLEANUP	1,048	1,631	1,500	1,500	1,500	1,500	1,500	1,500
SPECIAL REVENUE	12,283	13,721	11,929	11,929	11,929	11,346	11,346	11,346
FEDERAL	15,244	18,675	19,476	19,476	19,476	14,031	14,031	14,031
ENVIRONMENTAL	1,064	2,319	1,758	1,758	5,658	2,487	2,487	6,387
METRO LANDFILL CONTINGENCY	4	5	5	5	5	5	5	5
SOLID WASTE CLEANUP	10,450	19,802	22,711	22,711	22,711	22,711	22,711	22,711
GIFT	12	56						
TOTAL EXPENDITURES	76,029	99,030	96,446	100,172	107,536	89,978	92,405	99,100
FTE BY EMPLOYMENT TYPE:								
REGULAR	787.3	833.1	766.3	795.0	833.8	757.0	795.7	829.3
TEMP/SEAS/PART_TIME	10.9	8.2	5.2	5.2	7.2	5.2	5.2	8.2
OVERTIME	.8	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	799.0	841.4	771.6	800.3	841.1	762.3	801.0	837.6

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Agency Level Revenue Summary

Agency: Pollution Control Agency (MPCA)

REVENUE SOURCES:

The agency is supported with both dedicated and non-dedicated revenue. Non-dedicated revenue is generated primarily through fees paid by the regulated community. Permit fees are paid for air, water and hazardous waste permits. In addition, a solid waste assessment fee is paid by households and businesses. The other major contributor to non-dedicated revenue is penalties and fines.

In the 1996-97 biennium, federal funds comprise 78% of all dedicated revenue. This includes federal funds for both programs and indirect costs. Another 15% comes from penalties, fines and restitutions, the majority of which are associated with the Superfund program. Most of the remaining revenues are from seminar and workshop fees, interest earned on specific funds, and income agreements for specific work. Dedicated receipts are projected to decrease by almost 5%.

The majority of non-dedicated revenue is generated from fees and licences. In the F.Y. 1996-97 biennium, fees deposited to the environmental funds comprise 91% of all non-dedicated revenue. Other non-dedicated receipts are generated from penalties, restitutions, and interest earned on specific accounts. Non-dedicated revenue is projected to remain fairly steady.

FEE STRUCTURE:

It is important to note that not all revenue which funds agency programs is collected by the agency.

Fees are collected from municipalities and industries regulated by the agency. In order to protect and improve Minnesota's water, air and land, the agency issues permits to parties who are emitting pollutants harmful to the environment. The fees paid through the permit are used to provide programs to set standards, determine pollutant loadings, assist fee payers with compliance, and when necessary, provide enforcement. Fees collected by the agency are for water, air, and hazardous waste generators. In addition, the Department of Revenue collects fees paid by residents and businesses to waste haulers which support landfill cleanup and solid waste administration and a hazardous waste generator tax based on the size of the generator; the Department of Commerce collects fees paid at the gas pump to support the Petroleum Cleanup Fund; and the Department of Public Safety collects fees to support the Inspection and Maintenance program and the Motor Vehicle Transfer account.

Water fees deposited to the environmental fund include those paid for emissions, based on flow, stormwater fees, feedlot permits fees, and licenses for individual sewage treatment system professionals. These are all non-dedicated fees. With the exception of stormwater fees, water fees do not support the full cost of programs and are supplemented by general and federal funds. Wastewater operators also pay a certification fee which is deposited to the state government fund. Other than the license and certification fees, fees are set by rule.

Air fees are primarily paid by industry. The Clean Air Act Amendments are prescriptive in the amount of funds that are to be collected based on emissions.

Hazardous wast generators pay a fee, set by rule, which supports permitting, monitoring, inspection, and enforcement expenses of the agency relative to hazardous waste management. The tax, collected by the Department of Revenue, provides partial support for the Superfund program.

The agency receives an appropriation for environmental enforcement from the penalties and fines which are collected. Funds up to the amount appropriated are deposited to the environmental fund.

RECENT CHANGES:

Revenues have come in below projections since the passage of the Individual Sewage Treatment Systems legislation. Expenditures have been reduced and the agency is proposing a longer payback on the original start-up funding. A rule change is underway for Low Level Radioactive Waste which will generate additional revenue. However, no increase in expenditure is requested.

A rule change is also underway in the Feedlot program. It is anticipated that this will generate additional revenue.

FORECAST BASIS:

Overall revenue is expected to remain fairly stable. The Motor Vehicle Transfer fee will sunset on 6-30-97, without legislative action. The Petroleum Tank Release Cleanup fee will sunset on 6-30-2000.

DECISION ITEMS:

The Governor's budget reflects fee increases in the water permit fees and the air permit fees. Also, additional funds are requested from the Petroleum Cleanup Fund for the leaking underground storage tank program. The Governor is recommending that the sunset of the Motor Vehicle Transfer fee be removed and that the funds generated be transferred to the Superfund program. Increased appropriations breakdown as follows:

Water Permit Fees	$1,911,000 (Environmental Fund)
Air Permit Fees	$1,100,000 (Environmental Fund)
Superfund (statutory appropriation)	$7,800,000 (Motor Vehicle Transfer Account)

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998 Forecast	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Forecast	FY 1999 Agency Plan	FY 1999 Governor Recomm.
NON-DEDICATED REVENUE:								
DEPARTMENTAL EARNINGS:								
PETROLEUM TANK RELEASE CLEANUP	12	8	8	8	8	8	8	8
STATE GOVERNMENT SPECIAL REVENUE	27	38	31	31	31	31	31	31
CAMBRIDGE DEPOSIT FUND	11	7	7	7	7	7	7	7
ENVIRONMENTAL	12,601	13,125	13,474	13,674	14,769	13,625	14,566	15,382
METRO LANDFILL CONTINGENCY	21	20	20	20	20	20	20	20
SOLID WASTE CLEANUP	1,031	1,200	1,000	1,000	1,000	500	500	500
OTHER REVENUES:								
GENERAL	3	10	10	10	10	10	10	10
PETROLEUM TANK RELEASE CLEANUP	231	60	60	60	60	60	60	60
ENVIRONMENTAL	523	621	629	629	629	638	638	638
SOLID WASTE CLEANUP	4	1						
TAXES:								
GENERAL	1							
TOTAL NON-DEDICATED RECEIPTS	14,465	15,090	15,239	15,439	16,534	14,899	15,840	16,656
DEDICATED RECEIPTS:								
DEPARTMENTAL EARNINGS:								
SPECIAL REVENUE	561	521	373	373	373	306	306	306
ENVIRONMENTAL	90	122	134	134	134	134	134	134
GRANTS:								
SPECIAL REVENUE	3,326	3,800	3,000	3,000	3,000	3,000	3,000	3,000
FEDERAL	14,860	18,244	19,456	19,456	19,456	14,011	14,011	14,011
OTHER REVENUES:								
SPECIAL REVENUE	1,161	1,465	890	890	890	910	910	910
FEDERAL	32	24	20	20	20	20	20	20
ENVIRONMENTAL	3,997	3,347	3,385	3,385	3,385	3,359	3,359	3,359
AGENCY	<22>							
OTHER SOURCES:								
SPECIAL REVENUE		17	17	17	17	17	17	17
ENVIRONMENTAL	9	40	43	43	43	50	50	50
TOTAL DEDICATED RECEIPTS	24,014	27,580	27,318	27,318	27,318	21,807	21,807	21,807
AGENCY TOTAL REVENUES	38,479	42,670	42,557	42,757	43,852	36,706	37,647	38,463

AGENCY: Pollution Control Agency

In the 1996-97 biennium, the Minnesota Pollution Control Agency received approximately 19% of its resources from the federal government. This was in the form of several large, media-specific grants, along with a number of smaller, more special purpose grants. Almost all of the federal funds received by the Minnesota Pollution Control Agency are from the United States Environmental Protection Agency.

Congress has authorized the Environmental Protection Agency (EPA) to enter into Environmental Performance Agreements with states. The goal is to develop joint priorities and agreed upon outcomes. Minnesota has pursued an agreement for federal fiscal year 1997. In addition, Congress has provided EPA with the ability to award Performance Partnership Grants. Agencies have the option of receiving grants in the traditional, categorical way, or as a block grant. In federal fiscal year 1997, we have chosen to receive our grants in the traditional way. It is the agency's intent to pursue a Performance Partnership Grant for federal fiscal year 1998. This will allow the state to direct dollars to the highest environmental priorities. There will continue to be a few special purpose grants.

Most federal grants have held steady or declined from federal fiscal year 1995 through the 1997 President's budget, House and Senate bills. The Clean Lakes program has not received new funding since 1995. The last of those grant funds will be spent in fiscal year 1997. There have been decreases in some of the basic water programs, including Wastewater Pollution Control Research, Wetland Protection Grants, and National Pollutant Discharge Elimination Grants. Funding for Tribal governments is an EPA priority and funds to states have decreased to provide this funding. Grants for Nonpoint Source Implementation are expected to remain steady. Overall, water programs anticipate a 13% decrease in federal support in the FY 1998-99 biennium over the current biennium.

The air program expects to experience relative stability in its grant funding in the coming biennium.

Several grants which protect the land will remain steady. These include Toxic Substance Compliance Monitoring and Hazardous Waste Management. Federal reimbursement for Superfund sites is dependent upon approved sites and the timing of work. Because of one large site, federal reimbursements are expected to increase by over $3.5 million from FY 1997 to FY 1998. These reimbursements are then expected to decline by almost $5 million from FY 1998 to FY 1999. Funds for the Leaking Underground Storage Tanks Program have been declining for several years. This trend is expected to continue with a 44% decrease between the current biennium and FY 1998-99.

1998-99 Biennial Budget
Federal Funds Summary
($ in Thousands)

Agency: Pollution Control Agency

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Water Pollution Control-State & Interstate Program Support	No	State Operations	163	-0-	-0-	-0-
Water Quality Control Information System	Yes	State Operations	26	43	48	50
Water Pollution Control-Lake Restoration Cooperative Agreements	Yes	Grants-Political Subd.	168	322	-0-	-0-
Water Quality Management Planning	No	State Operations	89	296	247	180
Capitalization Grants for State Revolving Funds	Yes	Grants-Political Subd.	878	1,122	740	740
Nonpoint Source Implementation Grants	Yes	Grants-Political Subd.	2,453	4,012	3,885	3,885
Wetlands Protection-State and Tribal Development Grants	Yes	State Operations	165	271	100	100
National Pollutant Discharge Elimination System	Yes	State Operations	200	607	378	380
Water Pollution Control-Research, Development and Demonstration	Yes	State Operations	710	711	275	135
Environmental Protection Consolidated Grants-Program Support	Yes	State Operations	1,386	974	1,041	1,041
Air Pollution Control Program Support	Yes	State Operations	1,529	1,544	1,746	1,511
Air Pollution Control Research	No	State Operations	121	33	-0-	-0-
CEPP Technical Assistance Grants Program	No	State Operations	31	37	-0-	-0-
Survey, Studies, Investigations	Yes	State Operations	39	254	66	-0-
Reimbursement of Technical Services	No	State Operations	39	254	66	-0-
Superfund State Site-Specific Cooperative Agreements	Yes	State Operations	3.313	4,239	7,937	3,030
Lead Abate Compliance	No	State Operations	26	-0-	-0-	-0-
Toxic Substances Compliance Monitoring Cooperative Agreement	Yes	State Operations	83	98	98	98
Hazardous Waste Management State Program Support	Yes	State Operations	1,237	1,300	1,300	1,300
State Underground Storage Tanks Program	Yes	State Operations	185	270	191	179

1998-99 Biennial Budget
Federal Funds Summary
($ in Thousands)

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Leaking Underground Storage Tanks Program	Yes	State Operations	1,666	1,689	952	914
Pollution Prevention Grants Program	Yes	State Operations	93	94	97	100
Total (Federal Direct)			14,892	18,268	19,476	14,031
Total (Federal Indirect - Special Revenues)			3,326	3,800	3,000	3,000
Agency Total			18,218	22,068	22,476	17,031

PROGRAM: Protection of the Water
AGENCY: Pollution Control Agency (MPCA)

PROGRAM DESCRIPTION:

The mission of the Protection of the Water 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 discharges, controlling nonpoint sources of pollution or polluted runoff, and assessing water quality to provide information and data upon which to make social, financial, technical and environmental management decisions.

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 on a watershed basis, financial grants or loans and technical assistance to implement corrective and preventative programs.
- The need to maintain the gains made in reducing and eliminating point source pollution. Minnesota municipalities have constructed wastewater treatment facilities worth more than $1.5 billion and industries have made large capital investments in wastewater treatment as well. The waters of the state of Minnesota have significantly improved due to this investment. The program is focusing on improving the permitting and compliance and enforcement service levels while maintaining or improving the level of environmental protection provided.
- 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 water 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 the existing quality of our waters. A comprehensive water quality monitoring system will allow the agency to better measure environmental outcomes resulting from pollution control activities.

PROGRAM STATUS:

The Protection of the Water Program is employing a basin management strategy for protecting and enhancing our state waters. Basin management is an approach to water-quality protection and restoration that focuses on the water resources themselves, rather than strictly on programs. This management approach assesses the quality of water within a geographical area, establishes shared goals for water quality within the area, determines the causes for nonattainment of water quality goals, prioritizes areas for corrective or preventative activities with partners, implement management practices and evaluates progress toward achieving shared water quality goals. A basin management approach will help us focus and coordinate our efforts based on clearly defined water-quality priorities within each of Minnesota's 10 major drainage basins. By involving citizens, local government, business, industry, and other agencies and organizations in determining where and how program resources should be directed, basin management will also help improve communication and coordination between the PCA and its customers. 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 1996 Agency Report to be accomplished as follows:

- Control the amount of conventional pollutants discharged to surface waters below permitted levels.
- Improve the performance of municipal and industrial wastewater treatment facilities and feedlots through training.
- Improve the fishing and swimming quality of our lakes and rivers.
- Increase the use of partnerships and cooperative efforts through alliances with counties and a higher level of citizen involvement.
- Develop biocriteria for all major river basins of the state.
- Control sediment from construction activities.
- Improve the service levels of the point and nonpoint source permitting and licensing programs.
- Control manure from feedlot activities.

BUDGET AND REVENUE SUMMARY:

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

LCMR project: RED RIVER VALLEY PLANNING AND MANAGEMENT $375,000. This appropriation is from the trust fund to the PCA to create an ecosystem plan for the Red River Valley integrating land and water basin management strategies in cooperation with interstate and international organizations.

LCMR Project: WATER QUALITY INDICATORS OF ENDOCRINE DISRUPTING CHEMICALS $250,000. This appropriation is from the trust fund to the PCA to monitor and research the effects of endocrine disrupting chemicals in surface waters on fish and wildlife analysis of biological effects.

LCMR Project: ON-SITE SEWAGE TREATMENT ALTERNATIVES: PATHOGEN REMOVAL/TECHNOLOGY TRANSFER $500,000. This appropriation is from the Minnesota Resources Fund to the PCA to develop and demonstrate and promote reliable, low cost alternative designs for septic systems in areas with seasonally high water tables, and designs for removal of nitrogen by septic systems and evaluate their effectiveness at pathogen removal.

NOTE: Individual Septic System Certification Fees: State law requires that the PCA reimburse $120,000 to the environmental fund by 6-30-97. The Protection of the Water Program has carefully analyzed its anticipated individual septic system certification fee revenues from 1997 to 1999. Based on this analysis the Protection of the Water Program anticipates eliminating the deficit by 1999. A statutory change is required to allow a time extension for reimbursement of the fund. The deficit was $76,000 at the beginning of F.Y. 1997.

NOTE: Operator Training Fees: The Protection of the Water Program is implementing a plan that will result in an increase in the revenues from wastewater operator training registration fees. This plan

was developed based on the recommendations of the Governor's Blue Ribbon Task Force on Funding Minnesota's Protection of the Water Programs which found that the PCA should make training financially self-supporting while continuing to meet high service levels.

The existing National Pollutant Discharge Elimination System (NPDES) fee revenue deficit is scheduled to be internally managed through program efficiencies. The Protection of the Water Program has carefully analyzed its anticipated permit fee revenues for 1997. Based on this analysis the Protection of the Water Program anticipates eliminating the deficit by 1997. The deficit was $440,000 at the beginning of F.Y. 1997. This deficit is separate from the need to increase program funding beyond the 30% fee support that is currently appropriated.

The point source permitting program is facing a funding shortfall for the biennium.

GOVERNOR'S RECOMMENDATION:

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

- $2,350,000 from the General Fund for water monitoring to provide necessary data to determine problems,trends and effective solutions to improve environmental outcomes.
- $870,000 from the General Fund to provide technical assistance for communities to leverage resources to improve and maintain Minnesota's water quality.
- $300,000 from the General Fund to begin to address the issues surrounding hydrogen sulfide, particularly as they relate to feedlots.
- $400,000 from the General Fund to assist in addressing failing septic systems which impact water quality.
- $428,000 from the General Fund for operating funds for the Wastewater Infrastructure Fund so that resources to improve water quality are dispersed in a timely manner.
- $1,911,000 ($1,509,000 in the Protection of the Water Program and $402,000 in the General Support Program.) from the Environmental Fund to maintain the base program and service improvements gained through implementation of Blue Ribbon Task Force recommendations. This should be funded by an increase in permit fees.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
POINT SOURCE POLLUTION	3,814	4,294	3,064	3,064	3,810	2,914	2,914	3,533
ENVIRONMENTAL ASSESSMENT	2,763	3,440	2,271	2,521	3,994	2,089	2,089	3,238
WATERSHED ASSISTANCE/OPERATION	6,521	9,234	8,820	9,195	9,798	7,024	7,024	7,591
NONPOINT SOURCE POLLUTION	2,655	2,913	3,367	3,823	4,231	3,440	3,396	3,688
TOTAL EXPENDITURES BY ACTIVITY	15,753	19,881	17,522	18,603	21,833	15,467	15,423	18,050
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		625				
LCMR NEW ALLOCATIONS		MNR		500				
ISTS REDUCTION		ENV		<44>			<44>	
TOTAL AGENCY PLAN ITEMS				1,081			<44>	
GOV'S INITIATIVES:		FUND						
(A) WQ FEE INITIATIVE		ENV			861			648
(B) WQ MONITORING INITIATIVE		GEN			1,312			1,038
(B) COMMUNITY ASSISTANCE INITIATIVE		GEN			435			435
(B) WASTEWATER INFRASTRUCTURE FUND		GEN			214			214
(B) HYROGEN SULFIDE INITIATIVE		GEN			208			92
(B) ISTS INITIATIVE		GEN			200			200
TOTAL GOV'S INITIATIVES					3,230			2,627
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				625	625			
GENERAL	5,170	7,139	8,196	8,196	10,565	6,353	6,353	8,332
MINNESOTA RESOURCES	955	391		500	500			
STATE GOVERNMENT SPECIAL REVENUE	22	60	42	42	42	43	43	43
SPECIAL REVENUE	65	65						
ENVIRONMENTAL	2,952	2,845	2,540	2,496	3,357	2,600	2,556	3,204
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	403	846	263	263	263	193	193	193
FEDERAL	6,186	8,535	6,481	6,481	6,481	6,278	6,278	6,278

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TOTAL EXPENDITURES	15,753	19,881	17,522	18,603	21,833	15,467	15,423	18,050
FTE BY EMPLOYMENT TYPE:								
REGULAR	209.8	215.8	196.8	199.8	234.6	192.3	195.3	225.9
TEMP/SEAS/PART_TIME	2.7	4.3	4.4	4.4	6.4	4.4	4.4	7.4
TOTAL FTE	212.5	220.1	201.2	204.2	241.0	196.7	199.7	233.3

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Water
ACTIVITY:

ITEM TITLE: Water Quality Fee Initiative

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
Environmental Fund				
- State Operations	$1,095	$816	$620	$440
Revenues: ($000s)				
General Fund	$1,095	$816	$620	$440

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Environmental Fund, water quality permit fee account, appropriation be increased by $1,095,000 in F.Y. 1998 ($861,000 in Protection of Water and $234,000 in General Support) and by $816,000 in F.Y. 1999 ($648,000 in Protection of Water and $168,000 in General Support) to allow the point source permitting program to implement the consultant developed plan to redesign the program for adequacy and efficiency. This amount will fund existing positions, 15.8 FTEs in F.Y. 1998 and 11.6 in F.Y. 1999.

RATIONALE:

Minnesota places a high value on its water resources. As part of its effort to protect these resources, the Minnesota Pollution Control Agency (MPCA) uses permits to regulate waste from municipal and industrial facilities. The Point Source permitting program is responsible for administering municipal and industrial activities. The program faced a funding shortfall in 1995 and the legislature established 2 year bridge funding while the program worked with its customers to define what constitutes an adequate program and how the program should be funded. The Governor's 1995 Blue Ribbon Task Force on Funding Minnesota's Water Quality Programs established service level and funding level goals for the program. In 1997, the program began an effort to redesign activities in order to gain efficiencies and meet the service and funding level goals established by its customers.

The increase in the water quality fee appropriation is needed for full scale implementation of the program redesign plan in F.Y. 1998. The increased fee revenue will ensure the program will have the staff necessary to develop the procedures and policies necessary to incorporate the plan into the day-to-day work. Initially, work will be slowed due to the demands of training and program development. However, the agency anticipates these efforts will produce a program that is much more efficient and plans to monitor these efficiencies and establish methods to work with permittees on accountability issues. A 5% cut in the Point Source budget is proposed for F.Y. 1999. The requested fee appropriation increase will be reevaluated for the F.Y. 2000-2001 biennium to adjust for efficiencies established in the program.

PROGRAM OUTCOMES:

Additional water quality fee revenue will facilitate the following:

- Implement the program redesign plan developed by an independent consultant that is targeted to improve program efficiencies by more than 30% over the biennium.
- Provide adequate resources for training and program development needed for plan implementation.
- Implement program process changes before reducing staff.
- Meet the service level goals established by the Blue Ribbon Task Force.
- Establish a more efficient program that will result in a future reduction of program costs.

LONG-TERM IMPACT:

The result will be a point source permitting program designed for efficiency, effectiveness and productivity within the constraints of decreasing federal and state funding.

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

ACTIVITY DESCRIPTION:

The point source pollution control activity focuses on the achievement of compliance with wastewater discharge permits 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. The activity is focusing on improving the permitting and compliance and enforcement service levels while maintaining or improving the level of environmental protection provided. This activity:

- Provides technical assistance to help facilities comply with the terms and conditions of their permits.
- Provides 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 do not degrade the environment.
- Reissues existing permits in compliance 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 rough the Permit Compliance System and DELTA.
- 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:

This financial shortfall which resulted from cutbacks in federal funding was addressed during the 1996/1997 biennium with bridge funding, which included a transfer of funds from the Motor Vehicle Transfer Account from the final balance, and an increase in the rate of use of State Revolving Fund (SRF) administrative dollars. Approximately 16.0 positions in 1998 and 12.0 positions in 1999 will be lost without adequate funding.

The Protection of the Water Program is implementing a plan that will result in the revenues from wastewater operator training registration fees. This plan was developed based on the recommendations of the Governor's Blue Ribbon Task Force on Funding Minnesota's Water Quality Programs which found that the PCA should make training financially self-supporting while continuing to meet high service levels.

The MPCA is required by M.S. 446a to perform administrative functions for the Wastewater Infrastructure Fund (WIF) Program. The WIF Program was significantly increased in 1995, but no administrative funds were provided to the MPCA. The MPCA is currently using staff from other programs to cover these responsibilities. This is becoming increasingly problematic as the number of applications received more than tripled over the past year. An appropriation increase is needed to help the MPCA provide required services.

REVENUE:

Revenue is generated at the program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: POINT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,906	2,969	2,415	2,415	2,975	2,331	2,331	2,794
OPERATING EXPENSES	795	1,305	649	649	835	583	583	739
SUBTOTAL STATE OPERATIONS	3,701	4,274	3,064	3,064	3,810	2,914	2,914	3,533
LOCAL ASSISTANCE	113	20						
TOTAL EXPENDITURES	3,814	4,294	3,064	3,064	3,810	2,914	2,914	3,533
GOV'S INITIATIVES:		FUND						
(A) WQ FEE INITIATIVE		ENV			532			405
(B) WASTEWATER INFRASTRUCTURE FUND		GEN			214			214
TOTAL GOV'S INITIATIVES					746			619
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	164	190	121	121	335	126	126	340
STATE GOVERNMENT SPECIAL REVENUE	22	60	42	42	42	43	43	43
ENVIRONMENTAL	1,891	1,859	1,647	1,647	2,179	1,694	1,694	2,099
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	373	655	256	256	256	186	186	186
FEDERAL	1,364	1,530	998	998	998	865	865	865
TOTAL EXPENDITURES	3,814	4,294	3,064	3,064	3,810	2,914	2,914	3,533
FTE BY EMPLOYMENT TYPE:								
REGULAR	56.8	62.2	49.2	49.2	62.0	46.2	46.2	56.8
TEMP/SEAS/PART_TIME	.4							
TOTAL FTE	57.2	62.2	49.2	49.2	62.0	46.2	46.2	56.8

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F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Water
ACTIVITY: Point Source Pollution

ITEM TITLE: Water Quality Wastewater Infrastructure Fund

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$214	$214	$214	$214
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that $214,000 be appropriated in each of F.Y. 1998 and F.Y. 1999 from the General Fund for 4.0 FTEs and associated expenses for the administration of the Wastewater Infrastructure Fund (WIF). The WIF program was increased significantly in 1995, but no administrative funds were provided to the MPCA.

RATIONALE:

The agency should have the staff needed to perform the duties required to fulfill the administrative functions set out in statute. The MPCA is required by MS 446a to perform administrative functions for the WIF program. The MPCA is currently using staff from other programs to cover these responsibilities because no administrative funds have been provided. The number of WIF appliations received more than tripled from 1996 to 1997. Now that the level of forgivable loan dollars offered through the WIF program is increasing and the program is receiving a larger number of applications, the MPCA is no longer able to effectively administer the program with existing staff.

PROGRAM OUTCOMES:

Providing the MPCA with administrative dollars for the WIF program will facilitate the following:

- Fulfill the MPCA statutory responsibilities for priority ranking applicant projects, performing technical review and certifying applications.
- Preventing a backlog in loan applications processing to develop.
- Preventing the delay of construction projects needed to address wastewater treatment needs in the state.
- Establishing efficient and effective administration for the WIF program in partnership with the Public Facilities Authority.

LONG-TERM IMPACT:

Providing staff for the administration of the WIF program will ensure the funding is most effectively used to address state wastewater treatment needs and related environmental concerns. In the past, the Federal Construction Grants Program provided much of the financial assistance to municipalities for addressing their wastewater treatment needs. Now that the federal grant program has ended, the WIF and the State Revolving Fund are the main sources of assistance. Interest in this funding will become increasingly stronger as many of the treatment facilities reach the end of their expected lives. Therefore, WIF funding is anticipated to continue and the MPCA will have the resources necessary to perform its administrative duties and make the program efficient and effective now and in the future.

BUDGET ACTIVITY: Environmental Assessment
PROGRAM: Protection of the Water
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; and analyses of water quality trends and the establishment of water quality standards and designated uses for lakes and waterways through partnerships with local, state, and federal agencies, citizens and regulated parties. This activity:

- Establishes ambient water quality standards and designated uses for lakes and waterways.
- Sets wastewater discharge effluent limitations.
- Conducts special studies of toxic pollutant problems.
- Conducts ambient water quality monitoring to establish the water quality condition for basin management implementation.
- Maintains and provides to citizens and other interested parties up to 30 years of data on over 2,000 lakes and 4,000 miles of water ways.
- Measures environmental outcomes resulting from pollution control activities.

BUDGET ISSUES:

Minnesota's water wealth of over 10,000 lakes and more than 91,000 miles of water ways not only means we have a great deal of resources to protect, it means we have a responsibility to learn 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 preventative measures we are employing are affecting the existing quality of our waters. A comprehensive ambient water quality monitoring system will allow the state to better measure environmental outcomes resulting from pollution control activities. There is a need to expand and improve our monitoring and assessment capability for state waters.

REVENUE:

Revenue is generataed at program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: ENVIRONMENTAL ASSESSMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,931	1,933	1,793	1,918	2,395	1,690	1,690	2,144
OPERATING EXPENSES	210	1,072	478	548	994	399	399	794
SUBTOTAL STATE OPERATIONS	2,141	3,005	2,271	2,466	3,389	2,089	2,089	2,938
LOCAL ASSISTANCE	622	435		55	605			300
TOTAL EXPENDITURES	2,763	3,440	2,271	2,521	3,994	2,089	2,089	3,238
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		250				
TOTAL AGENCY PLAN ITEMS				250				
GOV'S INITIATIVES:		FUND						
(A) WQ FEE INITIATIVE		ENV			161			111
(B) WQ MONITORING INITIATIVE		GEN			1,312			1,038
TOTAL GOV'S INITIATIVES					1,473			1,149
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				250	250			
GENERAL	852	1,201	1,165	1,165	2,477	1,024	1,024	2,062
MINNESOTA RESOURCES	220	151						
SPECIAL REVENUE	65	65						
ENVIRONMENTAL	307	390	167	167	328	137	137	248
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	30	49						
FEDERAL	1,289	1,584	939	939	939	928	928	928

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: ENVIRONMENTAL ASSESSMENT

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL EXPENDITURES	2,763	3,440	2,271	2,521	3,994	2,089	2,089	3,238
FTE BY EMPLOYMENT TYPE:								
REGULAR	38.7	39.2	33.1	35.1	46.1	33.1	35.1	45.1
TEMP/SEAS/PART_TIME	2.3				2.0			3.0
TOTAL FTE	41.0	39.2	33.1	35.1	48.1	33.1	35.1	48.1

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Water
ACTIVITY: Environmental Assessment

ITEM TITLE: Interagency Water Monitoring Initiative

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$762	$738	$738	$738
- Grants	$550	$300	$300	$300
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that $1,312,000 be appropriated in F.Y. 1998 and $1,038,000 be appropriated in F.Y. 1999 from the General Fund for increased monitoring of the quality of the state's surface and ground waters. The total includes10.0 FTEs in F.Y. 1998 and 11.0 FTE in F.Y. 1999 and associated expenses as well as $550,000 in F.Y. 1998 and $300,000 in F.Y. 1999 to be passed through to the Metropolitan Council for monitoring specific to the Twin Cities areas.

RATIONALE:

Monitoring provides the information needed to: 1) assess the quality of our water, identifying problems that need to be addressed; 2) investigate those problems, determining both cause and necessary remedial actions; and 3) evaluate the effectiveness of our regulatory and management programs in resolving those problems and protecting our water resources. In spite of the obvious need for this information, existing programs are sufficient to provide valid assessments of only 4% of Minnesota's river miles and 15% of the state's lakes.

Significant changes have already been made in what the MPCA monitors, in response to changes in the water pollution problems being dealt with in the state. Significant changes have likewise been made in how the MPCA monitors, in order to make monitoring more cost-effective and better provide useable results. This initiative, is part of an interagency effort to make monitoring more comprehensive, filling some of the remaining gaps in the information necessary to adequately manage our waters. The initiative furthers the work of the 1992 Minnesota Water Monitoring Plan developed by the Environmental Quality Board. It responds to the objectives and priorities identified in that plan, recognizing that important steps have been taken but that additional progress must still be made.

PROGRAM OUTCOMES:

Funding will help provide a more comprehensive picture of water quality in Minnesota through:

- Integrated Condition Monitoring for Rivers, Streams and Wetland, using biological monitoring of the fish and macroinvertebrate communities as well as water chemistry, flow, and habitats to give a statistically-valid picture of overall water quality and trends.
- Improved Lake Monitoring through increased examination of trends in state lakes as well as expansion of the Lake Assessment Program's cooperative efforts with local groups to characterize a given lake's condition and provide a solid basis for local protection and restoration activities.
- Improved Trend Monitoring of Ground Water through the installation of additional monitoring wells and through the gathering of detailed geologic and flow information needed for valid trend assessments.
- Support for Volunteer Monitoring through the initiation of a citizen stream monitoring program to accompany the already-existing and very successful Citizen Lake Monitoring Program, through which volunteers collect water quality data on more than 650 lakes across the state.
- Increased Fish Tissue Monitoring through a coordinated effort with the DNR to build into existing monitoring additional analyses to examine the bio-accumulation of heavy metals and organic compounds in fish.
- Monitoring to Investigate High-Priority Specific Sites or Issues in order to provide the information necessary to set permit limits or control nonpoint sources or to examine emerging environmental issues and inform policy makers.
- Monitoring Coordination and Data Management and Assessment to ensure that monitoring is carefully planned and is coordinated with other agencies' efforts and to ensure that data is collected in a way that facilitates computerization and is computerized in a way that facilitates its use as information.
- Monitoring of Metro Area Rivers and Streams (through the Metropolitan Council): to 1) identify nonpoint sources of mercury and PCB to the Minnesota River; 2) identify and characterize river sediment contamination; 3) use automated sampling equipment at watershed outlets to assess current conditions and develop target pollutant loads; and 4) evaluate the effectiveness of nonpoint source BMPs currently being used.

LONG-TERM IMPACT:

The long-term result of better water monitoring is the assurance that water management dollars are spent wisely. By providing the information necessary to identify and solve problems and then evaluate results, monitoring leads to water quality programs that are cost-effective and directly accountable to the public they serve.

BUDGET ACTIVITY: Watershed Assistance and Operations
PROGRAM: Protection of the Water
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

The watershed assistance and operations activity focuses on the development of a state wide approach to water quality protection and restoration that focuses on the water resources themselves, rather than strictly on programs by utilizing partnerships with citizens, business, industry, local government, and other state and federal agencies to determine where and how pollution control resources should be directed. It also provides financial and technical assistance to local units of government working on watershed protection and improvement projects. This program relies on an emphasis on communication and coordination efforts between the PCA and other organizations; development of new programs and strategies; as well as management for the water pollution control program. This activity:

- Establishes goals for maintaining and enhancing water quality for basins and develops basin management plans for prioritizing work efforts and focusing resources for pollution control through alliances with citizens; local governments, and other agencies.
- Develops and implements the nonpoint source management plan for the state of Minnesota in conjunction with 15 other state, federal, and local agencies, including application for federal nonpoint source grant money and administration of these funds to other participating agencies.
- 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, and individual citizens.
- Leads the support and management of water quality projects.

BUDGET ISSUES:

The development of a state wide basin management framework has been funded with discretionary federal funds. It is anticipated that the federal government will shift the use of these funds to new areas of focus over the biennium. Once implemented, it is expected that basin management will bring improved efficiencies to state and local government water pollution control efforts; however, transition costs are high and resources are needed to help implement this state wide approach to water resource management.

REVENUE:

Revenue is generated at the program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: WATERSHED ASSISTANCE/OPERATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,448	4,019	3,619	3,744	4,074	3,650	3,650	3,946
OPERATING EXPENSES	729	1,563	899	1,149	1,222	1,076	1,076	1,147
SUBTOTAL STATE OPERATIONS	4,177	5,582	4,518	4,893	5,296	4,726	4,726	5,093
LOCAL ASSISTANCE	2,344	3,652	4,068	4,068	4,268	2,064	2,064	2,264
TRANSFERS			234	234	234	234	234	234
TOTAL EXPENDITURES	6,521	9,234	8,820	9,195	9,798	7,024	7,024	7,591
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		375				
TOTAL AGENCY PLAN ITEMS				375				
GOV'S INITIATIVES:		FUND						
(A) WQ FEE INITIATIVE		ENV			168			132
(B) COMMUNITY ASSISTANCE INITIATIVE		GEN			435			435
TOTAL GOV'S INITIATIVES					603			567
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				375	375			
GENERAL	3,155	4,161	4,645	4,645	5,080	2,858	2,858	3,293
MINNESOTA RESOURCES	150							
ENVIRONMENTAL	348		54	54	222	114	114	246
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE		52						
FEDERAL	2,868	5,021	4,121	4,121	4,121	4,052	4,052	4,052

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: WATERSHED ASSISTANCE/OPERATION

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL EXPENDITURES	6,521	9,234	8,820	9,195	9,798	7,024	7,024	7,591
FTE BY EMPLOYMENT TYPE:								
REGULAR	77.7	68.5	70.5	72.5	80.5	69.0	71.0	78.0
TEMP/SEAS/PART_TIME		4.3	4.4	4.4	4.4	4.4	4.4	4.4
TOTAL FTE	77.7	72.8	74.9	76.9	84.9	73.4	75.4	82.4

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Water
ACTIVITY: Watershed Assistance and Operations

ITEM TITLE: Interagency Community Technical Assistance and Education

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$235	$235	$235	$235
- Grants	$200	$200	$200	$200
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends that $435,000 be appropriated to the MPCA in each of F.Y. 1998 and F.Y. 1999 for the Community Technical Assistance and Education Initiative. Of this amount, $200,000 is for grants to fund local watershed alliances and initiatives each year and $235,000 is for 4.0 FTEs in field offices per year to work with local authorities and citizens in managing the environment and natural resources.

RATIONALE:

This is the MPCA's portion of the Community Technical Assistance and Education Initiative. The rationale for this interagency initiative is to ensure effective local community management of the environment and natural resources. The action requested is funding for field level personnel, whose expertise and scientific information will be made available to local authorities and citizens for managing the environment and natural resources. Grant money to improve local involvement is also requested.

The MPCA's Protection of the Water Program is making a transition to a geographically based approach to managing the state's water quality resources. This approach, called basin management, is focused around the state's 10 major river basins. A key element of this approach is working with local communities to develop shared goals, set water quality priorities and develop integrated point and nonpoint source strategies to protect and improve water quality. Staff located in the Marshall, Brained, Detroit Lakes and Duluth Regional Offices will provide technical assistance, information and support to communities working on local and basin water quality protection and improvement tailored to local needs and desires. Regional staff, who live in the area and are closer to the customers, can most effectively work with local partners on developing priorities and strategies for water quality improvement.

The grant funds provide seed money to initiate efforts for water quality management. Initiating water quality efforts requires an investment by cooperating partners. The MPCA needs funds to provide its share of support for these local initiatives. The agency's experience with the Minnesota River basin points to the need for resources to catalyze and focus local efforts. Without the funds provided by the legislature to use as seed money, it would have been difficult to get many non-successful efforts going in the Minnesota River basin. Examples of activities that could be funded by these grants include seed money to help community groups get established, training to meet specific needs or training directed toward specific customers, and funding to local organizations for sponsoring a watershed conference.

PROGRAM OUTCOMES:

Basin management will help the MPCA focus and coordinate its efforts based on clearly defined water quality priorities within each of Minnesota's major basins. Protecting and improving water quality requires coordinated efforts by stakeholders at all levels. By involving citizens, local government and other agencies in determining where and how program resources should be directed, basin management will help ensure that water quality improvement strategies are tailored to the needs of the local area. It will also improve communication and coordination between the MPCA and other organizations, which will promote the leveraging of resources and help identify areas where state and local efforts can complement each other.

Water quality efforts have traditionally focused on individual types of pollutants and pollutant source. Basin management will integrate and target point and nonpoint source pollution programs to directly address the particular causes and sources of specific water quality problems.

LONG-TERM IMPACT:

The long-term impact of this proposal is e effective local environmental management. At the local level, problems are more approachable and custom solutions to problems are possible. These funds for staff in the MPCA's regional offices and watershed alliance grants will allow the agency to work together with communities to establish shared goals and priorities, focus on environmental results and develop integrated point and nonpoint source pollution reduction strategies.

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

ACTIVITY DESCRIPTION:

This activity protects and enhances the quality of Minnesota lakes, streams and ground water by reducing and controlling pollution from urban and ruaral sources utilizing a balanced set of water quality protection tools including education, technical assistance, financial assistance, rules, permits, enforcement and alliances with local units of government. This activity:

- Issues permit and certificates of compliance for the control of pollution from feedlots throughout the state.
- Issues permits for the control of pollution from industrial and construction activities throughout the state.
- Trains and certifies on-site septic system treatment professionals to ensure septic systems are properly designed and installed.
- Provides technical and administrative assistance for municipalities to secure financial assistance to construct and upgrade individual septic systems, in cooperation with the Public Facilities Authority.
- Builds strong alliances with counties and other Local Units of Government for the purposes of establishing state-wide technical standards for individual septic treatment systems.
- Provides technical and administrative assistance for counties seeking delegation for the state feedlot permit program.

BUDGET ISSUES:

State law requires that the MPCA reimburse $120,000 to the environmental fund by 6-30-97. The Protection of the Water Program has carefully analyzed its anticipated individual septic system certification fee revenues from 1997 to 1999. Based on this analysis, the Protection of the Water Program anticipates loan repayment by 1999. A statutory change is required to allow a time extension for reimbursement of the fund. The unpaid balance was $79,000 at the beginning of 1997.

Recent air quality testing has shown that levels of hydrogen sulfide in the vicinity of some larger hog farms, as well as certain industrial facilities, are likely exceeding state ambient standards. The extent of the problem is not known and additional resources are needed to address the issue.

The effectiveness of the Individual Sewage Treatment System program could be greatly improved with additional resources focused on partnerships, service delivery, focused research, improved training, and east-to-access technical assistance. Existing funding resources are only able to provide a minimal program that barely meets the statutory responsibilities established for the MPCA. Additional resources would allow the agency to provide better service to local government and business.

REVENUE:

Revenue is generated at the program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: NONPOINT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,851	2,190	2,235	2,235	2,346	2,318	2,318	2,429
OPERATING EXPENSES	179	425	242	198	415	257	213	302
SUBTOTAL STATE OPERATIONS	2,030	2,615	2,477	2,433	2,761	2,575	2,531	2,731
LOCAL ASSISTANCE	625	298	35	535	615	10	10	102
TRANSFERS			855	855	855	855	855	855
TOTAL EXPENDITURES	2,655	2,913	3,367	3,823	4,231	3,440	3,396	3,688
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		MNR		500				
ISTS REDUCTION		ENV		<44>			<44>	
TOTAL AGENCY PLAN ITEMS				456			<44>	
GOV'S INITIATIVES:		FUND						
(B) HYROGEN SULFIDE INITIATIVE		GEN			208			92
(B) ISTS INITIATIVE		GEN			200			200
TOTAL GOV'S INITIATIVES					408			292
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	999	1,587	2,265	2,265	2,673	2,345	2,345	2,637
MINNESOTA RESOURCES	585	240		500	500			
ENVIRONMENTAL	406	596	672	628	628	655	611	611
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE		90	7	7	7	7	7	7
FEDERAL	665	400	423	423	423	433	433	433

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE WATER
ACTIVITY: NONPOINT SOURCE POLLUTION

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL EXPENDITURES	2,655	2,913	3,367	3,823	4,231	3,440	3,396	3,688
FTE BY EMPLOYMENT TYPE:								
REGULAR	36.6	45.9	44.0	43.0	46.0	44.0	43.0	46.0
TOTAL FTE	36.6	45.9	44.0	43.0	46.0	44.0	43.0	46.0

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Water
ACTIVITY: Nonpoint Source Pollution

ITEM TITLE: Hydrogen Sulfide in Feedlots

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$208	$92	$150	$150
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $300,000 from the General Fund for the Minnesota Pollution Control Agency (MPCA) to accelerate and broaden efforts to address hydrogen sulfide emissions. Much of this expanded effort will be related to animal feedlots.

RATIONALE:

Recent air quality testing by Renville County, the MPCA and concerned citizens has shown that levels of hydrogen sulfide in the vicinity of some larger hog farms, as well as certain industrial facilities with high strength organic wastes, are likely exceeding state ambient standards. It is not known how many facilities have this problem. Also, the Minnesota Department of Health has stated that the levels measured at some facilities are a human health concern, though not an emergency. This was an unexpected problem at livestock facilities. Therefore, resources are needed to address the issue.

This initiative will fund a position at the MPCA to assist in monitoring and analysis of data related to this issue. It will also fund additional equipment for monitoring hydrogen sulfide as well as a range of other compounds that may be coming from these facilities. Funding is also included for one additional positions for compliance assistance for agricultural producers related to air quality issues. Funding is also provided for a study to better determine the scope and magnitude of the hydrogen sulfide problem related to animal agriculture.

PROGRAM OUTCOMES:

This effort will result in a much better understanding of the nature and scope of hydrogen sulfide and other air contaminants related to animal agriculture. It will also result in compliance assistance for both industrial facilities and agricultural producers in their efforts to meet existing state standards for hydrogen sulfide.

LONG-TERM IMPACT:

Better understanding of the nature and scope of air quality problems related to feedlots will result in more effective permit review for proposed feedlots and better informed design and management of these facilities. This will reduce the air quality problems associated with these facilities. The MPCA will be better equipped to prevent and assist producers in eliminating existing air quality problems. This will result in both environmental and economic benefits as problems are resolved on a technical basis and costly litigation is avoided.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Water
ACTIVITY: Nonpoint Source Pollution

ITEM TITLE: Individual Sewage Treatment Systems (ISTS) Initiative

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$114	$114	$114	$114
- Grants	86	86	86	86
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $400,000 for the ISTS program from the General Fund to make needed adjustments to the existing ISTS program for further nonpoint source pollution control. Funds would be used during the biennium as follows: $172,000 for funding local partners in ISTS program development; $120,000 for a contract with the University of Minnesota for ISTS licensing training; and $108,000 for MPCA regional staff to assist local units of government with program development.

RATIONALE:

The agency is proposing several adjustments to the existing ISTS program through improved relationships with ISTS partners and decentralized service delivery.

Widespread failure of individual sewage treatment systems was a hot topic of discussion during the 1994 Legislative Session. In response, ISTS regulations were changed. The 1994 changes resulted in statewide licensing of ISTS professionals, minimum ISTS design standards, local administrative requirements (local units of government administer the program in "ordinanced" areas; the MPCA administers in "unordinanced" areas), and disclosure of ISTS status at property transfer.

There is broad support for this new ISTS program. However, specific complaints have been made by numerous counties, ISTS professionals, Realtors, and local governmental units during this program start up period. The Minnesota Department of Agriculture, Board of Water and Soil Resources, Department of Natural Resources, Department of Trade and Economic Development, Minnesota Housing Finance Authority, Environmental Quality Board, University of Minnesota and Minnesota Pollution Control Agency have shared some of these initial program concerns.

The MPCA initiated a review of the new ISTS program with the statutorially-established ISTS Advisory Committee and other stakeholder groups. A number of ISTS program improvements are being recommended as a result of this ISTS program review.

This ISTS initiative includes a number of these Program Review recommendations: 1) assistance to local units of government (LUG's) through existing BWSR competitive grant programs for local ISTS program development ($172,000/biennium); 2) one MPCA regional staff to assist local units of government with ISTS program development and implementation ($108,000/biennium) and, 3) a contract with the University of Minnesota to provide the increased and enhanced training that is needed by ISTS professionals ($120,000 in the F.Y. 1998-99 biennium) under the new requirements.

This proposal assumes that current MPCA staff time is partially freed for assistance with alternative wastewater treatment in unsewered areas, alternative on-site sewage treatment, financing for on-site sewage treatment, ISTS technology review and targeted outreach/education. These activities have been identified in the ISTS program review recommendations as well.

PROGRAM OUTCOMES:

The state goal of more adequately treating sewage generated by individual homes and businesses will be better met if the existing ISTS program is implemented with supportive partners.

These ISTS program adjustments will result in better working relationships with 2 critical ISTS partners: local government and ISTS professionals. Local government will have more available information, assistance, training and research support. ISTS professionals will be better positioned with skills, knowledge and sound research. Ultimately, Minnesota's homeowners will be better served by the more qualified local partners.

LONG-TERM IMPACT:

Minnesota ground and surface water quality will be protected and enhanced if sewage generated from individual homes and business is more adequately treated. Consumers will be better protected and the public will be more informed. Finally, current and future pollution problems in the state will benefit from improved relationships with these stakeholder groups.

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PROGRAM: Protection of the Air
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 1998-99 biennium, the air program will continue to implement and meet the requirements of the CAAA.

The primary goals of the air program are as follows: 1) To assess the risk to human health and the environment from air pollution; 2) to minimize or abate the impacts of air pollution by providing direction in the development of rules and programs; 3) to protect Minnesotans and the environment from exposure to air pollutants from mobile and nonindustrial (area) sources; 4) to limit pollution from industrial point sources in an efficient and effective manner; 5) to conduct a comprehensive, effective and timely program for compliance determination and enforcement; and 6) to help industry and small businesses reduce emissions and comply with air quality regulations by providing user-friendly compliance assistance services.

The issues associated with these activities are:

- Air Quality monitoring should be expanded to provide air quality data necessary to determine compliance status with the new federal standards for ozone and particulate matter.
- Plans and strategies need to be developed to ensure compliance with the new federal standard for ozone and particulate matter.
- To develop a comprehensive, market-based strategy to help reduce the emissions of mercury.
- Continue 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.
- Continue to direct resources to implementation of the new CAAA mandated permitting, compliance monitoring and hazardous air pollutant requirements at industrial point sources.
- Continue 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:

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 be maintained in order to continue implementation of the CAAA requirements.

On November 26, the U.S. Environmental Protection Agency announced new, more restrictive standards for ozone and particulate matter. These new standards are being proposed based on new health evidence concerning these pollutants, and in part, as a result of law suits. Many more metropolitan areas around the country will be out of compliance with these standards. Compliance strategies are expected to expand greatly. Areas that meet the standards may also be required to reduce emissions due to long-range transport contributions to these pollutants.

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.

PLANNED RESULTS:

The air program budget plan will allow the reported performance measures from the 1996 Performance Report to be accomplished or accelerated as follows:

Environmental Assessment and Direction

- Continue to expand the air monitoring activities so that pollutants of concern are monitored, particularly, to increase monitoring for ozone and particulate matter for which new federal standards are being promulgated.
- 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. To participate in nationwide activities, such as the Ozone Transport and Assessment Group, to reduce ozone pollution.
- To develop a comprehensive, market-based strategy to reduce mercury pollution.
- 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 redesignation of all areas in Minnesota currently considered by EPA to not fully meet air quality standards.
- Continue revising air quality rules to meet new federal requirements and to update and streamline the regulatory process.
- Review and update existing state performance standard rules to better reflect the technology available today.
- 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.

- Work cooperatively with the Office of Environmental Assistance, the agency's Ground Water and Solid Waste Division and the Minnesota Waste to Energy Association 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

- Issue all operating permits 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 registration permit rule and the control equipment rule, and gain EPA acceptance of these rules as federally enforceable, in order to reduce the permitting burden on sources with small amounts of actual emissions.
- Continue to investigate ways to reduce the permitting burden and promote pollution prevention through rules such as the registration permit rule.
- 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 Compliance Assurance 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:

LCMR Project: Atmospheric and non-point pollution trends in Minnesota Lakes $325,000. This appropriation is from the Trust Fund to help document geographic and historic trends in lake eutrophication and inputs of toxic metals.

Agency Decision Item:

The agency requests an increase in air permit fees in F.Y. 1998 ($171,000 in Protection of the Air Program and $29,000 in General Support Program) and $900,000 in F.Y. 1999 ($773,000 in Protection of the Air Progam and $127,000 in General Support Program.

The Federal Clean Air Act was amended in 1990 to require states to collect annual air emission fees to help cover the costs of operating the states air program. The legislature adopted an air fee statute in 1991. There is a requirement that the amount of fees collected must meet the proscriptive minimum needed to operate the federal permitting program. In addition to fees, the air program receives a substantial annual grant from the federal government for the operation of the air program. This grant requires a state match. The state match must be money appropriated to the agency above and beyond the proscriptive minimum needed to operate the federal permit program. The agency's appropriation currently does not fully meet the match requirement. EPA has issued a waiver from this requirement through F.Y. 1998. After that time, if the state does not meet the match requirement, the state will lose federal grant money. This legislation adjusts the air program appropriation to include the amount of state match necessary to fully qualify for the federal air pollution control grant. Without the full federal grant, many program activities will be reduced or eliminated. The activities that would be affected include air quality monitoring, noise pollution control, and air toxics regulation.

EPA is in the process of adopting new air quality standards for ozone and fine particulate matter. Additional funding is proposed to monitor for and evaluate compliance with these new standards. These new standards may have a dramatic effect on the air program and sources regulated by the program. It will be important to collect scientifically sound data to determine the state's compliance status to these new standards. In the past, ozone and fine particulate problems have been primarily limited to the Twin Cities metropolitan area. Monitoring for these new pollutants will be primarily targeted in the Twin Cities. Monitoring will begin in F.Y. 1998 and continue in F.Y. 1999.

If these standards are exceeded in Minnesota, strategies will need to be developed and submitted to EPA. Even if the standards are being met, voluntary measures to prevent future problems should be investigated. Voluntary ozone control programs are being implemented in other states with some degree of success. Activities related to ozone and particulate prevention will begin in F.Y. 1998 and expand in F.Y. 1999.

PROGRAM: Protection of the Air
AGENCY: Pollution Control Agency (MPCA)
(Continuation)

The agency is initiating a process to develop a comprehensive, market-based strategy to address mercury pollution. This process will include stakeholders and other states. An EPA grant is expected to partially fund this effort. Additional state funding is proposed to fully cover this important activity. The State of Wisconsin and EPA are also expected to provide in-kind support for this project. Stakeholders will be asked to participate in an open process to share ideas and develop a market-based plan that will lead to a least-cost reduction program, possibly including the trading and selling of credits or allowances. The resulting strategy is hoped to serve as the start for the development of a national program to reduce mercury. As a leader, in mercury pollution research, Minnesota is in a unique position to help develop national policy in this important area.

In F.Y. 1999, a portion of this appropriation will go to continue support of the air toxics program. The air toxics inventory of emissions required by state law has been supported by EPA grants that have expired. This activity needs continuing support. In addition, by the end of F.Y. 1998, the Department of Health is expected to have promulgated Health Risk Values for air, which will require additional support to help review new facilities or other facilities which trigger review based upon the Health Risk Values.

A portion of this appropriation in F.Y. 1999 will be used to continue the support and development global climate change policy. This effort was initiated last biennium through a federal grant. The federal government is a party to international agreements to reduce greenhouse gas emissions. The commissioner has been asked to help EPA develop an implementation policy for the country. Continued support for this activity is important because global climate change could affect 3 of the state's most important industries - agriculture, forest products and tourism, and to help ensure a smooth and least-cost implementation of the policy.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE AIR

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
ENVIRONMENTAL ASSESSMENT	4,115	4,546	4,615	5,111	5,111	4,429	5,202	5,202
POINT SOURCE POLLUTION	3,947	4,258	4,136	4,136	4,136	4,241	4,241	4,241
NONPOINT SOURCE POLLUTION	8,346	8,720	8,489	8,489	8,489	7,968	7,968	7,968
TOTAL EXPENDITURES BY ACTIVITY	16,408	17,524	17,240	17,736	17,736	16,638	17,411	17,411
AGENCY PLAN ITEMS:		FUND						
FED REQUIREMENTS (STATE MATCH)		ENV		171			773	
LCMR NEW ALLOCATIONS		EVT		325				
TOTAL AGENCY PLAN ITEMS				496			773	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				325	325			
MINNESOTA RESOURCES	5	570						
SPECIAL REVENUE	638	726	740	740	740	755	755	755
ENVIRONMENTAL	6,088	6,759	6,899	7,070	7,070	7,045	7,818	7,818
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	7,758	7,616	7,802	7,802	7,802	7,268	7,268	7,268
FEDERAL	1,819	1,645	1,746	1,746	1,746	1,511	1,511	1,511
ENVIRONMENTAL	100	208	53	53	53	59	59	59
TOTAL EXPENDITURES	16,408	17,524	17,240	17,736	17,736	16,638	17,411	17,411
FTE BY EMPLOYMENT TYPE:								
REGULAR	146.2	152.0	149.1	152.5	152.5	146.7	157.1	157.1
TEMP/SEAS/PART_TIME	.4							
OVERTIME	.2							
TOTAL FTE	146.8	152.0	149.1	152.5	152.5	146.7	157.1	157.1

BUDGET ACTIVITY: Environmental Assessment
PROGRAM: Protection of the Air
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. As directed by the legislature in the last biennial budget, the air program has established a statewide monitoring network for toxic air pollutants. This activity will provide data necessary to evaluate citizen's potential exposure to such pollutants. This will be a multi-year effort. 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 existing criteria pollutant monitoring activity satisfies current EPA requirements; however, EPA is in the process of adopting new air quality standards for ozone and fine particulate matter. Additional funding is proposed to monitor for and evaluate compliance with these new standards.
- An implementation strategy for compliance with the new air quality standards must be developed. This strategy should include innovative and voluntary efforts.
- The agency is initiating a process to develop a comprehensive, market-based strategy to address mercury pollution. This process will include stakeholders and other states. An EPA grant is expected to partially fund this effort. Additional state funding is proposed to fully cover this important activity.
- LCMR is proposing to fund research to help document geographic and historic trends in lake eutrophication and inputs of toxic metals, including mercury and organic pollutants from land-use impacts and atmospheric sources.
- The air program has scaled back and out-sourced its monitoring for acid deposition and mercury deposition.
- The air program will continue to support the statewide air toxics monitoring effort.
- The air program will direct its resources into developing redesignation requests for the remaining nonattainment areas over the biennium.
- The air program will rank rulemaking and air quality planning necessary to meet CAAA deadlines as a high priority during the biennium.
- The air program has received a federal grant to study human exposure to toxic air pollutants.
- The air program requests funding to continue to support the development of a global climate change policy. This effort was initiated last biennium through a federal grant. The federal government is a party to international agreements to reduce greenhouse gas emissions. The commissioner has been asked to help EPA develop an implementation policy for the country. Continued support for this activity is important because global climate change could affect 3 of the state's most important industries - agriculture, forest products and tourism, and to help ensure a smooth and least-cost implementation of the policy.
- The air program requests funding to continue efforts in collecting and reporting the emissions of toxic air pollutants. Federal grant money provided last biennium allowed for the development of methods and software to prepare an inventory of toxic air pollutant emissions in the Great Lakes Basin. All Great Lakes States participated in this effort. Continuing this activity is important to measure progress in reducing the emissions of toxic pollutants that affect the Great Lakes.
- The air program is requesting funding to assist in implementation of programs to reduce unsafe exposure to toxic air pollutants. The Minnesota Department of Health is developing guidelines of safe levels of toxic air pollutants. In addition, EPA continues to promulgate performance standards for industrial emissions of toxic air pollutants. Efforts are needed to develop and implement procedures for the application of the Health Department guidelines and to coordinate compliance with EPA performance standards.

REVENUE:

Reveneue is generated at the program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE AIR
ACTIVITY: ENVIRONMENTAL ASSESSMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,873	3,062	3,072	3,201	3,201	3,064	3,435	3,435
OPERATING EXPENSES	1,242	1,484	1,543	1,910	1,910	1,365	1,767	1,767
SUBTOTAL STATE OPERATIONS	4,115	4,546	4,615	5,111	5,111	4,429	5,202	5,202
TOTAL EXPENDITURES	4,115	4,546	4,615	5,111	5,111	4,429	5,202	5,202
AGENCY PLAN ITEMS:		FUND						
FED REQUIREMENTS (STATE MATCH)		ENV		171			773	
LCMR NEW ALLOCATIONS		EVT		325				
TOTAL AGENCY PLAN ITEMS				496			773	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				325	325			
ENVIRONMENTAL	2,660	2,987	3,057	3,228	3,228	3,091	3,864	3,864
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	45	157	15	15	15	15	15	15
FEDERAL	1,410	1,402	1,543	1,543	1,543	1,323	1,323	1,323
TOTAL EXPENDITURES	4,115	4,546	4,615	5,111	5,111	4,429	5,202	5,202
FTE BY EMPLOYMENT TYPE:								
REGULAR	58.5	60.8	59.1	62.5	62.5	57.0	67.4	67.4
TEMP/SEAS/PART_TIME	.3							
OVERTIME	.1							
TOTAL FTE	58.9	60.8	59.1	62.5	62.5	57.0	67.4	67.4

BUDGET ACTIVITY: Point Source Pollution
PROGRAM: Protection of the Air
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 CAAA will dramatically increase the regulatory requirements for permitting sources and the number of sources required to have an air permit in Minnesota. Outreach and education of permittees and the potential permittees have been added to this program as a result. We are also continuing to seek out ways to reduce the regulatory and permitting burden on sources.

The Compliance Program determines the compliance status of industrial point sources through the review of emissions testing, continuous emissions monitoring data, other compliance 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, collects civil monetary fines for noncompliance. The enforcement program is also responsible for regulating compliance with regulations for chlorofluorocarbons (CFCs), lead 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 five year time frame, while at the same time keep up with the permitting workload for new construction and expansion of industries in Minnesota.
- Implementation of the new federal compliance assurance monitoring rules and air toxics rules at industrial point sources.
- Increased assistance to small businesses as EPA continues to adopt new regulations that impact small businesses. 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.
- 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 to these source categories first for education and training, and second for enforcement.
- Implementation of the air program's portion of the MPCA's integrated data management system (DELTA) will be fully underway.

REVENUE:

Revenue is generated at the program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE AIR
ACTIVITY: POINT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,457	3,664	3,763	3,763	3,763	3,888	3,888	3,888
OPERATING EXPENSES	390	386	320	320	320	294	294	294
OTHER EXPENSES	100	208	53	53	53	59	59	59
SUBTOTAL STATE OPERATIONS	3,947	4,258	4,136	4,136	4,136	4,241	4,241	4,241
TOTAL EXPENDITURES	3,947	4,258	4,136	4,136	4,136	4,241	4,241	4,241
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENTAL	3,412	3,772	3,842	3,842	3,842	3,954	3,954	3,954
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	26	35	38	38	38	40	40	40
FEDERAL	409	243	203	203	203	188	188	188
ENVIRONMENTAL	100	208	53	53	53	59	59	59
TOTAL EXPENDITURES	3,947	4,258	4,136	4,136	4,136	4,241	4,241	4,241
FTE BY EMPLOYMENT TYPE:								
REGULAR	73.9	77.7	77.0	77.0	77.0	76.7	76.7	76.7
TEMP/SEAS/PART_TIME	.1							
OVERTIME	.1							
TOTAL FTE	74.1	77.7	77.0	77.0	77.0	76.7	76.7	76.7

BUDGET ACTIVITY: Nonpoint Source Pollution
PROGRAM: Protection of the Air
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 (Inspection Program) was authorized by the Legislature in 1988 in order to help meet standards for air quality in the Twin Cities. The Inspection Program began testing 1976 and newer cars in 1991. In 1995, the Legislature exempted the five newest model years from testing. The CAAA requires 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. The Transportation Conformity Regulations required by the CAAA, and the federal Intermodal Surface Transportation And Efficiency Act, have greatly expanded 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 soley 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.

REVENUE:

Revenue is generated at the program level.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE AIR
ACTIVITY: NONPOINT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	573	616	593	593	593	607	607	607
OPERATING EXPENSES	7,773	8,104	7,896	7,896	7,896	7,361	7,361	7,361
SUBTOTAL STATE OPERATIONS	8,346	8,720	8,489	8,489	8,489	7,968	7,968	7,968
TOTAL EXPENDITURES	8,346	8,720	8,489	8,489	8,489	7,968	7,968	7,968
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
MINNESOTA RESOURCES	5	570						
SPECIAL REVENUE	638	726	740	740	740	755	755	755
ENVIRONMENTAL	16							
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	7,687	7,424	7,749	7,749	7,749	7,213	7,213	7,213
TOTAL EXPENDITURES	8,346	8,720	8,489	8,489	8,489	7,968	7,968	7,968
FTE BY EMPLOYMENT TYPE:								
REGULAR	13.8	13.5	13.0	13.0	13.0	13.0	13.0	13.0
TOTAL FTE	13.8	13.5	13.0	13.0	13.0	13.0	13.0	13.0

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PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)

PROGRAM DESCRIPTION:

The mission of the solid and hazardous waste management and ground water protection programs are to serve the public by preventing, minimizing or correcting the release of solid and hazardous waste and petroleum products to the state's water, air and land. The program seeks to achieve this in the following ways:

- By creating alliances and seeking cooperation with many stakeholder groups to ensure that rules and regulatory programs are protective of the environment and at the same time provide a reasonable system for compliance by the regulated community. The agency will expand efforts to reward those who go beyond compliance, and continue to identify appropriate negative consequences for those who do not meet minimal requirements.

- By employing monitoring and data assessment as a basis for identifying actual and potential risks from exposure to environmental hazards in ground water and soils, and identifying and shifting resources to address the highest priority issues in solid and hazardous waste management and ground water protection.

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

- By responding to releases of hazardous substances at past contaminated sites, waste generators, and closed or open waste disposal facilities and expediting cleanup through negotiated schedules and oversight. For certain closed landfills, the agency has assumed the responsibility for closure and long-term care in order to expedite these activities.

- 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 preventing and 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 coordinating the state's response to spills and other chemical releases that cause environmental emergencies, by overseeing necessary cleanup activities and by operating an active spill prevention program.

PROGRAM STATUS:

The goals of the agency are shifting programs' focus to preventing pollution through assessing the condition of the environment and guiding state and federal policy and developing mutual goals and alliances with community, environmental and business groups.

Given the role of the federal government in establishing a national framework for the regulation of hazardous waste generators and facilities, the program 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 solid and hazardous wastes, the programs focus on establishing reasonable and effective rules and on maximizing compliance with these rules. Our experience shows that a significant portion of generators and waste management facilities will voluntarily comply if they are properly informed of the requirements. For a much smaller percentage, an enforcement presence is required. The programs strive to continually evaluate our activities to ensure that we use a mix of information, education, assistance, compliance and enforcement activities to achieve optimal compliance rates amongst the different size generator groups and waste management facilities.

The program 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, at reasonable cost to business and industry.

To ensure that the agency 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, we have 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 this 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 leaks and toprovide the early detection of leaks, in the future. The challenge in the coming bienniun will be to maintain our timely and appropriate oversight of leaking tank investigations and cleanups as owners move to meet the 1998 standards. 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 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 program will continue to coordinate the agency's emergency response activities by providing guidance and assistance to industry on how to prepare for 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 1996 Performance Report to be accomplished or accelerated as follows:

The outcome of the LUST program is the prompt investigation, cleanup, and closure of leaking petroleum storage tanks sites so they no longer represent a threat to human health and the environment or act as a barrier to optimal land use. Funding will enable the investigation and cleanup of petroleum tank release sites and authorize Petrofund reimbursement to eligible parties.

PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)
(Continuation)

The outcome of ground water trends analysis is to be able to understand the positive and negative changes to the state's ground water resources. More accurate measurement of trends will be possible by installing wells closer to the water table rather than using existing wells which blend water. This information will promote environmental problem-solving and enable decision-makers to make informed choices on management practices which benefit all water users.

Contamination of air, soil and water from automotive wastes will be prevented and reduced by educating generators of vehicle wastes on proper management, providing technical assistance, on-site visits, and best management practices for salvage yards; continuing oversight of the waste tire management system; and ensuring cleanup of waste tire dumps that have been newly identified.

The amount of contaminated land returned to beneficial use will increase as a result of the development of risk-based approaches to cleanup which focuses on eliminating the level of contamination in soil, surface water and ground water and addressing liability issues in order to make the Superfund process more fair.

The agency has significant data resources on sites posing a potential environmental threat. By the end of 1999, data will be collected and maintained in a format which allows the public the greatest accessibility to data and confidence that they have information necessary to make an informed decision about the potential environmental liabilities associated with a property.

BUDGET AND REVENUE SUMMARY:

No changes are anticipated to the amount of revenue generated from fees paid by hazardous waste generators and facilities.

Agency Decision Items:

- Leaking Underground Storage Tank Staffing: Provide $1,320,000 ($1,004,000 in the Protection of Land Program and $316,000 in the General Support Program) from the Petroleum Tank Release Compensation Fund for the biennium to quickly investigate, and remedy as necessary, releases from petroleum storage tanks and to, thereby, assist the Department of Commerce in promptly processing reimbursement claims from eligible parties.

- Management of Motor Vehicle Wastes: Provide from the existing balance in the Motor Vehicle Title Transfer Account in the Environmental Fund $655,000 ($460,000 to Protection of the Land Program and $195,000 to General Support Program) in the biennium to ensure that releases of contaminants is minimized from motor vehicles during and after their use. The plan specifically targets waste oil and waste tire management and motor vehicle salvage yard operations.

GOVERNOR'S RECOMMENDATION:

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

- Superfund: Repeal of the Motor Vehicle Title Transfer Fee sunset provides $7,800,000 in the biennium to speed up cleanup and transfer of contaminated Superfund sites.

Required Legislation:

Amend M.S.115B.20 to allow the use of MERLA dollars for reimbursement of parties who enter into mixed funding agreements as specified in amendments made to M.S. 115B.17

Amend M.S. 115B.17 to add a new subdivision which provides for reimbursements under mixed funding agreements with parties willing to undertake the remedial design and response actions at a site. Criteria for participation in this reimbursement program and determination of level of state contribution would include the following:

- site has a high priority due to impact on public health and the environment;
- site has potential responsible parties that are very small contributors to the contamination at the facility, insolvent, unidentified and/or not clearly defined as a responsible party;
- site investigation and remedy identification work has been completed and the remedy for the site has been selected and approved by the MPCA; and
- the parties seeking reimbursement of costs have demonstrated cooperation in working with the agency through timely submittals, complete work products and good quality work products.

Terms in the mixed funding agreement would include:

- the cleanup work would be completed within a defined period of time;
- reimbursement would be made upon demonstration of completion of the response action;
- agreement by responsible or voluntary parties not to pursue cost recovery lawsuits (contribution actions) against nonparticipating responsible parties.

Governor's Omnibus Appropriation Bill: Repeal Minn. Stat. §116.908, subd.3 to eliminate the sunset of the Motor Vehicle Title Transfer Fee.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
ENVIRONMENTAL ASSESSMENT	4,734	6,084	5,622	5,922	5,922	5,696	5,696	5,696
WASTE MANAGEMENT & PREVENTION	5,529	6,822	6,197	6,527	6,527	6,295	6,425	6,425
CLEANUP ACTIVITIES	21,655	34,549	39,531	40,033	43,933	35,406	35,908	39,808
EMERGENCY RESPONSE & READINESS	522	721	670	670	670	687	687	687
TOTAL EXPENDITURES BY ACTIVITY	32,440	48,176	52,020	53,152	57,052	48,084	48,716	52,616
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		300				
MOTOR VEHICLE WASTES		ENV		330			130	
LEAKING UNDRGRND STORAGE TANK STAFFING		PET		502			502	
TOTAL AGENCY PLAN ITEMS				1,132			632	
GOV'S INITIATIVES:		FUND						
(B) SUPERFUND INITIATIVE		ENV			3,900			3,900
TOTAL GOV'S INITIATIVES					3,900			3,900
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	121	129		300	300			
GENERAL	1,446	1,628	1,679	1,679	1,679	1,699	1,699	1,699
PETROLEUM TANK RELEASE CLEANUP	1,526	2,615	2,242	2,744	2,744	2,283	2,785	2,785
ENVIRONMENTAL	5,277	6,092	5,683	6,013	6,013	5,818	5,948	5,948
METRO LANDFILL CONTINGENCY	76	176	129	129	129	132	132	132
SOLID WASTE CLEANUP	4,169	5,319	4,964	4,964	4,964	5,081	5,081	5,081
STATUTORY APPROPRIATIONS:								
PETROLEUM TANK RELEASE CLEANUP	1,048	1,631	1,500	1,500	1,500	1,500	1,500	1,500
SPECIAL REVENUE	388	502	481	481	481	502	502	502
FEDERAL	7,143	8,319	11,133	11,133	11,133	6,142	6,142	6,142
ENVIRONMENTAL	825	1,962	1,553	1,553	5,453	2,271	2,271	6,171
SOLID WASTE CLEANUP	10,409	19,747	22,656	22,656	22,656	22,656	22,656	22,656
GIFT	12	56						

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TOTAL EXPENDITURES	32,440	48,176	52,020	53,152	57,052	48,084	48,716	52,616
FTE BY EMPLOYMENT TYPE:								
REGULAR	310.6	340.0	318.0	335.3	335.3	315.6	332.9	332.9
TEMP/SEAS/PART_TIME	5.8	3.9	.8	.8	.8	.8	.8	.8
OVERTIME	.3	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	316.7	344.0	318.9	336.2	336.2	316.5	333.8	333.8

BUDGET ACTIVITY: Environmental Assessment
PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

This activity includes overall management and logistical support to prevent adverse impacts on human health and the environment caused by the generation and management of solid and hazardous waste. This activity also includes program responsibilities for policy and standards development and evaluation. The focus in the solid waste area is on system-wide issues rather than site or facility specific activities. In the area of ground water, the activity includes defining baseline conditions and trends in quality to provide an early warning of problems or resources needing attention.

Program Development activities include data collection and licensing so that current information on types and quantities of solid and hazardous waste generated and the management methods are available to assist in the assessment of environmental impact. Indicators to measure environmental outcomes are being developed. Under this activity the program also develops policies and standards for hazardous waste generators and management facilities, and for solid waste transportation and management facilities.

To assist the regulated community in implementing environmental requirements, the program is moving toward "sector-based" assistance, that is, targeting assistance to such business sectors as small businesses, salvage yards, and composters. Services are delivered using informational and educational programs, consultation and alliances with interested groups, and extensive technical assistance resources. Information from the regulated community is essential to providing good service. The MPCA 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 services.

In the Ground Water Program the agency develops and provides technical assistance on ground water programs and policies. Ground water is one of Minnesota's most precious - and vulnerable - resources. The program assesses conditions of ground water around the state and implements regional monitoring networks with local government and citizens to determine the quality and trends impacting their ground water resources and is developing a model of the multiple aquifers which underlie the metropolitan area. The program also provides guidance on technical methods of ground water monitoring which are used within the program and by many local units of government. In addition, the program is coordinating development of the state's comprehensive ground water protection plan. To foster improvements, the agency cooperates closely with federal, other state, and local agencies to coordinate existing monitoring efforts, minimize duplication, cut costs and provide better customer service. For example, because many of the pollution sources regulated by the agency impact areas supplying ground water to public drinking water wells, the program provides technical assistance and data to the Minnesota Department of Health in implementing the Wellhead Protection program.

The program is working with the metropolitan counties to better use combined resources and expertise to determine and promote effective hazardous waste management. For example, a pilot project has also been instituted in Olmsted County to share staff to educate small businesses and collect their waste, and determine the best means of disposal of small business and household waste in that area. Other local governments will be approached to participate in similar ways on a voluntary basis. The desired outcome is a clearer picture of the appropriate roles of state and local government in managing hazardous waste and the best means of service delivery.

Federal money targeted to the Lake Superior Basin has allowed the agency to experiment with various ways of delivering hazardous waste services. Customers have responded well to additional education/awareness efforts, such as on-site visits, education and networking events, waste collection events, media spots, printed materials, videos and others. As a result, the agency is continuing to undertake efforts to refine the assistance /enforcement balance for the state's hazardous waste universe that may result in a shifting of resources to more creative service delivery opportunities. Resources are also being shifted to the audit program to determine its effectiveness in achieving environmental outcomes.

The Federal Resource Conservation and Recovery Act has historically subjected all wastes that meet the definition of hazardous to an extensive "cradle to grave" tracking process and strict treatment, storage and disposal requirements. However, based on the 15 year history of administering the program and regular customer research efforts, the agency is partnering with EPA, the regulated community and others to try different approaches that direct regulations and resources to the highest-risk wastes. For example, the agency instituted the Special Wastes Pilot Project under which widely-generated wastes (used oil, batteries, fluorescent bulbs, mercury-containing items, lead, and others) that have historically been placed in solid waste or into the environment are relieved of selected regulations to encourage recycling. As a result, a number of public and private collection and recycling systems have sprung up, and EPA is revising its regulations based on the pilot.

The program is critically examining the regulation of small businesses that generate very small quantities of hazardous waste. In cooperation with the customers and local government, the rules are being revised to focus on environmental outcomes, eliminate paperwork and process burdens, and support establishment of cost effective and convenient hazardous waste collection systems. Efforts are also being made to redirect program resources from small businesses to higher risk problems.

One area of high potential for environmental benefit, to which resources will be directed, is reducing the impact of harmful constituents in products. This will be done in a variety of ways, including forming alliances with other state agencies, local government and industry to set up low-cost, efficient and convenient collection systems for the wastes currently being produced; partnering with EPA, environmental organizations, educational institutions, and the media to educate consumers on the impacts of pollutants in products and how to make wise choices; and forming alliances with manufacturers to voluntarily reduce harmful constituents in products.

BUDGET ISSUES:

LCMR Recommendations

Expanded Applications for Metropolitan Groundwater Model

This project will expand the application for the metropolitan ground water model to enhance its usefulness in evaluating potential threats to public water supplies; evaluating how effective alternative remediation approaches would be; predicting how rapidly and how far current impacts may spread; targeting areas as priorities for monitoring, problem investigation, or protection; and, assessing water quality impacts on sustainable development and the availability of adequate water supplies in the growing greater metro region. This regional analytic element groundwater flow model simulates flow of groundwater in the 5 aquifers serving the 7-county metropolitan area, both within the aquifers and between the aquifers to predict groundwater contaminant movement. However, at this level of funding the model will not be able to define groundwater flow in the growth areas surrounding the 7-county metropolitan area, or predict the impact of well pumping, surface and groundwater levels and recharge of ground water in the metropolitan area, all of which vary in time. This additional information, along with the refinement of data recommended for funding, will allow local businesses and governments and their consultants to implement better cleanup remedies with lower costs, at thousands of sites. ($300,000 Environment and Natural Resources Trust Fund).

BUDGET ACTIVITY: Environmental Assessment
PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)
(Continuation)

REVENUE:

No changes are anticipated to the amount of revenue generated from fees paid by hazardous waste generators and facilities.

GRANTS:

In 1994, the Legislature authorized the Automobile Shredder Residue Management grants and adminstrative dollars (Laws of 1993, Ch. 172, Sec. 90) be available to the Agency until expended to continue investigation of management methods to reduce volume and toxicity of shredder residue. Only persons engaged in the business of shredding and recycling motor vehicles are eligible for the grants, and the workplan for issuing grants must be approved by the Legislative Comission on Waste Management (which no longer exists). The only eligible grantee has finished their final report in June, 1996, which recommends that work needs to be done on finding markets for specific automotive components, and increasing removal of lead weights in seatbelt retractor weight, steering wheel weights, cable ends; removal of mercury switches from automobiles prior to processing; and other policy changes to reduce lead and mercury in automobiles. The agency also believes redirection of resources currently available for evaluating automobile shredder fluff (the end result of processing automobiles) is better put at the "front-end" at the sites which process the automobiles to facilitate environmental audits, best management practices and on-site technical assistance which will reduce the volume and toxicity of shredder residue and prevent contamination of the environment from these sites.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: ENVIRONMENTAL ASSESSMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,510	4,160	4,104	4,304	4,304	4,249	4,258	4,258
OPERATING EXPENSES	1,219	1,877	1,511	1,611	1,611	1,440	1,431	1,431
SUBTOTAL STATE OPERATIONS	4,729	6,037	5,615	5,915	5,915	5,689	5,689	5,689
LOCAL ASSISTANCE	5	47						
TRANSFERS			7	7	7	7	7	7
TOTAL EXPENDITURES	4,734	6,084	5,622	5,922	5,922	5,696	5,696	5,696
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		300				
TOTAL AGENCY PLAN ITEMS				300				
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	121	129		300	300			
GENERAL	176	209	175	175	175	174	174	174
PETROLEUM TANK RELEASE CLEANUP	177	254	300	300	300	300	300	300
ENVIRONMENTAL	1,325	1,748	1,659	1,659	1,659	1,678	1,678	1,678
SOLID WASTE CLEANUP	1,426	2,109	1,900	1,900	1,900	1,915	1,915	1,915
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	97	123	135	135	135	150	150	150
FEDERAL	1,412	1,512	1,453	1,453	1,453	1,479	1,479	1,479
TOTAL EXPENDITURES	4,734	6,084	5,622	5,922	5,922	5,696	5,696	5,696
FTE BY EMPLOYMENT TYPE:								
REGULAR	73.4	85.8	83.8	85.6	85.6	83.8	85.6	85.6

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: ENVIRONMENTAL ASSESSMENT

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	1.3	1.3						
TOTAL FTE	74.7	87.1	83.8	85.6	85.6	83.8	85.6	85.6

BUDGET ACTIVITY: Waste Management and Prevention
PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

This activity consists of preventing and limiting long-term environmental effects from solid and hazardous waste generation and petroleum storage tanks. This activity includes solid waste management facilities used by citizens, governments, businesses and industries. This includes the facilities which handle the approximately 7 million tons of mixed municipal solid waste, construction and demolition debris, infectious waste, tires, industrial waste and recyclables each year in Minnesota. The agency must ensure that ground water, which is Minnesota's primary supply of drinking water, is not contaminated by over 550 solid waste facilities that are permitted and monitored by the program and that corrective actions are taken whenever contamination in water, air or soils is detected above acceptable levels.

Because the agency recognizes that its customers need to understand how to manage hazardous waste and petroleum storage tanks correctly in order to meet our goal of protecting human health and the environment, we offer comprehensive technical assistance, education and training programs for our customers, including workshops, seminars, site visits, fact sheets, periodic newsletters, telephone consultations and other outreach events. These are based on customer needs, as determined by customer input as well as problems identified through staff inspections

Permitting the state's 34 traditional hazardous waste treatment, storage and disposal (TSD) facilities will continue to be an important part of assuring proper hazardous waste management. To assess compliance with hazardous waste management requirements the agency employs a full range of compliance assurance tools, including voluntary self-audits, site visits that are assistance oriented, and comprehensive inspections in addition to responding to complaints. The agency is also developing additional compliance assurance tools and a risk-based inspection targeting strategy, focusing on environmental outcomes and is continuing its practice of creative settlement opportunities, such as allowing a company to institute pollution prevention activities in lieu of penalties.

The agency has been working with the counties to assist them in developing and facilitating their Administrative Penalty Order program. Through this type of cooperative effort, compliance capabilities will be enhanced. The agency intends to seek out other opportunities to work with local government and customers to promote sharing of resources.

Federal law subjects underground storage tank systems to a number of requirements designed to prevent releases from those tank systems. The program applies these requirements in a manner that is protective of the environment but that reduces the compliance burden on the tank owners to the extent possible . State rules require aboveground tanks to have secondary containment measures to prevent the release of stored liquids to the environment. The program cooperatively develops individual permits with the largest tank facilities which include site-specific, risk-appropriate prevention, detection, and containment safeguards. The program has also undertaken modification of the rules to clarify requirements for smaller tanks and provide reasonable, effective compliance alternatives aimed at reducing the risk of leaks for aboveground storage tank systems. The program encourages owners and operators to conduct "self audits" of their tank systems to ensure that the tank systems are equipped with appropriate safeguards to prevent releases and detect releases as soon as possible after they occur by providing checklists and assistance to owners and operators.

The hazardous waste corrective action program focuses on two main areas: remediation of historic releases at hazardous waste facilities and corrective action at businesses that currently generate hazardous waste and have releases to the environment. Cleanups of releases at facilities follow a formal structured cleanup model based on EPA guidance. Corrective action at hazardous waste generator sites need not follow any prescribed guidance and, through technical assistance, can be tailored to meet the needs of the situation. In all cases, corrective action criteria will be protective of human health and the environment and will be focused on risk based priorities and environmental outcomes.

BUDGET ISSUES:

To maintain the current successful status of waste tire management, the agency must commit 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 and burning. New waste tire dumps have been discovered through the agency's activities in automobile salvage yard environmental assessment and closed landfill cleanup. These tire dumps had never been reported to the agency, as required by the rules, and thus dollars were not appropriated for their cleanup. Regulation and oversight of generators, transporters, recyclers, disposal facilities and others that handle automotive wastes, including used oil, used oil filters, antifreeze, paint, batteries, brake fluid, power steering fluid, transmission fluid, etc. is also needed. In addition, the program uses funds to educate the public on how to manage these automotive wastes. Funding is also used to reimburse used oil collectors for the costs of properly disposing of any used oil from the public contaminated with hazardous waste, as an incentive to collect from the public. Convenient collection sites and adequate education will encourage the public to recycle so they cease placing used oil in solid waste, in sewers, or in the environment. Input from external environmental professionals, and within the agency has indicated that facilities managing automobiles are a pollution source which should be a high priority, based on risk to the environment, human health and quality of life. Automobiles contain a variety of potential toxicants in metal parts and fluids which may be released to the environment during dismantling fluid drainage, or crushing at motor vehicle salvage facilities. The program has reduced training of solid waste facility operators in order to redirect .5 FTE into minimally addressing the education needs of this sector in F.Y. 1997, but is unable to fulfill the requirements of M.S. §116.66-116.67 which requires the MPCA to conduct on-site facility evaluations and provide assistance to correct environmental problems. The MPCA received funding for these types of activities in F.Y. 1994-95, but not F.Y. 1996-97.

The agency plan includes $427,000 in F.Y. 1998 ($330,000 in the Protection of the Land Program and $97,000 in the General Support Program), and $228,000 in F.Y. 1999 ($130,000 in the Protection of the Land Program and $98,000 in the General Support Program) from the Motor Vehicle Transfer Fund balance to ensure that releases of contaminants are prevented and degradation of the environment is minimized from motor vehicle wastes generated during and after use. The agency plan includes $200,000 to be reallocated from waste tire market development dollars returned to the MVTF and $120,000 to be reallocated from the Auto Shredder Residue Grant dollars returned to the MVTF. The agency has not received any inquiries or requests in F.Y. 1996 or as yet in F.Y. 1997 for waste tire market development funding. The only eligible Auto Shredder Residue grantee has submitted a final report to the agency and the report does not contain any further recommendations for action on their part requiring auto shredder grant dollars. Therefore, these dollars are available for reallocation to support management of motor vehicle wastes. The dollars should be available to the agency until expended, for motor vehicle waste management and abatement purposes.

Over the past biennium, 14 FTE have been added to the petroleum storage tank activities to prevent leaks. However, despite a 10 year window of opportunity for owners of underground storage tank systems to meet the federal requirements for upgrading their tank systems, it is anticipated that many owners will be out of compliance with the rules on 12-22-98, the deadline for upgrading. The program

continues to improve the efficiency and effectiveness of the data management system, installer certification program, technical assistance, service delivery and the networking of all field staff in order to help owners achieve compliance.

In addition, revisions are needed to Minnesota Rule 7100, the rule that regulates aboveground storage tank systems, to update outmoded language to more directly address the preventative measures needed to prevent the risks posed by leaking tank systems and to eliminate the unnecessary burdens placed on owners of small residential and farm tank systems.

REVENUE:

Those individuals submitting infectious waste management plans are charged a statutorily-established $250 fee, which is deposited in the General Fund. The plans are submitted every other year and the revenue is about $13,500 per biennium.

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 responsible for grants and loans. The agency has given grants to individuals, partnerships, corporations and universities. 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 or land and equipment installation. The program has not received any inquiries or requests in F.Y. 1996 or 1997 for waste tire market development funding. The program received 6 inquiries, but no requests in F.Y. 1995, and 16 requests for funding in F.Y. 1994. These dollars will return to the Motor Vehicle Transfer Fund.

M.S. §115A.96 requires the agency to establish a statewide program to manage household hazardous wastes. Biennial appropriations are made from SCORE to the agency for this purpose. The appropriation is used to help fund the household hazardous waste collection and education programs developed jointly by the agency and the counties. The appropriation is used to provide counties with direct financial assistance, technical and public educational materials, technical training for county staff and technical assistance from the agency.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: WASTE MANAGEMENT & PREVENTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,882	4,618	4,561	4,698	4,698	4,703	4,831	4,831
OPERATING EXPENSES	998	1,469	836	1,069	1,069	795	837	837
SUBTOTAL STATE OPERATIONS	4,880	6,087	5,397	5,767	5,767	5,498	5,668	5,668
LOCAL ASSISTANCE	649	735	702	662	662	699	659	659
TRANSFERS			98	98	98	98	98	98
TOTAL EXPENDITURES	5,529	6,822	6,197	6,527	6,527	6,295	6,425	6,425
AGENCY PLAN ITEMS:		FUND						
MOTOR VEHICLE WASTES		ENV		330			130	
TOTAL AGENCY PLAN ITEMS				330			130	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,025	1,135	1,153	1,153	1,153	1,164	1,164	1,164
PETROLEUM TANK RELEASE CLEANUP	275	992	799	799	799	820	820	820
ENVIRONMENTAL	1,472	1,513	1,319	1,649	1,649	1,358	1,488	1,488
METRO LANDFILL CONTINGENCY	76	176	129	129	129	132	132	132
SOLID WASTE CLEANUP	1,326	1,494	1,362	1,362	1,362	1,409	1,409	1,409
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	81	128	122	122	122	122	122	122
FEDERAL	1,212	1,358	1,288	1,288	1,288	1,265	1,265	1,265
ENVIRONMENTAL	62	26	25	25	25	25	25	25
TOTAL EXPENDITURES	5,529	6,822	6,197	6,527	6,527	6,295	6,425	6,425

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: WASTE MANAGEMENT & PREVENTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	86.3	97.5	93.4	96.9	96.9	92.9	96.4	96.4
TEMP/SEAS/PART_TIME	.9	.5	.2	.2	.2	.2	.2	.2
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	87.3	98.1	93.7	97.2	97.2	93.2	96.7	96.7

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BUDGET ACTIVITY: Cleanup Activities
PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

Identification, environmental assessment, cleanup, and long-term management of contaminated land and ground water which resulted from industrial activities (Superfund) or land disposal of municipal solid waste at 106 closed permitted landfills are the activities of this program.

Closed landfill services include: site assessment, cleanup, closure and post-closure care at 106 closed state-permitted mixed municipal landfills; closing out federal Superfund involvement at those landfills; reimbursing eligible parties for past investigation and cleanup costs at the landfills; and developing settlement offers with insurance carriers to help fund the closed landfill program.

Contaminated site cleanup (Superfund) services include: site assessment of contaminated property, 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 contamination sources near the property during transfer of property.

The Leaking Underground Storage Tanks (LUST) program serves the public by evaluating, minimizing, or correcting petroleum contamination impacts to soil and water caused by leaking underground storage tanks and to ensure responsible parties are appropriately reimbursed for actions taken in response to petroleum releases.This activity evaluates impacts on human health and the environment caused by leaks from underground petroleum storage tanks and determines whether additional work will be required or the site can be closed, coordinates with the responsible parties and the Department of Commerce to ensure prompt and proper reimbursement of eligible expenses incurred during investigation and cleanup of petroleum releases and, provides oversight and technical assistance to tank owners where a petroleum release has occurred. The Voluntary Petroleum Investigation and Cleanup (VPIC) part of the program provides technical assistance and liability assurance needed to expedite and facilitate the development, transfer, investigation and/or cleanup of property that is contaminated with petroleum.

To facilitate these activities, the program provides education to environmental consultants and contractors to better insure compliance with program policies and develops partnerships with local units of government to better serve customers and the environment.

BUDGET ISSUES:

The issues with this activity are:

The 104th Congress adjourned without reauthorizing the federal Superfund law. The taxes that funded the federal Superfund program expired on 12-31-95. Federal funding for site assessment activities decreased significantly in F.Y. 1996, but F.Y. 1997 funding appears stable.

The state Superfund (Fund) relies mainly on the Hazardous Waste Generator Tax for its revenue. Revenue from this tax has been declining - even after modifying the tax rate in 1994. As a result, the Fund has depleted to the point that state-funded cleanups have been delayed. At the present time, without an increase in revenue, the fund will not support any cleanup work beyond F.Y. 1999.

The Superfund program has initiated an effort called "*Compass*" to set a new direction for the Superfund program. Management and staff have gathered information from outside customer groups through telephone surveys and focus groups. The *Compass* effort is currently implementing a host of administrative reforms to improve the quality of services provided by the Superfund program, but others require additional funding or authority.

The state Superfund program has used an "enforcement first" strategy to maximize the number of sites cleaned up by responsible parties. At sites with multiple responsible parties, the inequities of the Superfund program are increased because some responsible parties no longer exist or lack resources to contribute to the cleanup. The liability attributable to responsible parties without resources to pay their share of the liability is called an "orphan share." Typically, the "orphan shares" of liability are paid by the remaining responsible parties. A reimbursement program for responsible parties at selected (priority) state Superfund sites would advance the cleanup of multi-party sites and increase the fairness of the Superfund program. Reimbursement of the orphan shares of liability would increase the fairness of the Superfund program and expedite cleanups by providing a financial incentive based on completion of the cleanup.

The LUST program has experienced a steadily decreasing amount of federal funding from a high of $3.2 million in F.Y. 1991 to an expected $1.5 million for each year in the next biennium. Yet, there have been 9,200 leaking petroleum storage tank sites reported in Minnesota since 1987 and about 800 new releases are reported each year. It is expected that the rate of release reports will increase over the next few years to 1,200 per year as more tank owners strive to meet new federal regulations for underground storage tanks. Currently LUST staff are able to keep up with this workload. Also an existing statute requires staff response to submitted reports in 120 days or less. Although the program has continued efforts to streamline the review process to minimize report review backlog and ensure a timely response, a reduction in existing federal funding and a corresponding reduction of approximately 16 staff has the potential to keep the program from achieving this level of customer service. The agency plan provides an additional $660,000 ($504,000 in the Protection of the Land Program budget and $158,000 per year in the General Support Program.) of LUST funding each year of the biennium from the Petroleum Tank Release Compensation Fund. The funding will ensure that releases from petroleum storage tanks are quickly investigated and remediated as necessary to minimize impacts to human health and the environment and will ensure that reimbursement claims are promptly processed to ensure the continuing participation of Responsible Parties and volunteers in the Petrofund Program. The funding should be available to the agency until expanded to oversee the investigation and cleanup of petroleum tank release sites and to authorize Petrofund to eligible parties.

REVENUE:

The Voluntary Petroleum Investigation and Cleanup Program (VPIC) is a fee for service program. The fee has just been raised from $60 to $90 per hour.

The Property Transfer File Evaluation Program is a fee for service program. The fee has been raised from $90 per evaluation to $115 per evaluation. The last time the fee had been raised was in 1991.

GRANTS:

M.S. §115B.223 and 224 allows the agency to provide low interest loans to assist small businesses in cleaning up their on-site hazardous waste contamination. Loan amounts must be between $1,000 and $50,000 as determined by estimates in approved work plans for investigation or remediation of the contamination.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: CLEANUP ACTIVITIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	6,742	7,251	6,525	6,987	6,987	6,683	7,145	7,145
OPERATING EXPENSES	11,778	21,440	30,183	30,223	32,798	28,571	28,611	31,186
CAPITAL OUTLAY	3,130	5,755	2,722	2,722	2,722	50	50	50
SUBTOTAL STATE OPERATIONS	21,650	34,446	39,430	39,932	42,507	35,304	35,806	38,381
LOCAL ASSISTANCE	5	70			1,325			1,325
OTHER EXPENSES		33	50	50	50	50	50	50
TRANSFERS			51	51	51	52	52	52
TOTAL EXPENDITURES	21,655	34,549	39,531	40,033	43,933	35,406	35,908	39,808
AGENCY PLAN ITEMS:		FUND						
LEAKING UNDRGRND STORAGE TANK STAFFING		PET		502			502	
TOTAL AGENCY PLAN ITEMS				502			502	
GOV'S INITIATIVES:		FUND						
(B) SUPERFUND INITIATIVE		ENV			3,900			3,900
TOTAL GOV'S INITIATIVES					3,900			3,900
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
PETROLEUM TANK RELEASE CLEANUP	971	1,166	1,035	1,537	1,537	1,053	1,555	1,555
ENVIRONMENTAL	2,306	2,597	2,494	2,494	2,494	2,566	2,566	2,566
SOLID WASTE CLEANUP	1,417	1,716	1,702	1,702	1,702	1,757	1,757	1,757
STATUTORY APPROPRIATIONS:								
PETROLEUM TANK RELEASE CLEANUP	1,048	1,631	1,500	1,500	1,500	1,500	1,500	1,500
SPECIAL REVENUE	210	251	224	224	224	230	230	230
FEDERAL	4,519	5,449	8,392	8,392	8,392	3,398	3,398	3,398

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: CLEANUP ACTIVITIES

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ENVIRONMENTAL	763	1,936	1,528	1,528	5,428	2,246	2,246	6,146
SOLID WASTE CLEANUP	10,409	19,747	22,656	22,656	22,656	22,656	22,656	22,656
GIFT	12	56						
TOTAL EXPENDITURES	21,655	34,549	39,531	40,033	43,933	35,406	35,908	39,808
FTE BY EMPLOYMENT TYPE:								
REGULAR	141.9	147.8	130.9	142.9	142.9	129.0	141.0	141.0
TEMP/SEAS/PART_TIME	3.0	1.5	.6	.6	.6	.6	.6	.6
OVERTIME	.2							
TOTAL FTE	145.1	149.3	131.5	143.5	143.5	129.6	141.6	141.6

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Pollution Control Agency (MPCA)
PROGRAM: Protection of the Land
ACTIVITY: Cleanup Activities

ITEM TITLE: Superfund

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
Environmental Fund				
- State Operations	$3,900	$3,900	$3,038	$3,237
Revenues: ($000s)				
Environmental Fund	$3,900	$3,900	$3,900	$3,900

Statutory Change? Yes X **No** ____
If yes, statutes(s) affected: M.S. 115A.908, subd. 3

GOVERNOR'S RECOMMENDATION:
The Governor recommends a funding increase of $3,900,000 in each year of the biennium from the Motor Vehicle Transfer Account in the Environmental Fund. These funds will be used to ensure that contaminated sites are investigated, and response actions are taken so that risk is eliminated or reduced in order to protect human health and the environment and return those sites to productive or beneficial use. The repeal of M.S. § 115A.908, subd.3 is recommended to support this initiative. The investment initiative supplements the Hazardous Waste Generator Tax which funds the administrative and oversight activities of Superfund, and, at the current level, minimal emergency and traditional site cleanup work. The Hazardous Waste Generator Tax is expected to raise $1,934,000 each year for F.Y. 1998-2001.

RATIONALE:
Superfund is primarily supported by a hazardous waste generator tax. Other revenue sources include reimbursement of administrative costs by responsible parties, collection of penalties, interest and historically some transfers from other sources when the fund balance has dropped as cleanup work has drawn on the account. Revenue from the Hazardous Waste Tax was decreasing prior to F.Y. 1994 as industry found ways to reduce the hazardous waste stream. The scope of the tax was modified in F.Y. 1994 to correct reductions in the revenue stream and support the Superfund program at a level of $3,700,000. However, even with the modification of the tax, the revenue stream continues to decline, with projected revenue at $1,900,000. Administrative costs for the agency's traditional Superfund Program and Minnesota Department of Agriculture programs have only increased slightly with inflation and otherwise experienced little growth in recent years. The agency considered reducing administrative staff and reallocating those dollars for cleanup. The state's Superfund approach has been that of "enforcement first," focusing on the identification of responsible parties to undertake clean up of hazardous waste sites. This approach resulted in the vast majority of cleanups being implemented using private dollars. For every dollar spent in administration and oversight in the Superfund program, the agency is able to leverage $20 of expenditures by responsible parties.

The state Superfund is operated on the concept of responsible parties being held accountable for the cleanup of contaminated sites. The program can also leverage federal funds for national caliber sites where there is not a viable responsible party to address the contamination problem. Currently there are $58,500,000 federal dollars obligated for federal sites and up to an additional $27,000,000 dollars may be requested by 2003. Due to state fund limitations this work has not been accomplished at several sites. In addition, to meet the state's federal obligation for match dollars on cleanups, the agency would need $6,500,000 to meet current obligations and an additional $3,000,000 before 2003. The obligation is based on the selected remedy which will be used at 6 sites; Long Prairie, LeHillier, Ritari Post and Pole, Arrowhead, Mac Gillis Gibbs and Perham. There is a required 10% match on all of these sites except Perham which requires a 50% match. State Superfund must pay for cleanups at sites which are not of national caliber. The projected need for state funded cleanup is $3,000,000 per year throught 2003. To keep the program at the level of funding and pace of cleanups that the legislature envisioned in 1993, additional revenue must be collected each year.

This investment initiative is also predicated on speeding the cleanup of sites and improving the fairness of the Superfund process. The need for a reimbursement program for responsible parties at selected (priority) sites has been identified through an evolutionary process of program improvements. At multi-party sites some responsible parties are very small contaminant generators, insolvent and/or unidentified. These parties are identified as the "orphan share" of a site cleanup. Currently the liability for this "orphan share" is borne by the viable responsible parties. This situation is perceived as unfair by these responsible parties, slows the process, and also increases litigative costs associated with a cleanup as parties attempt to recover costs that they have borne. To increase the fairness of the Superfund process at multi-party sites and reduce the amount of litigation associated with such sites this initiative provides $1,325,000 per year to enable the state to reimburse parties who cleanup sites for the "orphan share" of the cleanup cost. By establishing the program as a reimbursement program, cleanups would be expedited by providing a financial incentive *after* the cleanup has been completed and would reduce or eliminate the litigation arising out of these situations. Support for making changes to the issue of liability was derived from interviews and focus groups with parties who have involvement with the program. General conclusions drawn from this customer input supported the concept of the responsible party being held accountable for the cleanup of contamination problems but only to the extent that they were liable and address other shares with public funding.

PROGRAM OUTCOMES:
This initiative supports the "Minnesota Milestones" and the Performance Report which target the cumulative number of Superfund sites on the state's Permanent List of Priorities (PLP), and the number of sites cleaned up in order to return those sites to productive or beneficial use. Great progress has been made in cleaning up contaminated sites but the job is not done. Under the Superfund program, cleanup activities have been completed or are underway which as a result provides protection to one in every ten residents of the state. Human health and environmental protection provided is not selective, but benefits all people in our society from our children to our senior citizens. By properly correcting problems that occur because of past disposal practices we will reduce the concentrations of hazardous chemicals that people living in proximity to these site are exposed to, and increase the number of citizens protected. The need for funding at this level is projected to remain constant for the next 6 fiscal years. At that time cleanup activities under the Superfund program will have been completed.

LONG-TERM IMPACT:
The presence of contamination on parcels of land is having a negative impact on economic development, depriving beneficial use of these sites that have been labeled "brownfields" due to the actual or perceived presence of hazardous contaminants on the property. It is anticipated that through continuation of cleanup activities 200 acres per year will be returned to productive and beneficial uses. Cleanup work on such parcels of land have had the benefit of increasing value by up to 500%.

BUDGET ACTIVITY: Emergency Response and Readiness
PROGRAM: Protection of the Land
AGENCY: Pollution Control Agency (MPCA)

ACTIVITY DESCRIPTION:

The Emergency Response and Preparedness program seeks to respond to emergencies effectively and efficiently, prevent unplanned releases and ensure preparedness for emergency response.

Preventing a spill is far less costly than is cleaning it up. Being prepared for a spill likewise lowers overall cleanup cost and environmental damage. Major potential spillers such as railroads, trucking companies, refineries, pipeline companies, etc. are required to act to prevent spills and to be prepared to respond to spills under M.S.§ 115E. The agency is authorized to evaluate potential spillers' preparedness and order improvements.

The Emergency Response Team (ERT) consists of staff in the central office and responders in each regional office based on the number of incidents occuring in that geographic area. Approximately 2,000 incidents are reported to the Emergency Response Team each year under M.S. § 115.061. Some of these are environmental emergencies such as train wrecks, pipeline ruptures, chemical fires, midnight dumping of hazardous wastes, etc. Others of the incidents may not be emergencies, but do require program involvement for advice or oversight. Some of the incidents reported do not require program involvement because they are small or nothing can be done about them (for example a small amount of unrecoverable material spilled to the air).

ERT normally works by overseeing the emergency response and cleanup done by a responsible party to assure adequacy. ERT also provides assistance and advice to local public safety officials during major incidents. If the responsible party is unknown, unable or unwilling to respond and the threat is significant, ERT may declare an emergency under M.S. § 115B or 115C and dispatch state contractors to conduct the response.

Readiness and response have benefited greatly from pre-spill networking and exercising with other responders; in response planning with potential spillers and other responders; by consciously discussing common goals related to preparedness and response; and by conducting numerous critiques of responses, after they have occurred, to learn from our experiences.

Spill and emergency prevention is a more difficult goal to approach or measure. Agency staff cannot know a facility as well as its operator does and as a result, agency staff seldom provide explicit direction to potential spillers on how to prevent spills at their own facilities. However, program staff encourage spill prevention through the Community Awareness & Emergency Response Groups and Cooperatives and other groups and in the exercises conducted. The program also conducts enforcement actions after particularly preventable spills which have caused damages. The numbers of incidents reported to the agency continues to rise. We think that is because more people are aware of reporting requirements and are confident they will be treated fairly and/or get useful assistance if they call.

BUDGET ISSUES:

The program has had several positions funded by the federal leaking underground storage tank program over past years. As that grant source has declined those positions were lost, without a corresponding reduction in emergency workload. Funding for a half time position for pre-coordinating emergency response within the agency has been lost.

REVENUE:

Penalties are collected for noncompliance with the requirements that spills be reported and cleaned up, and in selected instances when spillers are unprepared for their spills or have had predictable and easily preventable spills. The total amount of such penalties to be collected in the coming biennium are difficult to project, but have fallen in the range of $30,000 to $250,000 in recent years.

GRANTS:

None.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: POLLUTION CONTROL AGENCY
PROGRAM: PROTECTION OF THE LAND
ACTIVITY: EMERGENCY RESPONSE & READINESS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	450	574	596	596	596	616	616	616
OPERATING EXPENSES	72	147	62	62	62	59	59	59
TRANSFERS			12	12	12	12	12	12
SUBTOTAL STATE OPERATIONS	522	721	670	670	670	687	687	687
TOTAL EXPENDITURES	522	721	670	670	670	687	687	687
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	245	284	351	351	351	361	361	361
PETROLEUM TANK RELEASE CLEANUP	103	203	108	108	108	110	110	110
ENVIRONMENTAL	174	234	211	211	211	216	216	216
TOTAL EXPENDITURES	522	721	670	670	670	687	687	687
FTE BY EMPLOYMENT TYPE:								
REGULAR	9.0	8.9	9.9	9.9	9.9	9.9	9.9	9.9
TEMP/SEAS/PART_TIME	.6	.6						
TOTAL FTE	9.6	9.5	9.9	9.9	9.9	9.9	9.9	9.9

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

PROGRAM DESCRIPTION:

This program provides state-wide environmental policy direction; agency-wide program coordination; human resource, fiscal, and information management support services. It also provides for the management and support services for the delivery of environmental programs in 5 regional offices in Brainerd, Detroit Lakes, Duluth, Marshall, and Rochester.

Activities include the Commissioner's Office, the Citizens Board, public information, strategic planning, environmental review, information management, personnel and fiscal services. Regional activities include management and clerical staff as well technical support for region-specific issues.

PROGRAM STATUS:

Leadership

Providing leadership and setting a direction that meets Minnesota's high environmental protection standard has required considerable change over the past few years. As the focus has moved from point sources to nonpoint sources of pollution; from segmented air, water and land issues to holistic ecosystem concerns; from not only protecting the environment but sustaining it in balance with community and economic concerns. Agency leaders have had to adopt new strategies in consultation with customers, staff and citizens. Newly developed strategies emphasize the power of developing shared goals with customers; the successes brought about by working through alliances rather than a command and control framework; and the impact of focusing environmental results so that communities of interest can see and measure progress and therefore participate more effectively. To help set priorities and focus on the most important environmental risks, data from a project where citizens, staff, regulated parties, academicians and other scientists have determined the relative rank of Minnesota's environmental risks will be used in setting program direction and allocating resources. These new strategies should result in the agency becoming more risk-based in its activities and more customer focused in the delivery of services.

Managing Across Organizational Boundaries for Better Results

Extra effort, time and work hours are needed to manage issues that reach beyond the span of the Agency's authority or control. Environmental problems do not respect the artificial organizational boundaries set up within the agency or the executive branch. More and more, environmental issues must be managed across divisions and across executive branch agencies and in cooperation with partners and regulated customers. Environmental results have been greatly enhanced because of cooperation between the MPCA, the Office of Environmental Assistance, the DNR, the Department of Health and Agriculture. Mercury is a good example. As a toxin in the environment, it is present in all environmental media-air, land and water - and is of concern to many agencies. A multi-agency task force issued a comprehensive report with recommendations on how to reduce the risk from mercury. Because of its holistic perspective, the report has received national attention. Within the agency, cross-division teams have been formed to manage issues by sectors of industry or customers such as refineries, printers, loggers, farmers, or dry cleaners. This approach is most useful in developing workable solutions and communication devices. Administrative services such as employee safety, information systems, office co-location, and fleet management have been streamlined between the agency, DNR and OEA. Increased services have resulted without duplication and/or substantial cost increases in these specific areas.

Influencing Policy and Environmental Results at the National and International Level

Agency staff actively participate in the formulation of federal legislation such as the Clean Water Act and Clean Air Act by working with the congressional delegation and serving as officers on national environmental associations and leadership groups. Agency executives maintain an intense and effective relationship with US EPA headquarters in Washington and with regional officials in Chicago in order to push for priorities and funding flexibility that serves Minnesota's environmental interest. As an active member of Environmental Council of the States (ECOS), made up of the state environmental directors, the Commissioner serves as the co-chair of a committee pushing EPA to give more regulatory flexibility to the states. And because of Minnesota's stature and leadership in environmental programming, technical staff have been asked and funded by the federal government to provide expertise to other countries such as France, Russia, and the Philippines, to share knowledge and technology and enhance trade opportunities.

Flexible, Innovative and Responsive to Communities, Customers and Citizens

Several new initiatives that focus on customer needs should result in better government services. After consulting and researching ideas with our customers, efforts are underway to redesign end products (permits, inspections, environmental reviews) so that customers can reach compliance after receiving easy-to-understand information or training or in some cases, conducting a self-audit. Programs are fostering partnerships within geographic areas, with like-types of regulated parties (cities, counties) or sectors of industry (printers, forest products, mining) to bring about a new level of energy and resources that fosters more of a joint problem-solving attitude toward environmental issues. To assist in these efforts, staff are being trained to use surveys, focus groups and consensus building to seek solutions and to involve effected citizens or a community of interest that is focused around a specific locale or issue.

Providing Effective Service at the Local Level

Providing the right level of service at the right location and in a timely fashion is a constant struggle for all government agencies. The challenge the agency will address in the next 2 years is the redesign of the delivery system based on environmental risk and customer needs. Small business wants more of a "one-stop shop" feel to interactions and a familiar face who gives a response that crosses all environmental programs. Large business wants special expertise, flexibility and access to policy makers. There are 116 positions in the regional offices in Rochester, Duluth, Marshall, Detroit Lakes and Brainerd and over the past 6 years, 70 of these positions have been reassigned from the central office. Plans to move additional positions are being made based on a needs survey so that even more decisions will be made and services will be available at the local level.

Making Information Available to Improve Decisions and Understanding

The agency has been moving away from a focus on managing activity levels in order to concentrate more on measuring and managing environmental results. Significant progress has been made in developing environmental and management indicators. An $8,000,000 investment in both hardware and software over the last 4 years has improved employee productivity, enhanced environmental decision-making and made information available to the public. The design of compliance management system, DELTA, has greatly improved the business decisions and processes with the abatement function of the agency and made information available across environmental media. The introduction of the Internet and the state's "environmental" web site will make the most often requested information available to whomever has Internet access. There is a need to convert many of the old, existing data bases to a common platform. There is also a need to provide information about all environmental issues in a certain geographic area.

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

PLANNED RESULTS:

Shape direction and represent Minnesota in addressing environmental issues in the state, national and international level.

Design customer-orientated process, provide information and training, and allow flexibility in behaviors that improve environmental results. Provide effective service to customers through face-to-face contact, and consistent staff contacts.

Use environmental risk as a strong factor in setting priorities.

Approve standards and rules, and implement regulatory and enforcement authorities.

Direct, administer and manage resources and operations of the agency, use strategic planning, shared objectives and measured results.

Conduct business recognizing the needs of government, industry, interest groups and the public.

Provide information management, data processing and computer services which support all agency programs and access to 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.

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 planning and support to environmental programs, provide public information and environmental education materials in response to public inquiries, and to disseminate information through news releases, newsletters, printed material and exhibits.

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.

BUDGET AND REVENUE SUMMARY:

Agency Decision Item:

For on-going operating costs of the MPCA's electronic information infrastructure, the agency plan provides an increase in base funding of $300,000 in F.Y. 1998 and $300,000 in F.Y. 1999 from the Environmental Fund; and $450,000 in F.Y. 1998 and $400,000 in F.Y. 1999 from the General Fund.

The Legislature appropriated money in the last 2 biennia (F.Y. 1994-95 and F.Y. 1996-97) for Project DELTA which allowed the agency to design and implement software to collect and manage environmental compliance data and to improve the agency's computer system and network so that the public and staff had better access to information. These funds support the ongoing operating costs for staff, and maintenance of the information infrastructure developed as a result of the $8 million investment in DELTA. The gains made by the agency in the past 4 years include better environmental decisions, faster service, more customer-focused processes and significant improvement in staff productivity. A strong commitment to continue maintaining the information platform is essential in the fast-changing world of hardware and software.

A delay in maintaining this level of continued base investment will ultimately result in the need for a much larger one-time appropriation to again bring systems up to date. More and more, the agency is dependent on electronic systems to carry out its daily activity. Productivity improvements gained by using technology have allowed the agency to lower the number of staff needed for new programs. These systems are also critical to the implementation of the MPCA's strategic plan, GOAL 21, as the need for reliable, secure and available computer access will become distributed to more customers and to a wider geographic areas over the next few years.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	5,074	6,144	5,168	5,366	5,516	5,345	5,543	5,693
OPERATING EXPENSES	6,343	7,221	4,379	5,198	5,282	4,327	5,195	5,213
CAPITAL OUTLAY		10						
SUBTOTAL STATE OPERATIONS	11,417	13,375	9,547	10,564	10,798	9,672	10,738	10,906
LOCAL ASSISTANCE	11	74						
TRANSFERS			117	117	117	117	117	117
TOTAL EXPENDITURES	11,428	13,449	9,664	10,681	10,915	9,789	10,855	11,023
AGENCY PLAN ITEMS:		FUND						
FED REQUIREMENTS (STATE MATCH)		ENV		29			127	
ISTS REDUCTION		ENV		<17>			<17>	
INFORMATION SYSTEMS -		GEN		450			400	
INFORMATION SYSTEMS -		ENV		300			300	
MOTOR VEHICLE WASTES		ENV		97			98	
LEAKING UNDRGRND STORAGE TANK STAFFING		PET		158			158	
TOTAL AGENCY PLAN ITEMS				1,017			1,066	
GOV'S INITIATIVES:		FUND						
(A) WQ FEE INITIATIVE		ENV			234			168
TOTAL GOV'S INITIATIVES					234			168
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,688	1,608	1,287	1,737	1,737	1,318	1,718	1,718
MINNESOTA RESOURCES		89						
PETROLEUM TANK RELEASE CLEANUP	446	458	433	591	591	442	600	600

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

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

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ENVIRONMENTAL	4,285	5,074	3,150	3,559	3,793	3,219	3,727	3,895
METRO LANDFILL CONTINGENCY	8	8	8	8	8	8	8	8
SOLID WASTE CLEANUP	987	1,070	1,075	1,075	1,075	1,102	1,102	1,102
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	3,734	4,757	3,383	3,383	3,383	3,383	3,383	3,383
FEDERAL	96	176	116	116	116	100	100	100
ENVIRONMENTAL	139	149	152	152	152	157	157	157
METRO LANDFILL CONTINGENCY	4	5	5	5	5	5	5	5
SOLID WASTE CLEANUP	41	55	55	55	55	55	55	55
TOTAL EXPENDITURES	11,428	13,449	9,664	10,681	10,915	9,789	10,855	11,023
FTE BY EMPLOYMENT TYPE:								
REGULAR	120.7	125.3	102.4	107.4	111.4	102.4	110.4	113.4
TEMP/SEAS/PART_TIME	2.0							
OVERTIME	.3							
TOTAL FTE	123.0	125.3	102.4	107.4	111.4	102.4	110.4	113.4

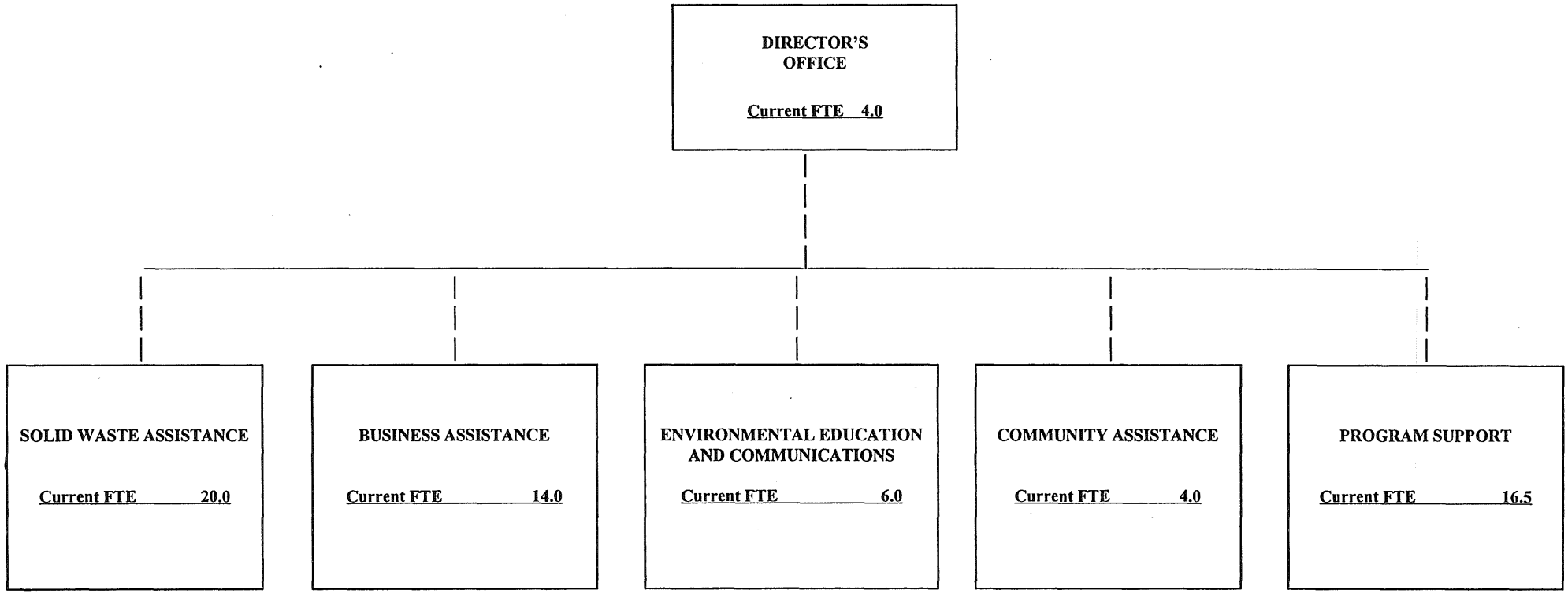
1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: Environmental Assistance, Office of (OEA)

Office of Environmental Assistance

Organization Chart 7/1/96



June 30, 1996 FTE Employees: 64.5

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Environmental Assistance, Office of (OEA) **Fund:** General

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$19,246	$19,246	$38,492
BASE ADJUSTMENT			
1998-99 Compensation Inflation	65	131	196
1998-99 Transfers Between Agencies	(100)	(100)	(200)
BASE LEVEL (for 1998 and 1999)	**$19,211**	**$19,277**	**$38,488**
AGENCY DECISION ITEMS			
	(167)	(171)	(338)
Reallocation of Funds	167	171	338
AGENCY PLAN (for 1998 and 1999)	**$19,211**	**$19,277**	**$38,488**
GOVERNOR'S INITIATIVES			
None	-0-	-0-	-0-
GOVERNOR'S RECOMMENDATIONS	**$19,211**	**$19,277**	**$38,488**

Brief Explanation of Agency Plan:

- The plan includes a compensation inflation of $65,000 for F.Y. 1998 and $131,000 for F.Y. 1999.
- The plan includes a base reduction of $100,000, which transfers a F.Y. 1997 appropriation to the Office of Attorney General for solid waste legal assistance.
- 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 reallocation of $167,000 in F.Y. 1998 and $171,000 in F.Y. 1999 from grants to providing technical assistance.

Revenue Summary:

- The agency collects non-dedicated interest and principal from loans awarded by the office and miscellaneous revenue in the General Fund.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Environmental Assistance, Office of (OEA) **Fund:** Environmental

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$1,341	$1,341	$2,682
BASE ADJUSTMENT			
1998-99 Compensation Inflation	11	21	32
BASE LEVEL (for 1998 and 1999)	**$1,352**	**$1,362**	**$2,714**
AGENCY DECISION ITEMS			
Reduction of Funds	(100)	(100)	(200)
AGENCY PLAN (for 1998 and 1999)	**$1,252**	**$1,262**	**$2,514**
GOVERNOR'S INITIATIVES			
None	-0-	-0-	-0-
GOVERNOR'S RECOMMENDATIONS	**$1,252**	**$1,262**	**$2,514**

Brief Explanation of Agency Plan:

- The plan includes a compensation inflation of $11,000 for F.Y. 1998 and $21,000 for F.Y. 1999
- The plan includes a reduction of $100,000 each year for F.Y. 1997-99 in pollution prevention grants.
- The plan includes $254,000 the first year and $258,000 the second year to administer the metropolitan landfill abatement account.

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 million each year.
- The Metropolitan Landfill Abatement account is funded by fees collected from the seven-county metropolitan area waste disposal facilities on solid waste accepted and disposed of at these facilities. The fees (anticipated to remain at $890,000 each year) are collected by the Department of Revenue and transferred to the OEA.

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 Office of Environmental Assistance (OEA) is to protect Minnesota's environment and assure a sustainable economy through waste prevention and resource conservation.

The Minnesota Waste Management Act (M.S. ch. 115A) directs the OEA to provide technical and financial assistance to local governments, businesses, non-profits, and citizens to assist them in preventing pollution and recovering resources from waste.

Guiding principles of the OEA are to provide leadership, incentives, and information along with assistance to change behavior. In doing so, the OEA forms partnerships with others while recognizing the diversity of its customers' needs and problems. The OEA makes a wide variety of educational materials on waste and other environmental topics available to the public, collects data, conducts needed research, writes reports and makes policy recommendations regarding pollution prevention and waste management in Minnesota. The OEA also oversees $14,008,000 each year in block grants to counties for solid waste management as well as awarding approximately $2,200,000 each year in other grants and loans from the general fund, pollution prevention account and the landfill abatement account to promote the mission of the office.

The OEA was established on 7-1-94 and has recently reorganized into goal areas based on a team approach to accomplish its mission. The goal areas are: Solid Waste Assistance, Business Assistance, Environmental Education and Communications, Community Assistance and Program Support. Program support helps all goal areas to be successful and includes financial assistance oversight of the OEA grant and loan programs, evaluation of every program, computer technology expertise, and administrative and management support.

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.

AGENCY ISSUES:

Conserving resources and protecting Minnesota's environment is a large and important responsibility and the OEA has a unique role to play. Reorganizing into goal areas to address this responsibility has allowed the OEA to focus activity on preventing waste at the source and recovering resources, while encouraging environmental protection that makes good economic sense for the State of Minnesota. The office's primary responsibilities include solid and hazardous waste prevention and management, recycling and reuse, environmental education, business efficiency through resource conservation, and community development of comprehensive programs to move toward a sustainable future.

The OEA's Business Environmental Resource Center is an integrated program to help Minnesota businesses become more environmentally friendly while saving money and benefiting the economy. The OEA offers direct assistance or referrals under this area and the office funds the Minnesota Technical Assistance Program (MnTAP) which provides additional technical assistance under the auspices of the University of Minnesota.

Solid waste assistance is provided to counties, cities and the waste industry to assist them with managing existing solid waste programs and in undertaking new programs. The Waste Management Act promotes comprehensive planning to develop integrated solid waste management systems that combine reduction, reuse and recovery of compost, recyclables and energy from garbage. OEA staff in regional offices in Duluth, Detroit Lakes, Rochester, Marshall and Brainerd help counties in Greater Minnesota complete plans and establish integrated systems through grants and loans, solid waste planning assistance, and other OEA staff assistance.

Through technology, printed materials, grants and hands-on activities, the OEA educates all ages about the environment. OEA has an established education clearinghouse with over 3,300 print titles, videos, portable displays and computer games which can be used by any organization. The Legislative Commission on Minnesota Resources (LCMR) funding has allowed the OEA to establish SEEK, Minnesota's interactive directory of environmental education resources which can be accessed via the Internet. Several events such as Earth Month, workshops, and a display at the Minnesota State Fair allow citizens to gain more information about the environment.

The OEA recognizes the need for community involvement in protecting the environmental resources of Minnesota. Since environmental, economic, and social well-being are interconnected, the OEA is helping communities through its grant program as well as with technical assistance and awareness of these issues. It also helps communities to build partnerships between businesses, schools, civic groups and local governments.

AGENCY STRATEGIES:

The OEA is working toward ending disposal of unprocessed solid waste in landfills through education, public policy efforts and work with neighboring states. Other strategies include supporting the existing waste processing infrastructures and encouraging continued development of regional integrated waste management systems.

Targeting industrial and commercial waste by greatest reduction potential is another specific strategy. To do this the OEA has created a one-stop multi-media environmental resource center for businesses to provide direct resources and referrals to other sources of expertise.

The OEA continues to design and deliver programs to institutionalize environmental education and conservation in schools, government organizations and businesses. It provides environmental education for the general public by collaborating with environmental groups, citizen groups and other public audiences.

Sustainable development policies and approaches are promoted by bringing together existing information and expertise and making them available by implementing model sustainable community projects. The information will be widely published or made available in other ways. The OEA is striving through sustainable development, to improve and protect the quality of our environment while strengthening local economies and enhancing the quality of life for all citizens in our communities.

SUMMARY OF BUDGET REQUEST:

The budget plan includes a request for:

- A reduction of $100,000 per year in pollution prevention grants in order to offset an expected deficit in the pollution prevention fund.
- A reallocation of $167,000 in F.Y. 1998 and $171,000 in F.Y. 1999 from grants to providing technical assistance. The OEA believes this reallocation will benefit the state by maintaining its present level of services without requesting a budget increase.

- A recommendation by the LCMR to award OEA 2 projects: Connecting People and Places Through Yellow Bikes ($75,000) and Pollution Prevention Training Program for Industrial Employees ($250,000).

- An approval of 4 additional federal grant awards totaling $650,000 that are presently in preliminary discussion phases, along with approval of additional funds of $74,000 for a federal grant previously awarded. These grants are addressed in the individual budget activities.

- An approval for OEA to retain indirect money collected (approximately $44,000) from the additional federal grants to be used towards the building lease payment.

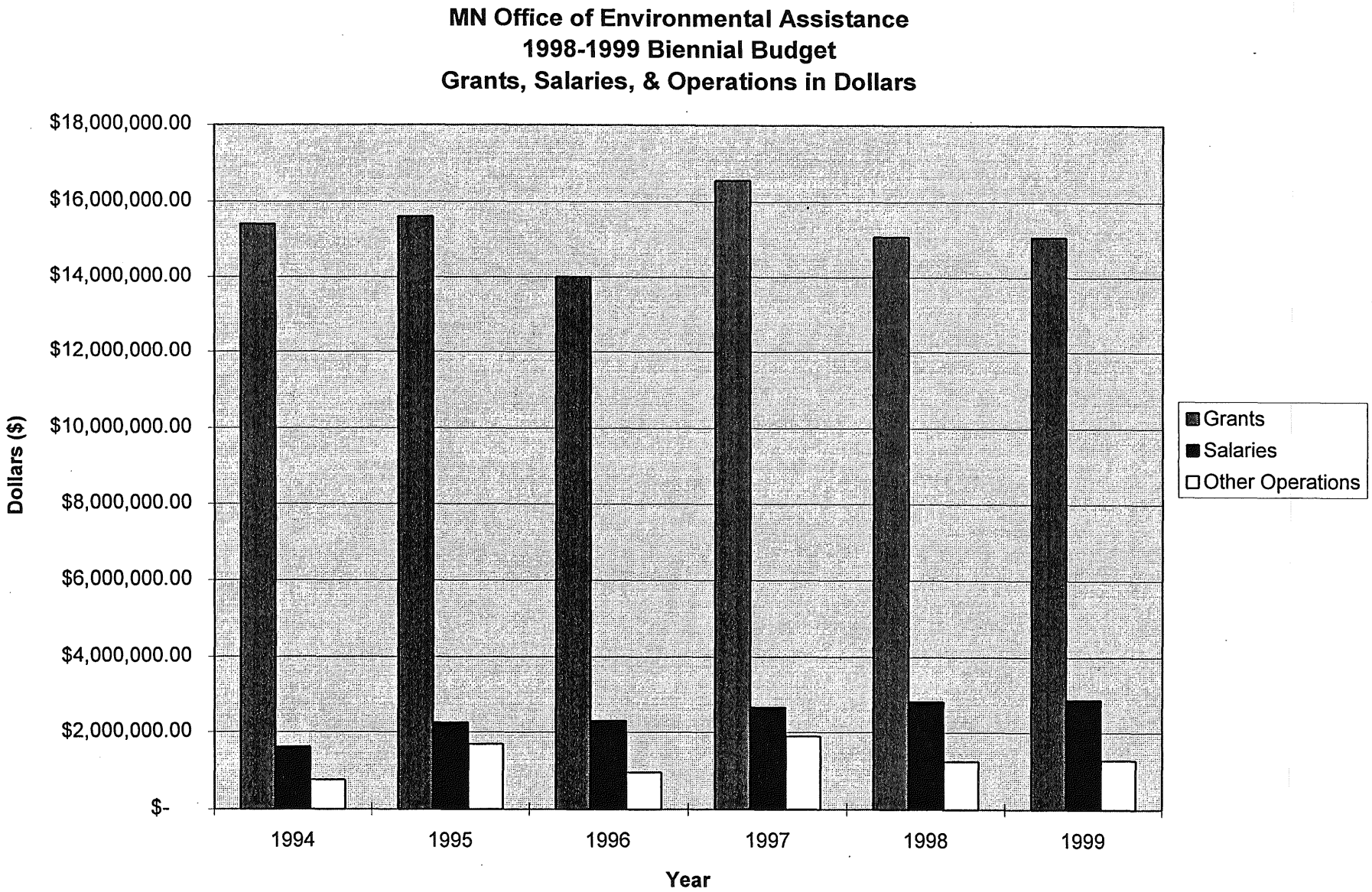
GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST

			FY 1998			FY 1999		
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
SOLID WASTE ASSISTANCE	15,011	15,513	15,363	15,363	15,363	15,383	15,383	15,383
BUSINESS ASSISTANCE	1,080	1,558	1,295	1,295	1,295	1,215	1,215	1,215
ENVIRON EDUCATION AND COMM	1,914	955	611	611	611	622	622	622
COMMUNITY ASSISTANCE	166	373	400	725	725	405	405	405
PROGRAM SUPPORT	2,760	6,799	4,152	4,052	4,052	4,200	4,100	4,100
TOTAL EXPENDITURES BY ACTIVITY	20,931	25,198	21,821	22,046	22,046	21,825	21,725	21,725
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		75				
LCMR NEW ALLOCATIONS		MNR		250				
REALLOCATION OF FUNDS		GEN		<167>			<171>	
REALLOCATION OF FUNDS		GEN		167			171	
REDUCTION OF FUNDS		ENV		<100>			<100>	
TOTAL AGENCY PLAN ITEMS				225			<100>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	529	271		75	75			
GENERAL	17,266	21,026	19,211	19,211	19,211	19,277	19,277	19,277
MINNESOTA RESOURCES	850			250	250			
ENVIRONMENTAL	463	2,135	1,352	1,252	1,252	1,362	1,262	1,262
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	44	197	126	126	126	122	122	122
FEDERAL	227	508	375	375	375	305	305	305
ENVIRONMENTAL	1,479	1,049	756	756	756	758	758	758
GIFT	73	12	1	1	1	1	1	1
TOTAL EXPENDITURES	20,931	25,198	21,821	22,046	22,046	21,825	21,725	21,725
FTE BY EMPLOYMENT TYPE:								
REGULAR	60.6	63.2	64.5	64.5	64.5	64.5	64.5	64.5
TEMP/SEAS/PART_TIME	10.3	13.5	5.2	5.2	5.2	2.8	2.8	2.8
TOTAL FTE	70.9	76.7	69.7	69.7	69.7	67.3	67.3	67.3


MN Office of Environmental Assistance
1998-1999 Biennial Budget
Grants, Salaries, & Operations in Dollars
$18,000,000.00
$16,000,000.00
$14,000,000.00
$12,000,000.00
$10,000,000.00
$8,000,000.00
$6,000,000.00
$4,000,000.00
$2,000,000.00
$-
Dollars ($)
1994
1995
1996
1997
1998
1999
Year
Grants
Salaries
Other Operations

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1998-99 Biennial Budget
Agency Level Revenue Summary

Agency: Environmental Assistance, Office of (OEA)

REVENUE SOURCES:

The Office of Environmental Assistance generates dedicated, non-dedicated and federal revenue. Non-dedicated revenue is collected from pollution prevention fees in the Environmental Fund; interest and principal from loans awarded by the office and miscellaneous revenues in the General Fund; and capital assistance loan repayment principal and interest into the Debt Service Fund.

Dedicated revenue is generated from federal grants (the office is presently working on 4 awards), interest received from the Metropolitan Landfill Abatement account, various seminars and workshops the office presents throughout the year, and gifts received by the OEA to further its mission. In addition, OEA is requesting approval to accept 4 new federal grant awards totaling $650,000. These grants are in the preliminary discussion phase, but are expected to be awarded during this biennium.

The pollution prevention fee program is based on United States Code, title 42 requiring annual reporting of toxic chemicals released. Facilities generating releases pay a pollution prevention fee based on their reporting of these releases. Fees generated from this program are used for technical and financial assistance to facilities to lessen and prevent such releases. Because of the success of the program offset by a change in the fee structure, the revenue generated is anticipated to remain constant at $1 million. It is necessary to plan for the increased cost of running this program without increasing the fee, so the office is requesting a reduction of $100,000 each year in the grants program under the pollution prevention program.

FEE STRUCTURE:

The two primary fees collected under OEA programs are pollution prevention fees and landfill abatement fees. Both of these fee structure requirements are explained in Minnesota Statutes. Pollution prevention fees are based on types of chemical releases as well as pounds of releases (M.S. 115D.12.) The metropolitan solid waste landfill fee is received from operators of disposal facilities in the metro area and is based on weight or volume of waste accepted at the facility (M.S. 473.843.) This fee is collected by the Department of Revenue and is transferred to the OEA to be used primarily for grant payments back to the metropolitan counties.

The fee structure of conference registrations charged is based on the estimated cost of the individual conference. The OEA provides these conferences and seminars as technical assistance to its customers (M.S. 115A.06.)

The OEA also has authority to accept gifts for specific purposes (M.S. 115A.06 subd. 6.) These gifts have been used for awards (Kids can Make a Difference contest), and to help defray the costs of individual conferences.

RECENT CHANGES:

None.

FORECAST BASIS:

The amount of pollution prevention fees generated can be estimated based on the reporting of the individual facilities. Metropolitan landfill abatement fees are estimated based on reporting; changes in national, state, and local legislation; and forecasted trends in solid waste disposal, such as anticipated volume of future disposal and changing population in the metropolitan area.

Changes in programs supported by federal funds have been anticipated and planned for and will have no major impact on the structure of the OEA.

DECISION ITEMS:

As mentioned above, the OEA is dealing internally with the expected effects of revenue received into the pollution prevention fund. There is no request for a fee increase.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998 Forecast	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Forecast	FY 1999 Agency Plan	FY 1999 Governor Recomm.
NON-DEDICATED REVENUE:								
DEPARTMENTAL EARNINGS:								
ENVIRONMENTAL	973	1,000	1,000	1,000	1,000	1,000	1,000	1,000
OTHER REVENUES:								
GENERAL	45	70	51	51	51	39	39	39
DEBT SERVICE	44	46	35	35	35	31	31	31
OTHER SOURCES:								
GENERAL	153	260	207	207	207	251	251	251
DEBT SERVICE	55	122	61	61	61	57	57	57
TOTAL NON-DEDICATED RECEIPTS	1,270	1,498	1,354	1,354	1,354	1,378	1,378	1,378
DEDICATED RECEIPTS:								
GRANTS:								
SPECIAL REVENUE	10	20	24	24	24	20	20	20
FEDERAL	224	482	375	375	375	305	305	305
OTHER REVENUES:								
SPECIAL REVENUE	22	142	102	102	102	102	102	102
ENVIRONMENTAL	51	115	100	100	100	100	100	100
GIFT	5	12	1	1	1	1	1	1
TOTAL DEDICATED RECEIPTS	312	771	602	602	602	528	528	528
AGENCY TOTAL REVENUES	1,582	2,269	1,956	1,956	1,956	1,906	1,906	1,906

1998-99 Biennial Budget
Federal Funds Summary
($ in Thousands)

Agency: Environmental Assistance, Office of (OEA)

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Mercury Waste In Health Care	yes	State Operations	-0-	50	-0-	-0-
RRBAC Reuse, Recycling Business Assistance Center	yes	State Operations	181	232	-0-	-0-
Minn Technology Inc	yes	State Operations	37	64	-0-	-0-
Closed-Loop Fiber Glass (NICE3)*	yes	Grants Individuals	-0-	132	74	-0-
Capacity Assurance	yes	State Operations	11	-0-	-0-	-0-
Industrial Waste	no	State Operations	-5	-0-	-0-	-0-
P2 Federal	no	State Operations	-0-	4	-0-	-0-
Jobs and Recycling Development	yes	State Operations	-0-	-0-	125	125
Environmental Initiatives	yes	State Operations	-0-	-0-	125	125
P2 Federal 1998	yes	State Operations	-0-	-0-	25	25
Source Reduction	yes	State Operations	-0-	-0-	50	50
Agency Total			224	482	399	325

- Federal funds allow OEA to carry out special projects which enhance services provided, but OEA is not dependent on federal funds for day-to-day operations.
- Three federal grants (RRBAC, Minnesota Technology Inc., and Mercury Waste in Health Care) are scheduled to be finalized by 6-30-97.
- The Closed-loop Fiber Glass grant has been awarded and 4 additional grants are in the pre-proposal stage. There are no additional areas at risk for funding cuts since all end-dates have been anticipated. These grants are all for special projects so that none are being discussed for increases.

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

ACTIVITY DESCRIPTION:
The primary goal of the Solid Waste Assistance (SWA) activity is to protect the state's land, air, water, natural resources, and public health by fostering an integrated solid waste management system. Primary objectives include: reduction in the amount and toxicity of waste generated, recovery of materials and energy from waste, reduction of land disposal, coordination of waste management among counties and cities, and the orderly development of waste management facilities.

SWA services are established in the Waste Management Act and provided to counties, cities, the waste management industry, and the public. Services include oversight of local government and regional solid waste management planning:, administration of SCORE block grant:, assistance in building and financing solid waste facilities; technical assistance for the implementation of solid waste management programs; research, analysis, and evaluation of current challenges to improved solid waste management; and formulating reports and plans for administration and the legislature.

Counties in Minnesota have made great progress in implementing cost- effective systems which protect the environment and conserve resources and energy. Deliberate planning and regular evaluation of these systems are principal assets in keeping these systems strong and establishing better ones in the future. SWA provides assistance and oversight of solid waste planning in all 87 counties and the Western Lake Superior Sanitary District.

A principal objective of SWA continues to be the expansion of programs which meet the state's goals for the 3 Rs of waste management (reduce, reuse and recycle.) SCORE block grants of over $14 million are disbursed to counties and the Western Lake Superior Sanitary District each year to support and expand services to prevent waste generation, foster reuse of materials and expand recycling. Over 45% of Minnesota's solid waste is now recycled. However, SWA continues to work toward achieving reductions in the amount of waste generated in Minnesota and improvements in the cost-effectiveness of recycling.

SWA reviews and approves grants for resource recovery facilities under the Solid Waste Processing Facilities Capital Assistance Program (CAP) and provides the Minnesota Pollution Control Agency with recommendations on permitting solid waste facilities. Facility development activities are linked to local government planning and are very effective in encouraging regional cooperation among counties to enhance the utility and feasibility of any new projects. These activities foster the orderly and deliberate development of solid waste facilities necessary to protect the environment and public health.

Research, evaluation and policy analysis constitute another principal service provided by SWA. Solid waste management costs Minnesotans over $500 million while posing environmental risks and environmental opportunities. Achieving the goal of 10% reduction in solid waste generation could substantially reduce our total expenditures for waste management. However, the state's per capita generation is rising while our solid waste systems are facing technical, economic, and legal challenges.

These facts underscore the importance of OEA's development of the Metropolitan Area Policy Plan, SCORE Report, Solid Waste Management Consolidated Report, and the administration's initiative to evaluate the Waste Management Act.

BUDGET ISSUES:

- Maintains key information necessary for evaluation and analysis of solid waste management by collecting and correlating a host of data on solid waste reduction, recycling, recovery, and disposal.
- Works with the metro region and greater Minnesota to improve coordination, cooperation, and effectiveness of solid waste programs through staffing the Solid Waste Management Advisory Council, the Metropolitan Waste Management Advisory Council and the SCORE Task Force.
- Serves as liaison to and administers a grant to the metropolitan Solid Waste Management Coordinating Board to promote cooperation within the metro area.
- Serves as the central OEA unit to respond to legislative requests for waste management information.
- Provides technical assistance and oversight to 87 counties in development and implementation of solid waste management plans to improve the cost effectiveness and environmental benefit of local solid waste management programs. OEA's planning priorities include achieving reduction in waste generation, improving the cost-effectiveness of recycling/composting/and recovery systems, expanding the public's understanding of resource conservation and environmental protection, and building stronger regional waste management systems.
- Improves coordination of permitting and planning factions of the state by reviewing the consistency of solid waste facility permit applications with the metropolitan policy plan and solid waste management plans and providing recommendations to the Minnesota Pollution Control Agency.
- Works to build a consensus on how to meet the challenges facing waste management in Minnesota by coordinating the administration initiative to examine the Waste Management Act.

REVENUE:
This activity generates dedicated and non-dedicated revenue.

- The OEA's SWA activity collects non-dedicated capital assistance loan repayments principal and interest into the Debt Service Fund. Interest received from metropolitan area disposal facilities fees is deposited by the Department of Finance into the OEA's landfill abatement fund. The OEA is requesting approval of an anticipated federal award in the amount of $100,000 to assist in the implementation of source reduction techniques by developing tool kits and providing outreach and education to OEA customers. It is anticipated that this grant would require .5 FTE per year to administer the project.

GRANTS:

- SCORE county block grants, Laws of 1995, chapter 220. SWA administers the $14 million annual SCORE block grant program to establish waste education, recycling, problem material management, and source reduction programs serving Minnesota's 87 counties. Payments are based on population with a minimum payment of $55,000 per year.
- CAP grants, Laws of 1996, chapter 463 (included in capital budget). SWA administers the Solid Waste Processing Facilities Capital Assistance Program (CAP) grants to cities and counties to build and improve the infrastructure necessary to recycling, composting, and waste-to-energy projects.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: SOLID WASTE ASSISTANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	777	992	1,015	1,015	1,015	1,038	1,038	1,038
OPERATING EXPENSES	226	448	340	340	340	337	337	337
SUBTOTAL STATE OPERATIONS	1,003	1,440	1,355	1,355	1,355	1,375	1,375	1,375
LOCAL ASSISTANCE	14,008	14,073	14,008	14,008	14,008	14,008	14,008	14,008
TOTAL EXPENDITURES	15,011	15,513	15,363	15,363	15,363	15,383	15,383	15,383
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	14,769	15,248	15,055	15,055	15,055	15,071	15,071	15,071
ENVIRONMENTAL	159	258	254	254	254	258	258	258
STATUTORY APPROPRIATIONS:								
FEDERAL			47	47	47	47	47	47
ENVIRONMENTAL	15	7	7	7	7	7	7	7
GIFT	68							
TOTAL EXPENDITURES	15,011	15,513	15,363	15,363	15,363	15,383	15,383	15,383
REVENUE COLLECTED:								
DEDICATED:								
FEDERAL			47	47	47	47	47	47
NONDEDICATED:								
DEBT SERVICE	99	168	96	96	96	88	88	88
TOTAL REVENUES COLLECTED	99	168	143	143	143	135	135	135
FTE BY EMPLOYMENT TYPE:								
REGULAR	17.8	19.7	20.0	20.0	20.0	20.0	20.0	20.0

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: SOLID WASTE ASSISTANCE

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	.1	1.0	.5	.5	.5	.5	.5	.5
TOTAL FTE	17.9	20.7	20.5	20.5	20.5	20.5	20.5	20.5

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

ACTIVITY DESCRIPTION:
The second goal of the OEA is to "Help Minnesota's businesses and other organizations improve their economic efficiency through environmentally sound practices." The Business Environmental Resource Center (BERC) was formed in late 1995 in response to this goal and external activities which demonstrated the need for a more cohesive and progressive approach to environmental business assistance. The BERC team is comprised of staff experienced in the areas of recycling market development, resource conservation, waste prevention and pollution prevention. BERC also includes staff from the Minnesota Technical Assistance Program (MnTAP), which is described below.

BERC is committed to providing environmental management assistance to Minnesota businesses and other institutions. BERC serves as an informational clearinghouse to parties interested in receiving fact sheets, directories and material-specific documents. BERC staff also administer grants and loans in the areas of recycling market development, waste and pollution prevention, and problem materials reduction and recycling.

Other BERC activities have included oversight of technical research, targeted outreach and working with manufacturers to develop more environmentally benign products made from recycled materials; presentations and workshops, including the Pollution Prevention Conference; the Governor's Awards for Excellence in Pollution Prevention; voluntary challenge programs such as Minnesota Waste Wise, a program in partnership with the Minnesota Chamber of Commerce to promote waste prevention; the annual collection of pollution prevention fees, the review of Pollution Prevention Progress reports to identify leaders and companies in need of assistance; and assisting in the implementation of a statewide materials exchange program.

BERC's MnTAP program provides company specific technical assistance in the areas of industrial and solid waste management and pollution prevention to Minnesota's manufacturing and service industries, and is funded by an annual operating grant of $875,000 from the OEA. MnTAP's 15 staff members are located at the University of Minnesota. MnTAP's major services include: telephone assistance, site visits, student interns, technical resources, materials exchange, and workshops and seminars.

BUDGET ISSUES:

- Targeting 6 sectors for environmental assistance during the next biennium, including mercury-containing products, composites, construction and demolition waste, transport packaging waste, hospitality industry, and office buildings. BERC will direct outreach efforts toward these targets, develop partnerships, develop materials, and provide information to affected businesses either directly or indirectly through seminars and workshops.

- Working with the OEA's financial assistance team and our customers, we will develop priority grant and loan projects that will assist our target groups to implement pollution prevention, waste reduction and recycling.

- Continuing to fund company specific technical assistance activities and examine ways to improve the efficiencies of our assistance activities. Working with at least 2 industrial sectors, including the electronics industry, to encourage the development of environmentally friendly products.

- Continuing to work with the Minnesota Chamber of Commerce on Waste Wise, which encourages Minnesota industry to reduce and recycle wastes.

- Working to ensure that other providers of environmental assistance are coordinated and that BERC can refer questions to the proper providers.

- Expanding the network of local materials exchange sites in the state and encouraging greater use of the existing exchanges by industry.

- Working with other conference and seminar providers to ensure that pollution prevention and recycling issues are integrated into their events.

- Expanding BERC's awards programs to include resource conservation and design for the environment.

- Continuing to streamline and improve pollution prevention progress reports in cooperation with the Emergency Response Commission (ERC). The OEA and ERC will annually publish information about progress made toward pollution prevention.

- Tracking the effectiveness of our assistance efforts by integrating measurement tools into our services and periodically surveying our clients.

REVENUE:
This activity generates dedicated and non-dedicated revenue.

- The OEA is presently working on 4 federal grants. A federal grant in the area of fiberglass recycling ($206,000) has been awarded to OEA by the federal government. One grant awarded during the last biennium relating to mercury reduction in the health care industry will continue through June 1997. The Reuse Recycling Business Assistance Center grant is developing an on-line resource center for businesses and other organizations to access environmental assistance information. A cooperative agreement with Minnesota Technology, Inc. using federal funds, is working to integrate competitive, environmentally sound practices into manufacturing.

  Under consideration are 3 additional federal grants: the first relating to jobs and recycling development ($250,000), the second relating to environmental initiatives ($250,000), and the third in the area of pollution prevention ($50,000). These 3 grants are presently in the negotiation stage. It is anticipated that 2.25 FTEs would be required to administer these awards.

- 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 continue to decrease in future years because the fee is based upon amounts of toxic pollutants released, and these amounts are decreasing due to the success of the pollution prevention activity. However, recent changes in federal rules have increased the number of chemicals subject to the fee and will offset the fee decreases. This will affect fees due in January 1997. Therefore, pollution prevention fees are expected to remain constant at approximately $1 million collected each year.

- Non-dedicated revenue is generated from principal and interest received from loan repayments.

GRANTS:
The OEA no longer has specific grant programs for pollution prevention, solid waste source reduction and market development for recyclables. Grant and loan activities within BERC are provided under the Environmental Assistance Grant and Loan Program which is described later. However, a portion of pollution prevention fees is dedicated to grant activities, including a portion of MnTAP's funding.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: BUSINESS ASSISTANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	869	839	843	843	843	792	792	792
OPERATING EXPENSES	211	587	423	423	423	423	423	423
SUBTOTAL STATE OPERATIONS	1,080	1,426	1,266	1,266	1,266	1,215	1,215	1,215
LOCAL ASSISTANCE		132	29	29	29			
TOTAL EXPENDITURES	1,080	1,558	1,295	1,295	1,295	1,215	1,215	1,215
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	558	662	764	764	764	752	752	752
ENVIRONMENTAL	253	247	185	185	185	187	187	187
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	26	123						
FEDERAL	227	508	328	328	328	258	258	258
ENVIRONMENTAL	16	18	18	18	18	18	18	18
TOTAL EXPENDITURES	1,080	1,558	1,295	1,295	1,295	1,215	1,215	1,215
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	13	50						
FEDERAL	224	482	328	328	328	258	258	258
NONDEDICATED:								
GENERAL	178	310	252	252	252	284	284	284
ENVIRONMENTAL	973	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL REVENUES COLLECTED	1,388	1,842	1,580	1,580	1,580	1,542	1,542	1,542

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: BUSINESS ASSISTANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	15.1	13.0	14.0	14.0	14.0	14.0	14.0	14.0
TEMP/SEAS/PART_TIME	4.3	5.0	4.4	4.4	4.4	2.3	2.3	2.3
TOTAL FTE	19.4	18.0	18.4	18.4	18.4	16.3	16.3	16.3

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

ACTIVITY DESCRIPTION:

The OEA's Environmental Education and Communications program goal is to promote environmentally sustainable attitudes and behavior through education and information. By using the *GreenPrint for Minnesota: A State Plan for Environmental Education* as a guide, the OEA's Environmental Education program builds and fosters partnerships with others state agencies, organizations, schools and individuals. Program staff create, adapt and adopt environmental education resources and conduct programs and training.

By serving as a resource and referral center for all GreenPrint audiences, the program helps others integrate environmental education into their own workplans and strategies.

The OEA's Education and Communications program continues to produce a bimonthly environmental newsletter, *The Resource,* and provide graphics, editorial and special events planning support for all of the other OEA programs. The Education Clearinghouse continues to maintain a high level of contact with the public and provides educators, students, libraries and businesses with valuable information, curriculum, videos and interactive environmental computer games as requested.

Last year, Minnesota's Environmental Education Advisory Board was transferred to the OEA. The board provides the OEA and other state agencies with valuable advice and assistance regarding environmental education programming. It also helps monitor and encourage the use of the *GreenPrint for Minnesota* statewide.

BUDGET ISSUES:

The Environmental Education and Information program is funded through the General Fund. With the same level of general fund dollars during the next biennium, the following program priorities will be implemented:

- Evaluate, update and encourage the use of the *GreenPrint for Minnesota: A State Plan for Environmental Education.* By encouraging others to refer to the state plan for direction when implementing environmental education programming and by requesting their assistance in evaluating and updating this document, the OEA will be bring Minnesota a step closer to a more coordinated, statewide effort for environmental education.

- Work with early childhood educators to review environmental curriculum for children ages 3 to 5, disseminate these materials to other educators statewide and provide training as necessary. An informal advisory group will be pulled together to discuss additional needs and determine how to further integrate environmental learning into preschools.

- Help institutionalize environmental education training into teacher preparation programs. By working with the Minnesota Board of Teaching and the universities who provide teacher preparation, help establish guidelines for the requirement of this training as part of their teacher education programs.

- Continue to work with others to develop training or workshops for teachers to better prepare them to teach environmental education classes. With assistance from the Department of Children, Families and Learning, help integrate the Minnesota Graduation Rules and Profiles of Learning into all efforts.

- Establish an interagency environmental education team to coordinate efforts such as curriculum dissemination, statewide environmental education conferences, identification of grant priorities and evaluation of the need and feasibility of a coordinated statewide environmental education newsletter.

- Continue to support SEEK (Sharing Environmental Education Knowledge), the state's electronic directory of environmental education resources. This new directory, which connects users with up-to-date environmental education resources, requires continuous oversight to assure that it is kept current and is comprehensive. Currently over 80 partners have contributed educational resources to SEEK and by working one-on-one with partners, SEEK will continue to grow and serve the education community.

REVENUE:

This activity generates dedicated revenue.

- Environmental Education and Information charges registration fees to offset the cost of various conferences held throughout the year.

- This activity also receives gifts and donations for awards and conferences.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: ENVIRON EDUCATION AND COMM

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	469	469	268	268	268	271	271	271
OPERATING EXPENSES	227	432	343	343	343	351	351	351
SUBTOTAL STATE OPERATIONS	696	901	611	611	611	622	622	622
LOCAL ASSISTANCE	1,218	54						
TOTAL EXPENDITURES	1,914	955	611	611	611	622	622	622
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	529	271						
GENERAL	530	675	608	608	608	619	619	619
MINNESOTA RESOURCES	850							
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE		4	2	2	2	2	2	2
GIFT	5	5	1	1	1	1	1	1
TOTAL EXPENDITURES	1,914	955	611	611	611	622	622	622
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	2	2	2	2	2	2	2	2
GIFT	5	5	1	1	1	1	1	1
TOTAL REVENUES COLLECTED	7	7	3	3	3	3	3	3
FTE BY EMPLOYMENT TYPE:								
REGULAR	8.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TEMP/SEAS/PART_TIME	4.2	5.7	.1	.1	.1			
TOTAL FTE	12.7	11.7	6.1	6.1	6.1	6.0	6.0	6.0

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

ACTIVITY DESCRIPTION:

The community assistance goal is designed to promote sustainable, community-based solutions to environmental problems. This activity is comprised of 3 elements. First, the community assistance efforts advocate sustainability, which seeks to balance long-term, future generation concerns with those of the present. Such advocacy involves promoting resource conservation, waste prevention, energy efficiency and economic equity. Second, the activity seeks to promote problem-solving at the community level, bringing local government representatives, local businesses and institutions, and citizens together in collaborative actions. Third, this activity is designed to address the full spectrum of environmental issues, including land use, toxic pollution, resource depletion, waste prevention, resource and energy conservation, and integrated waste management.

By working at the community level, the OEA is seeking to extend the reach of its existing assistance efforts. Community-oriented assistance activities that bring together the diverse elements of a community (businesses, institutions, schools, civic organizations, citizens) are able to identify the environmental issues unique to a local situation, allowing the people that live and work there to develop the most appropriate approaches to solving those problems. This approach to environmental assistance furthers the concept that local leaders, given the right tools and support, can be the most effective problem-solvers.

The OEA offers a comprehensive package of assistance for community-based efforts. Assistance includes community outreach, education and information, planning and technical assistance, promotion and recognition, and financial assistance. In addition, the OEA is working to measure the economic benefits to Minnesota of its environmental performance. Such efforts include identifying the economic value of Minnesota's extensive recycling and reuse industries, and the economic and social benefits of incorporating environmental management principles into every industry.

BUDGET ISSUES:

- Several demonstration projects are being implemented. Examples are the Steele County and the Minneapolis Urban League projects. The OEA seeks to design, develop and implement additional projects to further identify the value of community-based approaches and the important elements to successful community projects.

- The OEA coordinated 2 conferences in fall 1996: the statewide "Minnesota Conference on Sustainable Development -- Building and Investing in Sustainable Communities" and the regional "Northland Conference on Developing Sustainable Communities." These 2 conferences bring together speakers from communities in Minnesota as well as from out-of-state, and provide opportunities for education, networking, and skill-building for community leaders. The OEA is planning a statewide conference for 1997-1998. This conference is intended to further integrate the OEA's waste prevention outreach to the business community. The OEA also intends to deliver regional workshops designed to provide more direct and extensive training to community leaders.

- The Minnesota Toxic Pollution Prevention Act (Chapter 115D) directs the OEA to facilitate the involvement of citizens and community members in the pollution prevention activities of industrial facilities. This activity will continue to provide assistance, but will also promote community involvement to address a broader range of environmental issues.

- The OEA is designing and will implement a broad-based voluntary challenge campaign for Minnesota communities. This program will assist and recognize communities that are working to cooperatively address their long-term environmental and economic issues.

- The OEA is assembling a clearinghouse of information on community-based problem-solving, integrated environmental planning and programs, and sustainability. Individuals and businesses will have access to this information to help in their efforts. The OEA is also preparing several short written promotional and educational pieces to further promote community-based activities.

- The LCMR has recommended awarding 2 pass though grants to the OEA. Connecting People and Places Through Yellow Bikes will appropriate $75,000 from the future resources fund. This money will be used by the Yellow Bike Coalition to expand and develop bicycle recycling and transportation program in at least 3 cities. Pollution Prevention Training Program for Industrial Employees awards $250,000 to provide training and technical assistance need for pollution prevention by industrial employees.

REVENUE:

This activity generates dedicated revenue.

- Community Assistance charges registration fees to offset the cost of various conferences held throughout the year.

- This activity also receives gifts and donations for conferences.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: COMMUNITY ASSISTANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	74	188	190	190	190	193	193	193
OPERATING EXPENSES	92	185	210	210	210	212	212	212
SUBTOTAL STATE OPERATIONS	166	373	400	400	400	405	405	405
LOCAL ASSISTANCE				325	325			
TOTAL EXPENDITURES	166	373	400	725	725	405	405	405
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		75				
LCMR NEW ALLOCATIONS		MNR		250				
TOTAL AGENCY PLAN ITEMS				325				
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				75	75			
GENERAL	130	246	230	230	230	234	234	234
MINNESOTA RESOURCES				250	250			
ENVIRONMENTAL	28	70	70	70	70	71	71	71
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	8	50	100	100	100	100	100	100
GIFT		7						
TOTAL EXPENDITURES	166	373	400	725	725	405	405	405
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	7	90	100	100	100	100	100	100

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: COMMUNITY ASSISTANCE

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
GIFT		7						
TOTAL REVENUES COLLECTED	7	97	100	100	100	100	100	100
FTE BY EMPLOYMENT TYPE:								
REGULAR	1.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL FTE	1.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0

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BUDGET ACTIVITY: Program Support
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY DESCRIPTION:

The OEA's program support activity is comprised of 4 goal areas: Program Evaluation, Financial Assistance, Information Systems Team, and Administrative Services.

The Program Evaluation Team provides a means for the OEA to evaluate and improve all of its services both external and internal, in order to maintain OEA's efficiency and effectiveness. One strategy of the team is to evaluate and improve the role of advisory councils which make recommendations to the office. This area also makes a complete evaluation of grant and loan programs, providing information and advice to management, and implements changes to improve customer services. Involving customers in a timely and effective manner is important to the OEA, and this goal area assures that this is done. One of the main reasons for this team's existence is to develop a system to evaluate potential costs, benefits, and environmental results of all OEA programs.

The Financial Assistance Support Team (FAST) oversees all grant and loans. The 1996 legislature approved authority for the OEA to create a new environmental grant and loan program. This grants program includes all grants awarded by the OEA (M.S. 115A.0716) except for county block grants and grants funded by solid waste bonds for capital improvements assistance. This program replaces most of the existing OEA grant and loan programs. This was done to improve customer service and to develop one streamlined system for grant administration within OEA. FAST oversees development of requests for proposals (RFPs) and ensures that all the teams administer projects in a consistent manner. In the past biennium this team oversaw the awarding of over 50 grants and loans totaling over $2,000,000.

The Information Technology Team focuses on computer-related services for the OEA. This area maintains an office-wide LAN system and coordinates with Intertech and the Minnesota Pollution Control Agency to oversee an internal and external e-mail system. It makes recommendations to the office management and implements upgrades to the OEA's computer system when necessary and beneficial. This area supports the OEA's internal MAPS, SEMA4, and InfoAccess systems of the state.

The Administrative Services Team provides managerial, financial, personnel, and clerical assistance to the OEA. It provides management leadership and expertise to staff and to customers, while representing the OEA to the public as well as to the executive and legislative branches of government. This area oversees all administrative functions of the office.

Budgeting, accounting and payroll services are provided to management, supervisors and other staff of the OEA. Also, personnel-related services are performed for OEA staff as well as to potential OEA employees. Procurement of goods and services allows staff to maintain a high level of performance in their responsibilities.

Administrative support staff provide the OEA with data entry, word processing, reception and other clerical functions necessary to run an efficient office.

BUDGET ISSUES:

This activity is funded mainly from General Fund dollars with some funding coming from the pollution prevention appropriation in order to assist with the support of the OEA's grant and loan program administration.

This activity provides in-house training in software packages to all employees of the OEA. Plans are in process to establish an internal help-line and intranet to continue supporting staff who have questions regarding software and other computer-related issues.

In order to assist our customers, this group is establishing a home page on the Internet to enable the public to easily obtain OEA information and resources.

Other budget issues include:

- Completing the rule revision process to make it simpler and less confusing for customers to apply for OEA financial assistance. Over a dozen different programs will be replaced by 1 program.
- Implementing a new program in the fall of 1997 which will provide funding for local units of government, businesses, private and non-profit organizations, schools, and community groups under one program. This new program also allows for projects related to resource conservation.
- Developing RFPs and identifying and seeking priority projects based on the goals of the office.
- Assisting potential grantees to develop their proposals.
- Developing, identifying and implementing evaluation procedures for grant proposals.
- Making funding recommendations to the OEA Director by using the developed evaluation criteria and seeking opinions from the OEA's advisory councils.
- Developing and maintaining a computerized tracking system for all grant and loan projects.
- Working with grant recipients to disseminate and track project results once projects have been completed.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

- OEA requests approval to retain approximately $44,000 in indirect dollars, anticipated to be received from additional federal awards, to be used towards rent payments.
- Interest earned by the Metropolitan Landfill Abatement account is calculated by the Department of Finance and deposited into that fund to be used for grant awards.
- Miscellaneous non-dedicated revenue is deposited back to the General Fund.

GRANTS:

Environmental assistance grant and loan program, M.S. 115A.0716. Grants are awarded from open funding rounds to projects that promote the mission of the OEA. Criteria used for the awards are based on rules adopted to administer the program.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: PROGRAM SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	818	1,023	836	979	979	853	1,000	1,000
OPERATING EXPENSES	493	810	603	627	627	632	656	656
SUBTOTAL STATE OPERATIONS	1,311	1,833	1,439	1,606	1,606	1,485	1,656	1,656
LOCAL ASSISTANCE	1,449	4,966	2,713	2,446	2,446	2,715	2,444	2,444
TOTAL EXPENDITURES	2,760	6,799	4,152	4,052	4,052	4,200	4,100	4,100
AGENCY PLAN ITEMS:		FUND						
REALLOCATION OF FUNDS		GEN		<167>			<171>	
REALLOCATION OF FUNDS		GEN		167			171	
REDUCTION OF FUNDS		ENV		<100>			<100>	
TOTAL AGENCY PLAN ITEMS				<100>			<100>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,279	4,195	2,554	2,554	2,554	2,601	2,601	2,601
ENVIRONMENTAL	23	1,560	843	743	743	846	746	746
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	10	20	24	24	24	20	20	20
ENVIRONMENTAL	1,448	1,024	731	731	731	733	733	733
TOTAL EXPENDITURES	2,760	6,799	4,152	4,052	4,052	4,200	4,100	4,100
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	10	20	24	24	24	20	20	20
ENVIRONMENTAL	51	115	100	100	100	100	100	100

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ENVIRONMENTAL ASSISTANCE
PROGRAM: OFFICE OF ENVIRONMENTAL ASSIST
ACTIVITY: PROGRAM SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
NONDEDICATED:								
GENERAL	20	20	6	6	6	6	6	6
TOTAL REVENUES COLLECTED	81	155	130	130	130	126	126	126
FTE BY EMPLOYMENT TYPE:								
REGULAR	17.7	20.5	20.5	20.5	20.5	20.5	20.5	20.5
TEMP/SEAS/PART_TIME	1.7	1.8	.2	.2	.2			
TOTAL FTE	19.4	22.3	20.7	20.7	20.7	20.5	20.5	20.5

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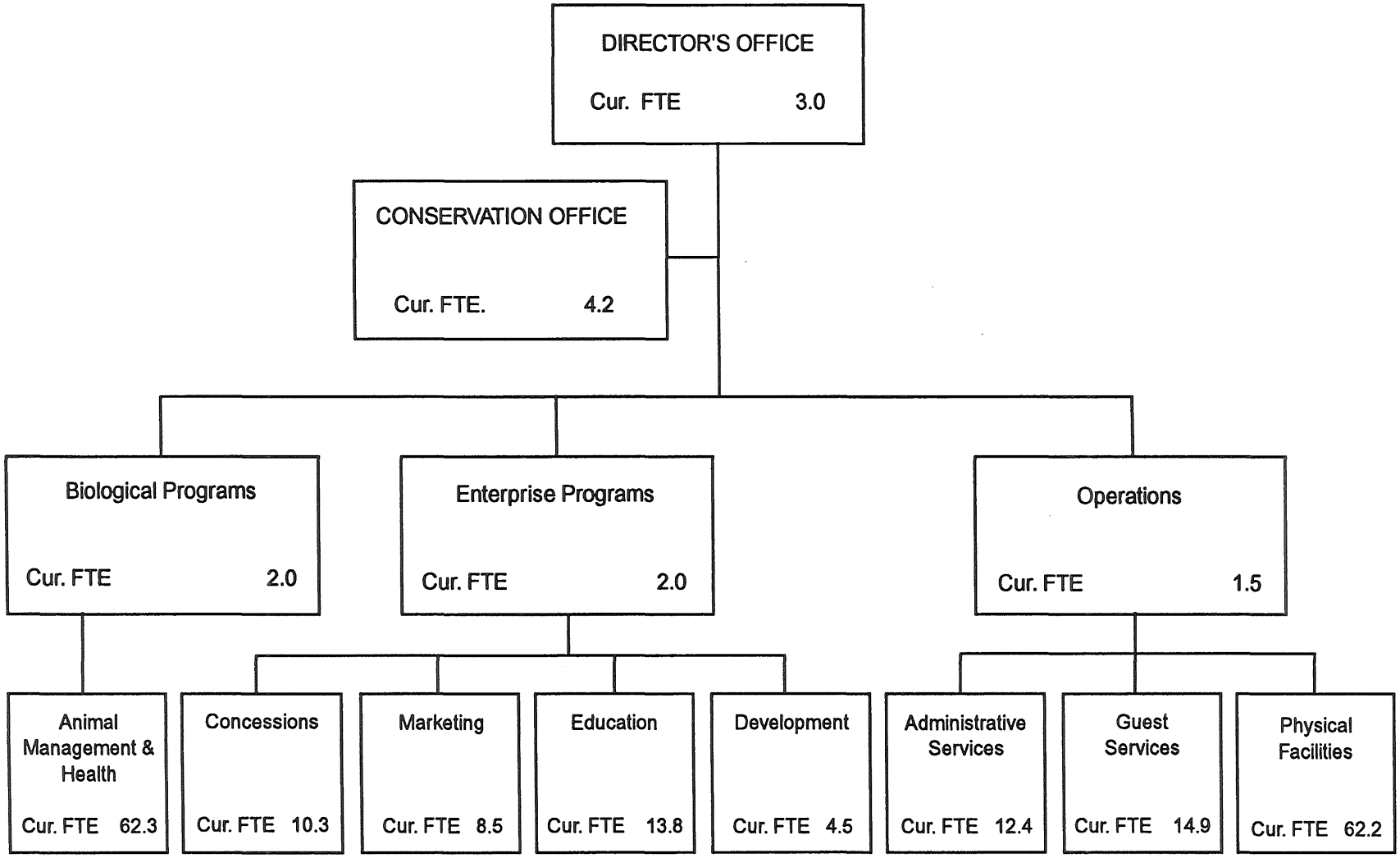
1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: Minnesota Zoological Garden (MZG)

MINNESOTA ZOOLOGICAL GARDEN (MZG)
Organizational Chart 7/1/96



Total FTE Employees: 201.6

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Minnesota Zoological Garden (MZG) **Fund:** General

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$5,074	$5,074	$10,148
BASE ADJUSTMENT			
F.Y. 1998-99 Salary Inflation	71	144	215
BASE LEVEL (for 1998 and 1999)	**$5,145**	**$5,218**	**$10,363**
AGENCY DECISION ITEMS			
	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$5,145**	**$5,218**	**$10,363**
GOVERNOR'S INITIATIVES			
Technology Enhancements	175	-0-	175
Education - Internship	75	-0-	75
Repair and Maintenance	150	150	300
GOVERNOR'S RECOMMENDATIONS	**$5,545**	**$5,368**	**$10,913**

Brief Explanation of Agency Plan:

The plan includes salary inflation funding for both fiscal years. The programs funded through the general fund appropriation are the Operations Program (physical facilities maintenance) and the Biological Program (Animal Health and Animal Management).

Revenue Summary:

The revenue estimates for Admissions, Memberships, Supplemental Revenues and Gifts have all been increased based on projected increased attendance from 1.3 million to 1.4 million for F.Y.1999. These incremental receipts to base F.Y.1997 are dedicated to paying the Discovery Bay Debt Service per the legislative mandate of the 1995 session.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a General Fund appropriation of $10,913,000 for the biennium which includes a one-time appropriation of $175,000 to assist the zoo enhance its computer systems capabilities, a one-time appropriation of $75,000 to provide additional resources for student internships, and an annual increase of $150,000 for Repair and Maintenance of state facilities. This is part of a multi-agency initiative to reduce statewide deferred maintenance needs and protect the public investment in existing facilities.

AGENCY: Minnesota Zoological Garden (MZG)

AGENCY DESCRIPTION:

The MZG is a unique statewide resource with the mission to strengthen the bond between people and the living earth. The MZG is an interdisciplinary living museum, combining the traditional scientific collection of biological species with innovative entrepreneurial and education opportunities. As an education resource, the MZG is dedicated to making educational programming available to young people and adults, both on the MZG site and beyond our doors.

The MZG is involved with national and international programs to breed and preserve endangered species. Of the 2,700 animals in the Zoo, 89 animals represent 15 species considered to be threatened or endangered. The MZG is an active promoter of and participant in conservation activities around the world and participates in 16 Species Survival Plans (SSPs).

The MZG is an unique state asset and a sound investment of state funds. The MZG is one of Minnesota's most popular attractions. With 22,419 memberships representing over 100,000 individuals, the MZG has one of the largest membership bases of any attraction in the state. Our Outreach Programs: Zoomobile, Theater in the Wild and World of Birds, coupled with our on-site non-formal educational programming: Family Zoo Adventures, Zoo Camp, Aquatic Overnights, Dolphins Dusk to Dawn, Multi-Cultural Mentor Program, Pre-School and Scouts brought our total environmental education programming to over 250,000 individuals.

The MZG strives to accomplish its mission by:

- Providing an exciting, affordable family experience to bring guests to a heightened awareness of their roles in conservation efforts.
- Operating a high quality entertainment and educational facility to serve the people of Minnesota and out-of-state visitors.
- Serving as the state's largest conservation and environmental learning center to provide a significant enhancement to the quality of life in Minnesota.
- Providing a multi-disciplinary research and education environment to promote a better understanding of MZG's endangered and exotic animal collection.

The MZG operates in 4 major programmatic areas:

- Biological Programs
- Operations Programs
- Enterprise Programs
- Education Programs

The MZG will achieve objectives related to its mission by:

- Maintaining the animal health, animal husbandry, animal records and research necessary for a healthy animal collection.
- Providing people of all ages with a variety of zoo learning adventures which help foster an understanding and appreciation of wildlife and the environment.
- Providing leadership in conserving the biological diversity of our planet and to protect the wild species living under our stewardship.
- Maintaining the exhibits, grounds and physical plant to assure guests have an enjoyable recreational experience.
- Guaranteeing the guest experience meets or exceeds expectations.

AGENCY ISSUES:

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

	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Attendance	1,294,183	1,066,367	1,140,745	1,300,000	1,339,000	1,400,000

See Chart No. 1.

- **Demand for Services**. As attendance figures demonstrate, more and more citizens of the state want to experience the activities we provide. There is an ever increasing awareness of the exemplary conservation programs we offer and citizens are eager to participate in our call to action.
- **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 guests. We need to capitalize on opportunities to develop new revenue streams to support the zoo's education, conservation and entertainment objectives.
- **Visitor Priorities**. The MZG exists to meet the needs of its citizens in the areas of education, conservation and entertainment. We customarily and regularly solicit input from our guests regarding the value of their zoo experience. Based on market research, educational programs are delivered, special events are offered, interpretative programs are featured and new exhibits are created.
- **Maintenance of the State's Assets**. Construction of the MZG facility began 20 years ago and the zoo has been open to the public for 18 years. As attendance figures show, an average of over 1 million guests annually make use of the exhibition areas and surrounding park area. The facility is aging and requires preventative maintenance as well as corrective preservation.

AGENCY STRATEGIES:

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

- To increase attendance to more than 1.4 million guests by the end of F.Y. 1999.

AGENCY: Minnesota Zoological Garden (MZG)
(Continuation)

- To realize an 8% increase in the number of membership households from 26,000 in F.Y.1997 to 28,000 by the end of F.Y.1999.
- To generate a 5% increase in earned revenues by the end of F.Y. 1999.
- To continue to increase the number of Minnesotans experiencing our environmental education programming offered both on site and at locations throughout the state.
- To be not only active participants, but also leaders, in conservation programs on a local, national and international basis for the preservation of critically threatened animals and the habitat in which they live.

REVENUE SUMMARY:

The MZG receives over 65% of its agency funds from departmental earning fees through admissions, memberships, gift store, food service sales and other supplemental revenues.

For F.Y. 1997, the major income generating fees for the MZG (in millions) are admissions $3.9, gift store $1.4, memberships $1.3, food service $.7, and monorail $.4.

The Zoo continues to make debt service payments for the United HealthCare Marine Education Center in F.Y.1997 as shown in the attached Chart 2.

SUMMARY OF BUDGET REQUEST:

The agency plan includes salary inflation as a base adjustment. Increased revenues are targeted for the debt service payment on the United HealthCare Marine Education Center. The MZG intends to maximize earned revenue 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 recommends a biennial appropriation of $10,913,000, which includes $175,000 for computer technology enhancements, $75,000 for student internships, and $300, 000 for increased repair and maintenance of state-owned facilities.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
BIOLOGICAL PROGRAMS	3,322	3,542	3,707	3,707	3,707	3,797	3,797	3,797
OPERATIONS	6,925	12,947	9,725	9,725	10,050	11,279	11,279	11,429
ENTERPRISE PROGRAMS	2,895	3,151	3,034	3,034	3,034	3,194	3,194	3,194
EDUCATION PROGRAMS	639	658	658	658	733	677	677	677
TOTAL EXPENDITURES BY PROGRAM	13,781	20,298	17,124	17,124	17,524	18,947	18,947	19,097
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	5,163	5,232	5,145	5,145	5,545	5,218	5,218	5,368
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	7,905	9,899	9,813	9,813	9,813	10,010	10,010	10,010
FEDERAL	41	59	56	56	56	56	56	56
AGENCY		860						
GIFT	672	4,248	2,110	2,110	2,110	3,663	3,663	3,663
TOTAL EXPENDITURES	13,781	20,298	17,124	17,124	17,524	18,947	18,947	19,097
FTE BY EMPLOYMENT TYPE:								
REGULAR	188.5	185.9	188.4	188.4	188.4	188.4	188.4	188.4
TEMP/SEAS/PART_TIME	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
OVERTIME	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
TOTAL FTE	200.5	197.9	200.4	200.4	200.4	200.4	200.4	200.4

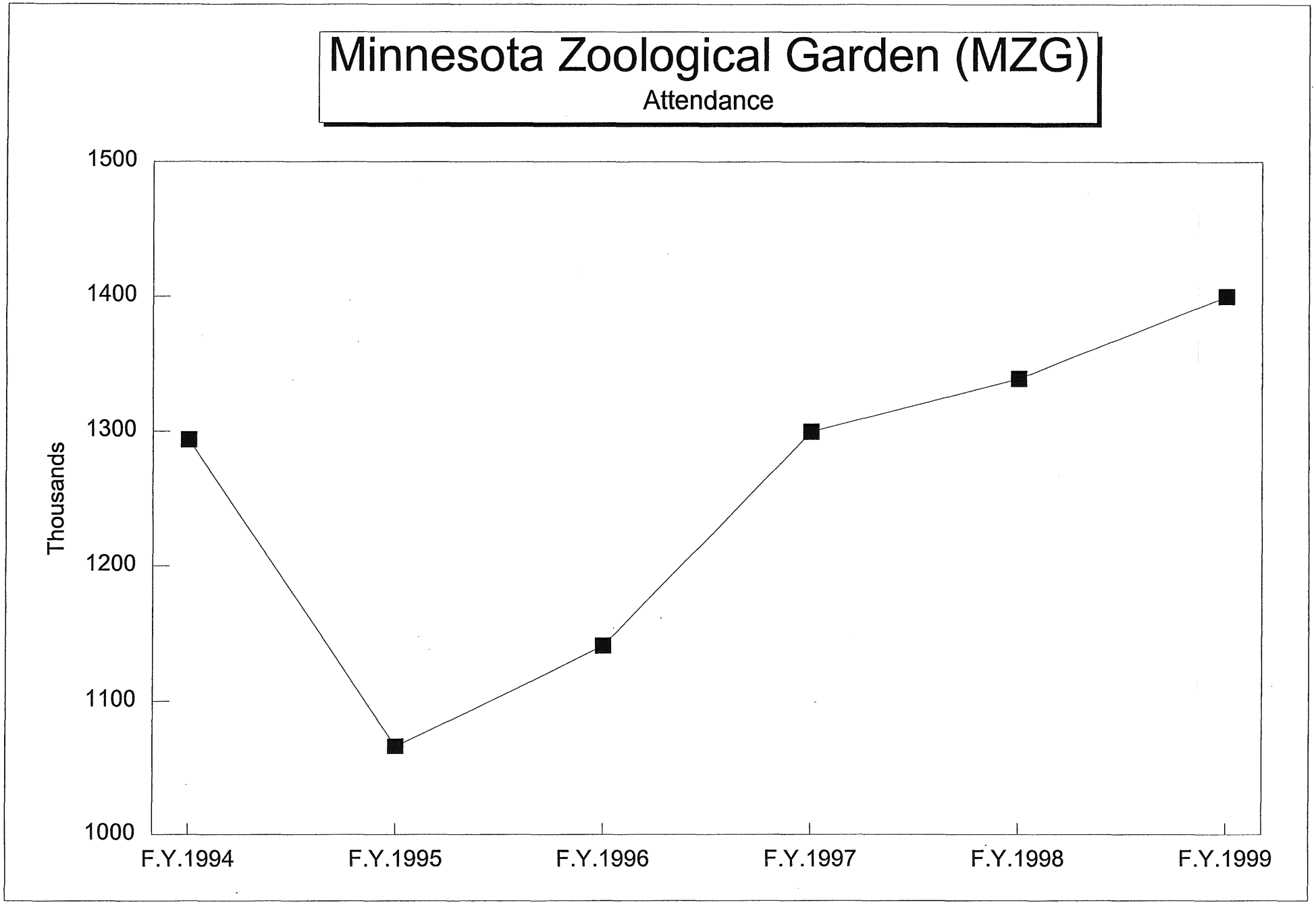

Minnesota Zoological Garden (MZG)
Attendance
Thousands
1500
1400
1300
1200
1100
1000
F.Y.1994
F.Y.1995
F.Y.1996
F.Y.1997
F.Y.1998
F.Y.1999

Chart No. 1

Minnesota Zoological Garden (MZG)

Sources of Funding for FY1997 Discovery Bay Debt Service

$ in millions
Total Debt Service for FY1997 - $2.20

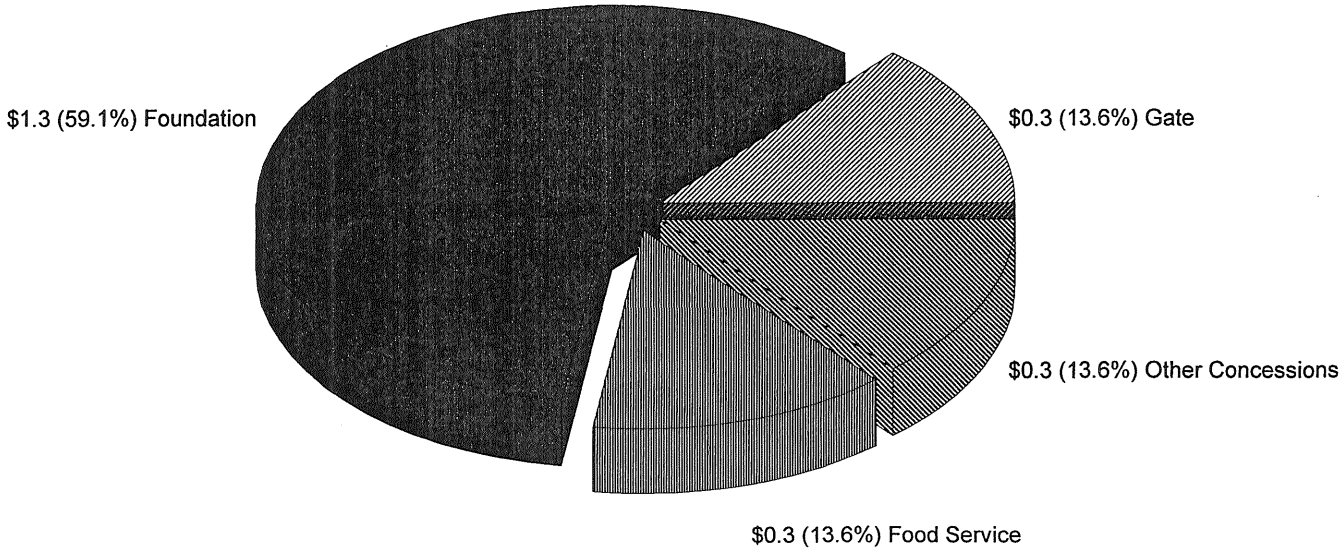


Chart No. 2

1998-99 Biennial Budget
Agency Level Revenue Summary

Agency: Minnesota Zoological Garden (MZG)

REVENUE SOURCES:

The MZG generates significant dedicated revenues and a small amount of federal funds. The dedicated revenues are generated through admission fees, enterprise sales and gifts from individuals, groups and foundations. Admissions and other earnings are deposited in the Special Revenue Fund and are estimated to be $9.3 million in F.Y.1997.

Gifts received from individuals, corporations and foundations are deposited in the gift fund and are estimated to be $4.0 million in F.Y.1997.

A federal grant has been received from the Institute of Museum Services and the zoo intends to pursue this grant in future years. This grant totals $56,000 for F.Y.1997. A state grant from the Department of Administration which represents an allocation under the state wide building access program for implementing the Americans with Disabilities Act provisions has been estimated at $490,000 for F.Y.1997.

Interest earnings from Special Revenue and Gift Fund cash balances are estimated to be $51,000 for F.Y.1997 and can be found under Other Revenue: Miscellaneous Special Revenue.

The MZG anticipates increasing revenues with the opening of the United HealthCare Discovery Bay Marine Education Center in June of F.Y.1997. Driven by increased attendance attracted to this major new exhibit the zoo anticipates a 5% increase in earned revenues by the end of F.Y.1999 which will be used to support the debt service costs of the new exhibit.

In F.Y.1997 the proceeds of a 5 year loan for the purchase of a new generator can be found under other sources: Miscellaneous Agency Receipts for $860,000.

FEE STRUCTURE:

The State Statutes that created the MZG provide the 30 member board with the authority to establish a schedule of charges for admission or use of the zoo. The legislature passed additional language in the 1996 session which states "The Board may not institute an admission fee increase before April 1, 2000".

Fees are established to recover a portion of the cost of operating the zoo. In addition to the admissions fee there are numerous smaller user fees for various enterprise activities ranging from gift store and food service sales to education classes, animal rides and special programs such as Dolphins Dark to Dawn.

RECENT CHANGES:

The revenue earned at the MZG has been growing since the late 1980's to the present. With the opening of the United HealthCare Discovery Bay Marine Education Center in June of 1997 the zoo anticipates continued growth.

FORECAST BASIS:

The MZG anticipates a 5% increase in earned revenues by 1999. This is directly attributed to the opening of the United HealthCare Discovery Bay Marine Education Center.

DECISION ITEMS:

None.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998 Forecast	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Forecast	FY 1999 Agency Plan	FY 1999 Governor Recomm.
DEDICATED RECEIPTS:								
DEPARTMENTAL EARNINGS:								
SPECIAL REVENUE	8,067	9,273	9,583	9,583	9,583	9,780	9,780	9,780
GRANTS:								
SPECIAL REVENUE	69	490	180	180	180	180	180	180
FEDERAL	42	56	56	56	56	56	56	56
OTHER REVENUES:								
SPECIAL REVENUE	58	51	50	50	50	50	50	50
GIFT	1,880	4,006	2,110	2,110	2,110	3,663	3,663	3,663
OTHER SOURCES:								
AGENCY		860						
TOTAL DEDICATED RECEIPTS	10,116	14,736	11,979	11,979	11,979	13,729	13,729	13,729
AGENCY TOTAL REVENUES	10,116	14,736	11,979	11,979	11,979	13,729	13,729	13,729

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

PROGRAM DESCRIPTION:

The mission of the MZG is "to strengthen the bond between people and the living earth." The Biological Programs Division exemplifies the zoo's mission by enhancing the guests' experience with the natural world. The division is characterized by 2 areas of focus: Animal Health and Management and Conservation.

- Animal Health and Management staff provide professional care for the acquisition, breeding and health of a diverse collection of exotic and threatened species.
- Animal Health and Management staff develop and maintain the animal collection and exhibit plan that results in a broader conservation impact.
- Conservation staff provide leadership on a local and international scale, to protect and preserve threatened animal species and their habitats.

PROGRAM STATUS:

Biological Programs
The Biological Programs staff will continue to work to fulfill the zoo's mission. The animal collection is focused on the captive breeding of endangered species. Husbandry research continues to better understand the animals within our care. Increased use of information management resources has allowed staff to share information with professional colleagues in Minnesota and around the globe. Conservation efforts include staff participation in over 40 initiatives, including 2 in-situ projects and, with the assistance of a grant from the *Save the Tiger Fund*, a special project of the National Fish and Wildlife Foundation and Exxon Corporation, the continued operation of the International Tiger Information Center (ITIC). The ITIC was created to provide the public, scientific and conservation communities with an international forum for exchanging information relevant to the preservation of wild tigers across Asia and in zoos worldwide. It provides multiple levels of information ranging from general to scientific and is continually updated to provide the most current tiger information available.

Conservation
The MZG's animal conservation and breeding programs have earned a worldwide reputation. Many guests have been thrilled by the birth of exotic Siberian tiger cubs, trumpeter swans - native to Minnesota - or the young of any of the MZG's 15 endangered species. Fewer people know that the zoo staff have developed conservation breeding techniques that are now in use around the world. Appropriately, the MZG is the headquarters of the Conservation Breeding Specialist Group (CBSG). The worldwide alliance of 730 members from 82 countries works to establish captive populations that can help preserve the 3,000 species now at risk of extinction. The MZG is also the home for the International Species Information System (ISIS), a database for 6,000 species that specialists in 58 countries use to manage breeding programs for endangered animals. The zoo's *Adopt-A-Park* project protects the last 47 Javan rhinos in the wild - the first successful attempt by a U.S. zoo to sponsor and protect an endangered natural habitat.

PLANNED RESULTS:

- The Division continues in its role as leader and active participant in conservation programs worldwide.
- Develop alliances to enhance our conservation efforts locally and globally.
- Establish a second Adopt-A-Park program in Way Kambus National Park in South Sumatra.
- Continue enhancement of the International Tiger Information Center at the MZG, including the World Wide Web site (http://www.5tigers.org) and a 1-800 information phone line. At the end of F.Y. 1996 the web page averaged 35,000 hits a week; 25,000 to schools. The goal is to increase to 50,000 hits a week, 40,000 to schools by the end of F.Y. 1999.
- Continue to evaluate their operational practices to reduce consumption and increase recycling wherever possible.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- Salary inflation base adjustment

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,634	2,861	2,974	2,974	2,974	3,043	3,043	3,043
OPERATING EXPENSES	688	681	733	733	733	754	754	754
SUBTOTAL STATE OPERATIONS	3,322	3,542	3,707	3,707	3,707	3,797	3,797	3,797
TOTAL EXPENDITURES	3,322	3,542	3,707	3,707	3,707	3,797	3,797	3,797
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	655	655	666	666	666	676	676	676
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,285	2,503	2,750	2,750	2,750	2,830	2,830	2,830
FEDERAL	39	59	56	56	56	56	56	56
GIFT	343	325	235	235	235	235	235	235
TOTAL EXPENDITURES	3,322	3,542	3,707	3,707	3,707	3,797	3,797	3,797
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	280	186	216	216	216	226	226	226
FEDERAL	42	56	56	56	56	56	56	56
GIFT	267	100	100	100	100	100	100	100
TOTAL REVENUES COLLECTED	589	342	372	372	372	382	382	382
FTE BY EMPLOYMENT TYPE:								
REGULAR	63.3	62.1	64.6	64.6	64.6	64.6	64.6	64.6
TEMP/SEAS/PART_TIME	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
OVERTIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	66.0	64.8	67.3	67.3	67.3	67.3	67.3	67.3

PROGRAM: Operations
AGENCY: Minnesota Zoological Garden (MZG)

PROGRAM DESCRIPTION:

The Operations Program exists to provide a friendly, safe, attractive and well maintained guest environment; protect and maintain the state's investment in the MZG'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 expanding to offer new exhibits.
- High quality service to all guests is the key to success. Operations' customers are both internal zoo staff and board members as well as the zoo guests. Balancing these customer needs is critical.

PROGRAM STATUS:

The Operations Program provides all internal support to zoo staff and programs. In addition it performs all building maintenance, exhibit maintenance, horticultural maintenance and manages the design and construction of new exhibits and capital projects. During the F.Y. 1996-1997 biennium, 2 new exhibits were successfully completed; Fishing Cats and Komodo Dragon. In the summer of 1996 a temporary exhibit *Dinopolis* was successfully completed. In June 1996, a new picnic area was designed and built by zoo staff.

The zoo site consists of 485 acres with a total of 40 buildings consisting of 485,000 square feet. The zoo is reaching the milestone of 20 years of operation serving the public; during this time period the infrastructure has expanded to meet the needs of the growing organization. Ninety percent of the 40 buildings on the zoo site are reaching the 20 year mark and many of them require extensive maintenance repair and system modifications to correct deficiencies as well as increasing their value/life. Since the construction of the zoo in 1976 new standards have been established for buildings and mechanical systems. Over the years the zoo has been unable to maintain and implement improvements to our physical assets because of the limited financial appropriations. Utility services and labor costs keep rising at the same time budgetary support levels remain the same. We have identified the need for new technology to offset these rising costs. The zoo is constructing 2 new buildings during the Spring of F.Y.1997, adding 61,000 additional square feet to our inventory. Asset preservation needs will continue to be a priority for the zoo. If additional funds are not made available, we will be unable to safeguard the state's investment. The following are critical need areas of the asset preservation:

- Replacement of the interior electrical distribution system panels and electrical breakers throughout the site. The system is aged and there is a lack of availability of replacement parts due to its vintage. Failure of these systems will jeopardize the lives of the animal collection and critically inhibit the guest experience.
- Improvements need to be made to our existing buildings to meet established energy standards.
- Corrections are needed to the HVAC systems throughout the facility to protect the animal collection and the guest experience.

PLANNED RESULTS:

The agency plan will allow the following initiatives to be accomplished:

- By the end of F.Y. 1997, the United HealthCare Marine Education Center construction will be complete and the facility open to the public.
- By the end of F.Y. 1998, a preventative maintenance program will be fully implemented. This effort will enhance our maintenance program planning cost containment.
- By the end of F.Y. 1999, the Childrens Farm exhibit will be complete and open to the public.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- Salary inflation base adjustment

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan. In addition, the Governor recommends a one-time appropriation of $175,000 to enhance the zoo's computer systems and that any additional costs beyond the $175,000 should be funded from the zoo's dedicated resources or from private sector donations. Finally, the Governor recommends a biennial increase of $300,000 for preservation and maintenance of the state's facilities.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: OPERATIONS
ACTIVITY: OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,946	4,271	4,334	4,334	4,334	4,425	4,425	4,425
OPERATING EXPENSES	2,626	3,497	2,607	2,607	2,932	2,579	2,579	2,729
CAPITAL OUTLAY	80	2,422	1,130	1,130	1,130	2,630	2,630	2,630
SUBTOTAL STATE OPERATIONS	6,652	10,190	8,071	8,071	8,396	9,634	9,634	9,784
LOCAL ASSISTANCE	10							
OTHER EXPENSES	263	2,757	1,654	1,654	1,654	1,645	1,645	1,645
TOTAL EXPENDITURES	6,925	12,947	9,725	9,725	10,050	11,279	11,279	11,429
GOV'S INITIATIVES:		FUND						
(B) INCREASE TECHNOLOGY CAPABILITIES		GEN			175			
(B) REPAIR & MAINTENANCE		GEN			150			150
TOTAL GOV'S INITIATIVES					325			150
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	4,428	4,577	4,479	4,479	4,804	4,542	4,542	4,692
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,497	4,001	3,785	3,785	3,785	3,723	3,723	3,723
AGENCY		860						
GIFT		3,509	1,461	1,461	1,461	3,014	3,014	3,014
TOTAL EXPENDITURES	6,925	12,947	9,725	9,725	10,050	11,279	11,279	11,429
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	454	918	615	615	615	625	625	625

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: OPERATIONS
ACTIVITY: OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
AGENCY		860						
GIFT		1,954	1,000	1,000	1,000	2,500	2,500	2,500
TOTAL REVENUES COLLECTED	454	3,732	1,615	1,615	1,615	3,125	3,125	3,125
FTE BY EMPLOYMENT TYPE:								
REGULAR	90.2	90.3	90.3	90.3	90.3	90.3	90.3	90.3
TEMP/SEAS/PART_TIME	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
OVERTIME	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL FTE	93.9	94.0	94.0	94.0	94.0	94.0	94.0	94.0

F.Y. 1998-99 BUDGET INITIATIVE

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

ITEM TITLE: Increase Technology Capabilities

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$175	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $175,000 to continue implementation of MZG's technology plan for systems to improve guest services. The zoo is encouraged to raise additional funds from dedicated or private revenue sources to complete the plan.

RATIONALE:

The Strategic Plan of the MZG calls for continuing elevation of technological capabilities to support administration and employee access to computers and the data residing on the local area network (LAN) and the wide area network (WAN). A one time appropriation in F.Y.1995 of $200,000 allowed the MZG to install a campus wide network.

The request for F.Y.1998-1999 includes the addition of a scheduling, ticketing and admissions system. This project will support several Information Resource strategies to re-engineer mission critical systems and offer valuable services to the visitors and staff.

Costs for scheduling, ticketing and admissions system:

■ Reservation and Scheduling software	$ 14,000
■ Hardware	141,000
■ Supplies	48,000
■ Design & Support Service	22,000
Total	$ 226,000

PROGRAM OUTCOMES:

This system will provide program/resource scheduling to every department improving scheduling for educational programs, enterprise programs and operational users. It moves ticketing, admissions and reservations to a modern flexible system that will provide faster and better guest service.

The system will be 100% compatible with the current network, using a database technology that allows zoo staff access with standard software giving staff the resource of decision making based on more detailed customer data.

The system's ease of access will allow the zoo to integrate ticketing and admissions functions with IMAX and Ticketmaster.

LONG-TERM IMPACT:

A new ticketing/admissions/scheduling system will improve customer service and increase visitor enjoyment of all of the MZG's exhibits, educational and entertainment opportunities.

The more than 1,000,000 zoo visitors annually will benefit from high speed receipt and ticket printers. The 250,000 educational users will have increased access to registration. Improved access to scheduled programs can be extended to make reservations possible electronically 24 hours per day, 7 days per week via either a telephone or from the world wide web.

F.Y. 1998-99 BUDGET INITIATIVE

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

ITEM TITLE: Facililty Repair & Maintenance

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$150	$150	$150	$150
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an annual increase of $150,000 for repair and maintenance of facilities at the Minnesota Zoo. This recommendation is part of a multi-agency initiative to reduce statewide deferred maintenance needs and protect the public investment in existing facilities.

RATIONALE:

The MZG site consists of 485 acres with a total of 40 buildings which total 485,000 square feet. The zoo is reaching the milestone of 20 years of operation serving the public; during this time the infrastructure has expanded to meet the needs of a growing organization. Ninety percent of the 40 buildings on the zoo site are reaching the 20 year mark and many of them require extensive maintenance, repair and system modifications to correct deficiencies and to increase their value and life expectancy.

Since the construction of the zoo in 1976 there have been many changes in the construction industry. New standards have been established for buildings and mechanical systems. Over the years the zoo has been unable to keep up and implement improvements to its physical assets because of the lack of financial appropriations. With the costs of utility services and rising labor costs, plus the reduction in budgets, we need to maintain and improve existing facilities by incorporating new technologies to offset these rising costs.

The zoo is adding 2 new buildings to its inventory this spring: United HealthCare Marine Education Center (48,000 square feet) and a life support building (13,000 square feet). There are no vacant buildings at the MZG.

The deferred repair maintenance costs for F.Y.1996 are estimated at $3 million based on a square foot calculation derived from a research report from the International Facility Management Association. Upon completion of a repair maintenance program, the same report estimates the ongoing maintenance costs at $.80 to $1.00 per square foot which equates to $390,000 to $485,000 annually for the MZG. In addition to the existing square footage on campus, the zoo is in the construction phase of adding 2 additional buildings totaling 61,000 square feet which isn't included in the previous estimate.

Specific improvements need to be made to our existing building envelopes to meet established energy standards:

- Block work repair
- Roof replacement
- Insulation upgrade
- Replacement of doors and windows
- Improvements to the HVAC systems throughout the facility

PROGRAM OUTCOMES:

Two critical areas of asset preservation will be addressed with the additional repair and maintenance funds.

Replacement of the vintage interior electrical distribution system panels and electrical breakers throughout the campus will begin. The total cost for replacing these systems is estimated at $100,000. Replacement parts are unavailable for these systems. Failure of these systems could jeopardize the well being of the animal collection and the visitor experience.

Two 550 ton Centrifugal Chillers for the main building complex will be replaced. They provide cooling for the Marine Mammal Tank, Coral Reef Exhibits and domestic control for the animal collection as well as public space. Effective January 1996 manufacturing of R12 refrigerant has been discontinued in the United States. It is available at a premium price per pound and the supply is limited. Loss of these systems would jeopardize the well being of the animal collection that require a climate controlled environment. The estimated cost of replacement is $500,000.

LONG-TERM IMPACT:

Increased funding for repair and maintenance of the infrastructure will increase the value and life expectancy of the buildings, protect the state's investment and provide for long term visitor enjoyment of all exhibitry, educational and entertainment opportunities.

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

PROGRAM DESCRIPTION:

The Enterprise Programs Division exists to generate funding for the zoo from other than state sources. These enterprises include:

- Picnics and Facility rentals.
- Gate Receipts.
- Sales Concessions and Business Development.
- Fund Raising.

Enterprise Programs capitalize on opportunities to develop maximum revenue to support the zoo's education, conservation and entertainment 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 and corporate underwriting.
- Cost containment and maximum revenue generation in all ventures and enterprise activities.
- Consistency between revenue generating ventures and the zoo's conservation, education and entertainment strategies.

PROGRAM STATUS:

The Enterprise Programs Division 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 where by the end of F.Y. 1999, less than 1/4 of the operating budget will come from General Fund dollars. The MZG has experienced sustained growth since 1988. As our number of guests grow, their needs do as well. Increased revenues generated within this program will support expenditures to accommodate increased attendance, expanded product offerings and fund operations functions. We are not proposing to alter or re-engineer our strategies but rather expand to meet our guest's needs.

PLANNED RESULTS:

- By the end of F.Y. 1999, attendance will increase to 1.4 million visitors.
- By the end of F.Y. 1999, earned revenues from all sources - development, concessions, gift sales, membership and other entrepreneurial activities will account for 75% of the zoo's operating budget.
- Membership households will increase to 28,000 by the end of F.Y. 1999.

BUDGET AND REVENUE SUMMARY:

The agency plan is :

- 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 agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

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

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,068	1,123	1,145	1,145	1,145	1,168	1,168	1,168
OPERATING EXPENSES	1,818	2,028	1,889	1,889	1,889	2,026	2,026	2,026
CAPITAL OUTLAY	2							
SUBTOTAL STATE OPERATIONS	2,888	3,151	3,034	3,034	3,034	3,194	3,194	3,194
PAYMENTS TO INDIVIDUALS	2							
OTHER EXPENSES	5							
TOTAL EXPENDITURES	2,895	3,151	3,034	3,034	3,034	3,194	3,194	3,194
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	80							
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,486	2,737	2,620	2,620	2,620	2,780	2,780	2,780
GIFT	329	414	414	414	414	414	414	414
TOTAL EXPENDITURES	2,895	3,151	3,034	3,034	3,034	3,194	3,194	3,194
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	6,778	8,060	8,311	8,311	8,311	8,478	8,478	8,478
GIFT	1,613	1,952	1,010	1,010	1,010	1,063	1,063	1,063
TOTAL REVENUES COLLECTED	8,391	10,012	9,321	9,321	9,321	9,541	9,541	9,541
FTE BY EMPLOYMENT TYPE:								
REGULAR	25.5	24.0	24.0	24.0	24.0	24.0	24.0	24.0
TEMP/SEAS/PART_TIME	.8	.8	.8	.8	.8	.8	.8	.8

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

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

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
OVERTIME	.5	.5	.5	.5	.5	.5	.5	.5
TOTAL FTE	26.8	25.3	25.3	25.3	25.3	25.3	25.3	25.3

PROGRAM: Education
AGENCY: Minnesota Zoological Garden (MZG)

PROGRAM DESCRIPTION:

From special event days and wildlife classes to teacher training opportunities and curriculum, the Education Division at the MZG is ready to assist the citizens of Minnesota with all environmental educational needs. As the state's largest center for environmental education, we offer a variety of programming to help adults and students learn about the wild world around us. Educators at the MZG are focused on providing direction and leadership at the new School of Environmental Studies which opened in September of 1995. The MZG and the local School District 196 entered into a unique partnership providing high school students the opportunity to concentrate their studies on environmental issues at a high school constructed on zoo site. The School of Environmental Studies at the MZG will develop active citizen leaders who are environmentally informed, self-perpetuating learners and connected to the local and global conservation community.

The MZG staff and District 196 staff have designed an interdisciplinary, theme-based framework for study. The MZG staff will continue to assist in the delivery of these intensive theme classes. As adjunct faculty, their work continues in the design and delivery of outstanding environmental education classes.

Additionally, the MZG education continues to focus on education programming for ages K-12. The zoo is viewed as a *living classroom,* delighting over 126,000 school children and their chaperones in F.Y. 1996. Combining on-site and off-site programs, the MZG annually reaches over 250,000 children and adults with its education programs.

PROGRAM STATUS:

As an educator, the MZG is a teacher for people of all ages and a focal point for learning about the living earth. Learning is hands on, in multiple formats, fun and happening all the time. Technology extends opportunities to teach and learn over time and distance. The zoo serves as a primary resource to Minnesota schools. If people are to act wisely for the environment, they must learn about the needs of the natural world. This is especially true of children, whose ideas about nature are being formed at a time when our nation is struggling to strike an appropriate balance between its environmental concerns and other priorities. Animals are the irresistible lure that allows the zoo to captivate over 250,000 children and adults with its environmental education programs - making it the state's largest environmental learning center and one of the best among the world's zoos. In outreach programs at the zoo and off-site, animals help educators spark a fascination in participants that grows into a permanent awareness and commitment to action. The MZG offers a wide variety of formal and non-formal environmental education programming, both on the zoo site and at sites throughout the state. The following is a list of Education Programs and the numbers reached on-site, off-site or through the sale of materials. The MZG offers several options and many participants take advantage of more than one opportunity.

	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
K-12	119,263	139,136	126,466	138,000	151,000	165,000
Onsite Education	8,600	11,553	9,947	10,440	10,645	11,030
Offsite Education	98,310	108,750	101,000	112,000	112,000	117,000

1. **School Programs, K-12**

- **Special Event Days**
  Students can interpret animal information in a different language or find inspiration through dance, visual arts and music. Special Event Days allow students to encounter the MZG from a different perspective. Special Event Days include:

  Geography Day
  World Language Days
  2 + 2 = Zoo, Math Day at the Minnesota Zoo
  Earthfest
  Environmental Arts Festival

- **Wildlife Quest Classes**
  Participation in Wildlife Quest classes adds a new dimension to the school field trip. A naturalist provides local insight into a special animal topic from a global perspective. Teachers can schedule 40-minute zoo classes on a variety of topics that provide hands-on opportunities for students of all ages.

- **Guided Tour**
  Thought-provoking tours covering a variety of animal and environmental subjects are available for school groups at the MZG. Naturalists provide insights into the lives, conservation, status and care of animals from around the world. The tours are highly motivating and both grade and topic specific.

- **Teacher Training and Development**
  The MZG offers exciting in-services through which teachers can learn about a host of animal and environmental topics. The workshops are available to teachers and media specialists for a variety of grade levels. Each session offers relevant classroom activity ideas, resources and background material. Teachers earn continuing education and also graduate credit for their participation.

- **ZooLab Mornings**
  Due to high demand, school groups may reserve exclusive use of ZooLab for a period of time during the months of February, March, April and May. ZooLab staff lead the students in a structured environmental education unit, focusing on current habitat loss issues.

- **Skytrail Monorail**
  The Skytrail Monorail gives students a bird's eye view of hardy, Northern Hemisphere animals. Each naturalist guide's narrative is structured, yet spontaneous, taking advantage of animal activity and seasonal change at a moment's notice.

- **Aquatic Overnights**
  Designed for students in grades 3-8, participants encounter marine organisms such as coral reef fish and sharks, dolphins and invertebrates in an exciting and educational overnight program with zoo naturalists.

2. **Onsite Education Programs**

- **Family Zoo Adventures**
  This program offers a variety of ways for the whole family to get a closer look at nature and each other.

- **Zoo Camp**
  During the summer, kids discover exotic habitats and animals from around the world including Minnesota's native wildlife. Zoo Camp often includes an unique behind-the-scene view of life at the zoo. These week-long programs are for kids in pre-school through 8th grade and last year, Zoo Camp was 97% full with over 1,700 spots filled.

- **Multi-Cultural Mentor Program**
  The MZG Mentor Program is a week long, science career exploration opportunity for racially diverse and economically disadvantaged junior high age youth from the inner-city areas of Minneapolis and Saint Paul. Students are selected with assistance from community-based youth organizations, ethnic/cultural centers and schools. Students explore applied sciences at the MZG with the scientists who work here.

- **Scouts**
  The Brownie and Cub Scout classes offer a 1 to 1-1/2 hour program which focuses on the *Animal Try It Badge* and concludes with a guided tour of the Tropics Trail.

- **Pre-School**
  Pre-school programs are offered throughout the year for 4 and 5 year olds. These 2-1/2 hour programs introduce young students to fun information about animals and the environment.

- **Zoo Careers Night**
  Explore science careers at the MZG. The MZG Career Nights offer 8th-12th graders a chance to interact with zoo professionals and learn about a wide range of science careers. Students get advice about what high school and college classes to take.

- **Educational Loon Trunks**
  Minnesota's state bird, the loon, is an extremely interesting creature. Teachers can introduce their students to loon physiology, ecology and behavior through this trunk filled with everything needed - from activities to curriculum. The trunk is designed for K-12 students with alternate activities based on grade.

- **Teacher Curriculum Units**
  Wildlife Curriculum packets are designed and distributed by education specialists at the MZG. The 30-70 page extensive animals units include concepts and learner outcomes, instructional activities for classroom use, activity ideas for use on a field trip to a zoo, vocabulary lists and bibliographies.

- **Internship Opportunities**
  College interns discover how to manage and care for exotic species, teach in the setting of a zoo, handle animals for interpretive demonstrations and develop effective presentations. They must have at least 2 years of college instruction and the program is full each year.

3. **Offsite Education Programs**
   - **Zoomobile**
     The MZG Zoomobile naturalists travel throughout the state of Minnesota providing an educational and entertaining environmental experience to a variety of audiences. Zoomobile naturalists use live animals, biological artifacts, theater techniques, story telling and audience participation to create a dynamic personal and fun program. The goal of all Zoomobile programs is to inspire respect and a sense of stewardship for all life on earth.

   - **World of Birds Show Outreach**
     The World of Birds Show Outreach brings the stars of the MZG World of Birds Show to the schools. The programs, like the show, demonstrate the wonders of the avian world through the natural behaviors of birds. The program features live birds performing the behaviors that make them unique.

   - **Theater in the Wild**
     Theater in the Wild invites students to participate in a 40-minute eco-theater performance guaranteed to educate and entertain young audiences. As in all the Theater in the Wild programs, the audience is not only invited to participate, but to help solve the mystery.

PLANNED RESULTS:
Following the success of the on-site educational programming, both formal and non-formal, the MZG will expand its efforts for Educational Outreach programs. Taking to the road with live birds, mammals, reptiles, amphibians and invertebrates, our outreach programs travel to schools with a variety of programs designed to stimulate curiosity about the natural world and inspire a sense of wonder and stewardship for our planet. These programs aid teachers in meeting the Environmental Education Learner Outcomes established by the State of Minnesota. In addition to the outreach programs designed for schools, the MZG will undertake 2 new outreach programs located at the Mall of America. Working in partnership with *Underwater World* and *Amazing Space*, the MZG's Education Division will be designing and delivering environmental education programs that provide financial benefits to the MZG and introduce our educational programming to new and expanded audiences.

Continued advancement in the area of technology will allow educational programming to be introduced on the MZG web page and via CD-ROM's and will benefit the MZG in reaching even larger and more expanded audiences.

- Education staff will continue to concentrate on expanding the number of Minnesotans able to experience our environmental education programming.

- We will provide expanded work experience to 100 youth, contingent upon funding.

BUDGET AND REVENUE SUMMARY: The agency plan includes:
- Salary inflation base adjustment

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan and in addition, recommends a one-time increase of $75,000 to expand the student internship for the biennium.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: EDUCATION PROGRAMS
ACTIVITY: EDUCATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	491	482	487	487	520	506	506	506
OPERATING EXPENSES	148	176	171	171	213	171	171	171
SUBTOTAL STATE OPERATIONS	639	658	658	658	733	677	677	677
TOTAL EXPENDITURES	639	658	658	658	733	677	677	677
GOV'S INITIATIVES:		FUND						
(B) INTERNSHIP PROGRAM		GEN			75			
TOTAL GOV'S INITIATIVES					75			
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL					75			
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	637	658	658	658	658	677	677	677
FEDERAL	2							
TOTAL EXPENDITURES	639	658	658	658	733	677	677	677
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	682	650	671	671	671	681	681	681
TOTAL REVENUES COLLECTED	682	650	671	671	671	681	681	681

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ZOOLOGICAL GARDEN
PROGRAM: EDUCATION PROGRAMS
ACTIVITY: EDUCATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
TEMP/SEAS/PART_TIME	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
OVERTIME	.2	.2	.2	.2	.2	.2	.2	.2
TOTAL FTE	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Minnesota Zoological Garden (MZG)
PROGRAM: Education
ACTIVITY: Education

ITEM TITLE: Education Internship

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$75	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a one-time appropriation of $75,000 for the zoo's internship program.

RATIONALE:

The MZG Internship program allows college students to receive advanced training in animal management, environmental education and public relations during professional work experiences at the MZG. In order to maximize the positive impact on the internship experience and maintain safety, it is necessary to provide modest stipends to allow interns to concentrate their time and skills for animal care, public relations and education.

The internship program at the MZG is designed to provide individuals with hands-on learning in real-life work settings. Internships effectively bridge the gap between classroom learning and practical professional experience and also enrich students' education and training, as well as providing a tremendous contribution to the success of the zoo's programs. Internships at the MZG provide valuable professional training and experience in the following areas:

- Care and management of exotic animal and plant species in a zoo setting.
- The latest methods of effective animal training.
- Treatment of animal health problems and the practice of preventative animal medicine.
- Evaluation, revision and development of effective activities and curriculum for educational programs.
- Development of skills to integrate science and environmental education into a variety of educational applications and disciplines.
- Animal handling and interpretation techniques using animals such as iguanas, snakes, chinchillas, tarantulas and a variety of insects.
- The planning and promotion of special events at the MZG.
- Development of skills to interact effectively with various types of public media.

Costs for extending Internship Program:

Equipment	$ 29,000
Part Time Salaries	33,000
Supplies	13,000
Total	$ 75,000

PROGRAM OUTCOMES:

- This initiative will increase the number of students the MZG will be able to serve to 100.
- The improvements to the internship program will significantly increase the level of the educational and professional development experience for student interns.
- The availability of current technology and information processing systems will advance the level of learning and professionalism for the internship experience.
- Interns will be able to actively take part in work experiences at the MZG and become familiar with regional training opportunities.

LONG-TERM IMPACT:

- Interns receive high-level work experience and will have the potential to fulfill future employment opportunities within the MZG work force.
- Current MZG staff will advance their own skills and professional development by interacting with the internship program.
- The equipment acquired to advance the internship program will also improve MZG services to other audiences.
- The MZG will be better able to meet the demand for increased professional training experience in animal management, environmental education and public relations.

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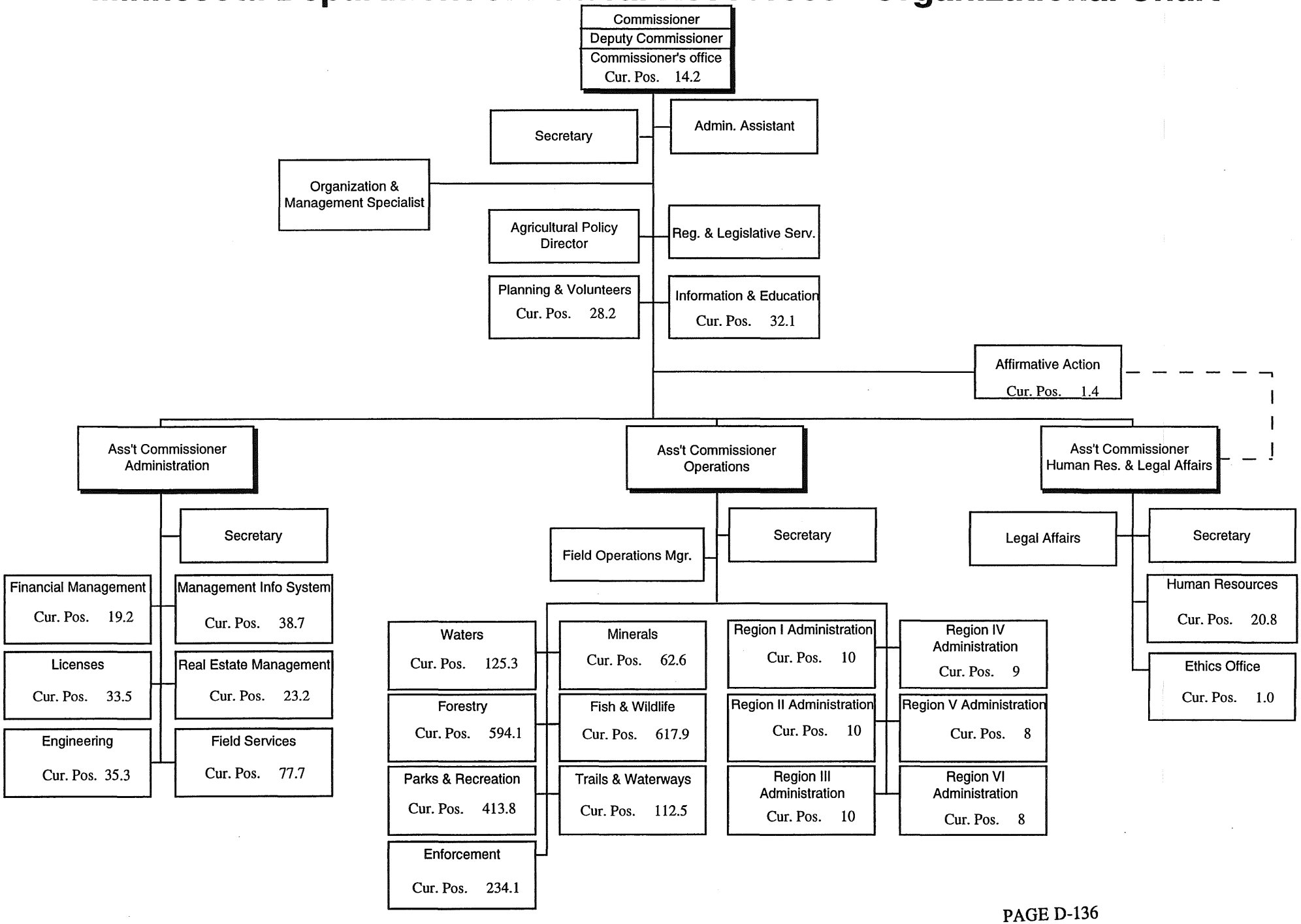
1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: Natural Resources, Department of

Minnesota Department of Natural Resources - Organizational Chart



Jur 30, 1996 FTE : 2,540.6

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Natural Resources, Department of (DNR) **Fund:** General

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$88,826	$88,826	$177,652
BASE ADJUSTMENT			
One-Time Appropriations	(20)	(20)	(40)
Biennial Appropriations	250	-0-	250
Fund Changes	250	250	500
98-99 Salary Inflation	1,557	3,152	4,709
BASE LEVEL (for 1998 and 1999)	**$90,863**	**$92,208**	**$183,071**
AGENCY DECISION ITEMS			
Parks Operations (Fee)	300	300	600
Parks Operations (Revenue)	486	486	972
AGENCY PLAN (for 1998 and 1999)	**$91,649**	**$92,994**	**$184,643**
GOVERNOR'S INITIATIVES			
Water Monitoring and Ecological Data	600	600	1,200
Snowmobile Grants-in-Aid	600	-0-	600
Electronic Licensing System (ELS)	300	300	600
Information Resource Management	450	450	900
Community Assistance and Education	415	415	830
Repair and Maintenance of State Buildings	500	500	1,000
GOVERNOR'S RECOMMENDATIONS	**$94,514**	**$95,259**	**$189,773**

Brief Explanation of Agency Plan:

- Base budget adjustments in the General Fund include $250,000 in F.Y. 1998 for a grant to the Northern Counties Land-Use Coordination Board and $250,000 per year to restore funds in the 1998-99 biennium to replace a one-time appropriation in F.Y. 1997 from the University Lands and Minerals Suspense Account. Also, budget guidelines permit compensation base adjustments of 2.5% in F.Y. 1998 and 5.06% in F.Y. 1999.
- The agency plan includes an increase in the parks annual vehicle permit fee from $20 to $23. The proposed fee change is expected to increase revenues by $300,000 per year. Also, revenue growth attributable to increased parks visitation is anticipated at $486,000 per year during the next biennium. The budget increase contained in the agency plan is offset by increased revenue to the General Fund.

Revenue Summary:

The agency plan includes General Fund revenue forecasts of $12.5 million per year for the 1998-99 biennium. This represents an increase of approximately 10% over current biennium revenue estimates. The increases are forecasted primarily in timber sales and park permits and fees. The major components of the General Fund revenue include water permits, $2.3 million; timber sales, $1.7 million; park permits and fees, $7.2 million; and sales tax and other, $1.3 million.

Affected Statutes:

- M.S. 85.055, Subdivision 1, Parks Annual Vehicle Permit

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends increased funding for the following 6 initiatives:

- The Governor recommends a biennial appropriation of $1.2 million for the DNR's component of a multi-agency initiative on water monitoring and ecological data.
- The Governor recommends an appropriation of $600,000 in F.Y. 1998 for grant-in-aid to local trail organizations for the grooming and maintenance of snowmobile trails.
- The Governor recommends a biennial appropriation of $600,000 to implement an electronic licensing system (ELS) that will include an enhanced revenue management system.
- The Governor recommends a biennial appropriation of $900,000 to fund an information technoloty request that will address the agency's critical needs for improvements to its information technology infrastructure.
- The Governor recommends a biennial appropriation of $830,000 for the DNR's component of a multi-agency initiative on community assistance and education.
- The Governor recommends a biennial appropriation of $1.0 million for the repair and maintenance of statewide DNR facilities.

1997 Deficiency

For F.Y. 1997, a General Fund deficiency of $500,000 is included in the agency plan to partially offset the program funds used by the department to satisfy a binding arbitration award paid to a contractor regarding the removal of the Flandrau Dam.

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Natural Resources, Department of (DNR) **Fund:** Natural Resources

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$18,958	$18,958	$37,916
BASE ADJUSTMENT			
One-Time Appropriations	(13)	(13)	(26)
F.Y. 1997 Salary Supplement	183	183	366
1998-99 Salary Inflation	251	503	754
BASE LEVEL (for 1998 and 1999)	**$19,379**	**$19,631**	**$39,010**
AGENCY DECISION ITEMS			
Exotic Species Reallocation	-0-	-0-	-0-
Water Access and Fishing Piers	500	500	1,000
AGENCY PLAN (for 1998 and 1999)	**$19,879**	**$20,131**	**$40,010**
GOVERNOR'S INITIATIVES			
Snowmobile Grants-in-Aid	750	750	1,500
Electronic Licensing System (ELS)	28	-0-	28
Information Resource Management	116	126	242
GOVERNOR'S RECOMMENDATIONS	**$20,773**	**$21,007**	**$41,780**

Brief Explanation of Agency Plan:

- The Natural Resources Fund includes the following subfunds: Water Recreation, Snowmobile, All-Terrain Vehicle, Land Acquisition, Nongame Wildlife, Off-Highway Motorcycle, and Off-Road Vehicle. Budget guidelines permit compensation base adjustments of 2.5% in F.Y. 1998 and 5.06% in F.Y. 1999 in all of these subfunds, except for Land Acquisition.

- The agency plan includes a budget reallocation within the Water Recreation Fund of $16,000 per year from the Fish and Wildlife Program to the Youth Programs budget activity in direct support of the Exotic Species Watercraft Inspection Program performed by the Minnesota Conservation Corps' enrollees.

- The agency plan includes $500,000 per year from the Water Recreation Fund for cooperative water access development projects and rehabilitation and new construction of fishing piers.

Revenue Summary:

The agency plan includes revenue forecasts of approximately $9.5 million per year for the subfunds in the Natural Resources Fund. This represents a flat forecast compared to F.Y. 1997, except for a small increase in the Water Recreation Fund. Watercraft and snowmobile registrations account for 84% of the revenue deposited to the Natural Resources Fund annually.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

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

- The Governor recommends a biennial appropriation of $1,200,000 for grant-in-aid to local trail organizations for the grooming and maintenance of snowmobile trails. The Governor further recommends a biennial appropriation of $300,000 for the grooming and maintenance of state snowmobile trails.

- The Governor recommends funding as follows for the implementation of the electronic licensing system (ELS) and revenue management system:

  $16,000 in F.Y. 1998 from the Water Recreation Account
  $12,000 in F.Y. 1998 from the Snowmobile Account

- The Governor recommends funding as follows for an information technology request that will address the agency's critical needs for improvements to its information technology infrastructure:

  $60,000 in F.Y. 1998 and $70,000 in F.Y. 1999 from the Water Recreation Account
  $40,000 in each of F.Y. 1998 and F.Y. 1999 from the Snowmobile Account
  $10,000 in each of F.Y. 1998 and F.Y. 1999 from the ATV Account
  $3,000 in each of F.Y. 1998 and F.Y. 1999 from the Off-Highway Motorcycle Account
  $3,000 in each of F.Y. 1998 and F.Y. 1999 from the Off-Road Vehicle Account

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Natural Resources, Department of (DNR) **Fund:** Game and Fish

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$51,149	$51,149	$102,298
BASE ADJUSTMENT			
One-Time Appropriations	(14)	(14)	(28)
F.Y. 1997 Salary Supplement	862	862	1,724
1998-99 Salary Inflation	945	1,914	2,859
BASE LEVEL (for 1998 and 1999)	**$52,942**	**$53,911**	**$106,853**
AGENCY DECISION ITEMS			
Water Access (Dingell-Johnson - 12.5%)	309	77	386
Trout and Salmon Stamp Fees	250	250	500
Fishing License Increase	2,100	2,900	5,000
Wild Turkey Stamp	63	63	126
Deer Habitat Improvement	(300)	(300)	(600)
Computer Licensing/Emergency Deer Feeding Reallocation	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$55,364**	**$56,901**	**$112,265**
GOVERNOR'S INITIATIVES			
Electronic Licensing System (ELS)	100	-0-	100
Information Resource Management	200	250	450
GOVERNOR'S RECOMMENDATIONS	**$55,664**	**$57,151**	**$112,815**

Brief Explanation of Agency Plan:

- 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, 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 $309,000 in F.Y. 1998, which includes a one-time adjustment of $253,000 for F.Y. 1995-97 and $77,000 in F.Y. 1999.
- The agency plan includes an increase in the Trout and Salmon Stamp fee from $5.00 to $8.50 effective 3-1-98 and will generate $318,000 per year. The budget increase of $250,000 per year will be used for purposes specified in statute with emphasis on habitat improvement work in trout streams and the rearing of trout and salmon in coldwater hatcheries.
- The agency plan includes a proposed general fishing license fee increase effective 3-1-98 and will generate $2,167,000 in F.Y. 1998 and $5,823,000 in F.Y. 1999, not including trout and salmon revenues. The agency is requesting $2,100,000 in F.Y. 1998 and $2,900,000 in F. Y. 1999.
- The operating budget for the Wild Turkey Management Program is established at $63,000 per year in the next biennium.
- The agency plan includes a budget reduction in the dedicated Deer Management Account of $300,000 per year in the next biennium to balance the account.
- The agency plan includes a $190,880 budget reduction in the dedicated Computerized Licensing and Deer and Bear Management Account relating to changes made during the last legislative session regarding the 50 cents per deer license earmarked for emergency deer feeding. The reduction is offset in the agency plan by a corresponding increase from non-dedicated receipts in the Game and Fish Fund.
- Budget guidelines permit compensation base adjustments of 2.5% in F.Y. 1998 and 5.06% in F.Y. 1999.

Revenue Summary:

The agency plan includes Game and Fish Fund revenue forecast of $55.3 million in F.Y. 1998 and $59.3 million in F.Y. 1999. This includes the proposed fishing license and trout stamp increases of $2.5 million for F.Y. 1998 and $6.1 million for F.Y. 1999. Federal aid reimbursements to the Game and Fish Fund are expected to increase $800,000 annually.

Affected Statutes:

- M.S. 97A.475, Trout and Salmon Stamp Fee
- M.S. 97A.475, 97A.028, 97A.075, 97B.802, General Fishing License

GOVERNOR'S RECOMMENDATION:

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

- The Governor recommends an appropriation of $100,000 in F.Y. 1998 for the implementation of the electronic licensing system (ELS) and revenue management system.
- The Governor recommends an appropriation of $200,000 in F.Y. 1998 and $250,000 in F.Y. 1999 to fund an information technology request that will address the agency's critical needs for improvements to its information technology infrastructure.

AGENCY: Natural Resources, Department of (DNR)

AGENCY DESCRIPTION:

The mission of the DNR is to work with the people of Minnesota to manage the state's diverse natural resources for a sustainable quality of life.

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.

AGENCY ISSUES:

Sustainability is the expected outcome of all resource management activities. Sustainability requires the DNR to protect and restore ecosystems so that their resources can be used indefinitely by present and future generations. The department's efforts seek to balance 3 fundamental concerns: an environment that supports human, animal, and plant life; an economy that is strong and sustainable; and a community that provides a high quality of life.

In pursuing the goal of sustainability, we must continue to adapt to today's complexities of natural resource work. Population growth and migration will place more pressure on our resources, especially in sensitive areas such as the blufflands of the southeast, scenic areas such as the lakes region and Lake Superior's north shore, urban expansion areas, and shoreland areas. Demographic shifts, such as the retirement of baby boomers and growth of minority populations, will redefine demands for resources. New technology for recreation equipment will have the potential of increasing use of resource areas as well as increasing conflicts between user groups. These trends threaten the degradation, loss, and fragmentation of natural areas, which in turn could affect the state's economy and quality of life.

The DNR cannot hope to achieve healthy ecosystems through state land ownership and direct resource management. Increasingly, the job of the agency is to influence the land use and resource management decisions of others by providing information and technical assistance and by developing partnerships. Increased collaboration with private landowners, local and federal governments, and other resource management agencies is critical if we are to preserve and improve the state's natural resources beyond the boundaries of state-owned land.

The results of recent surveys of Minnesota citizens indicate strong support for the goal of sustainability and for working closer with communities in resource management. Research conducted by Himle Horner (1996) showed that the environment is the number one factor contributing to the quality of life in Minnesota; 76% of those surveyed said that sustainable development closely, or somewhat closely, resembled their ideas. Statewide, sustainable development is thought to be most effective when implemented on a regional basis. Minnesotans are most enthusiastic about sustainable development when it is viewed as a cooperative effort among government (especially local government), business (including agriculture), environmental activities, and the general public.

AGENCY STRATEGIES:

The following strategies will affect agency performance and results:

- With a long-term goal of sustainability and a strategic approach of ecosystem-based management, the department will focus on creating healthy ecosystems. While there are definite challenges to this approach, much of the work of ecosystem-based management is not a dramatic change but a renewed emphasis on these principles:
  - recognizing the interrelatedness of natural resources and focusing management on the sustainability of whole ecological systems;
  - recognizing that the economy, the community, and the environment are interrelated and finding solutions that reconcile the needs for economic prosperity, lasting livelihoods, and healthy ecosystems;
  - working together at the community, regional, and state levels to face problems, identify opportunities, and find common solutions.
- The DNR will emphasize its work with communities--communities of interest and of place--as a specific tactic for continuing to pursue ecosystem-based management for natural resources. Recent changes in DNR internal working relationships will help support this strategy:
  - strengthening the role of consolidated area offices by establishing liaisons for local communities;
  - supporting regional and area teams through strategic natural resource plans and area discipline work plans, budget plan sharing, and leveraging base resources;

- providing more complete ecological information to stakeholders and local communities by consolidating ecological support programs and establishing linkages with information databases;

- enhancing public access to the department by establishing a 1-888-MINNDNR toll free number;

- supporting greater integration of planning and budgeting processes by merging the department functions of planning and financial management.

- During the next biennium, the department will continue to support regional and area operations and working with communities in the following areas:

  - **Resource Information.** Provide citizens and local governments with environmental monitoring and resource assessment information and help them interpret that data. Enhance information currently being collected in areas such as the Forest Resources Council and ongoing forest inventory, Natural Heritage Program, County Biological Survey, Scientific and Natural Areas, Endangered Species, and County Geologic Atlas.

  - **Investments in Technology.** Complete the department's computer network, including improving field station access and expanded telecommunications capability. Continue to build the geographic information systems' capabilities by expanding infrastructure and applications to place more useful information in the hands of local resource managers to support their ecosystem-based management practices.

  - **Environmental Education and Community Assistance.** Conduct environmental education programs and provide technical assistance to citizens and local governments for natural resource management. Conduct social science work to understand customer wants and needs.

  - **Natural Resources in a Healthy Economy.** Continuously refine strategies to reach a 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.

REVENUE SUMMARY:

See Agency Level Revenue Summary page.

SUMMARY OF BUDGET REQUEST:

The budget plan includes a request for:

- An increase in the parks annual vehicle permit fee from $20 to $23. The proposed fee change is expected to increase revenues by $300,000 per year. Also, revenue growth attributable to increased parks visitation is anticipated at $486,000 per year during the next biennium. The budget increase contained in the agency plan is offset by increased revenue to the General Fund.

- A budget increase of $500,000 per year from the Water Recreation Fund for cooperative water access development projects and rehabilitation and new construction of fishing piers.

- An increase in the Trout and Salmon Stamp fee from $5.00 to $8.50 that would be effective on 3-1-98 and would generate $318,000 per year. The budget increase of $250,000 per year would be used for purposes specified in statute with emphasis on habitat improvement work in trout streams and the rearing of trout and salmon in coldwater hatcheries.

- A general fishing license fee increase that would be effective 3-1-98 and would generate $2,167,000 in F.Y. 1998 and $5,823,000 in F.Y. 1999, not including trout and salmon revenues. The agency is requesting $2,100,000 in F.Y. 1998 and $2,900,000 in F.Y. 1999.

- Funds to establish an operating budget for the Wild Turkey Management Program at $563,000 per year in the next biennium.

- A budget reduction in the dedicate Deer Management Account of $300,000 per year in the next biennium to balance the account.

- A budget reduction of $290,880 per year in the dedicated Computerized Licensing and Deer and Bear Management Account relating to changes made during the last legislative session regarding the 50 cents per deer license earmarked for emergency deer feeding. The reduction is offset in the agency plan by a corresponding increase from non-dedicated receipts in the Game and Fish Fund.

- 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, 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 $309,000 in F.Y. 1998, which includes a one-time adjustment of $253,000 for F.Y. 1995-97 and $77,000 in F.Y. 1999.

- Project proposals recommended for funding by the Legislative Commission on Minnesota Resources. Project recommendations include $8,025,000 from the Minnesota Future Resources fund and $16,280,000 from the Environment and Natural Resources Trust Fund.

GOVERNOR'S RECOMMENDATION

General Fund

The Governor concurs with the agency's plan and recommends increased funding for the following 6 initiatives:

- The Governor recommends a biennial appropriation of $1.2 million for the DNR's component of a multi-agency initiative on water monitoring and ecological data.

- The Governor recommends an appropriation of $600,000 in F.Y. 1998 for grant-in-aid to local trail organizations for the grooming and maintenance of snowmobile trails.

- The Governor recommends a biennial appropriation of $600,000 to implement an electronic licensing system (ELS) that will include an enhanced revenue management system.

- The Governor recommends a biennial appropriation of $900,000 to fund an information technology request that will address the agency's critical needs for improvements to its information technology infrastructure.

- The Governor recommends a biennial appropriation of $830,000 for the DNR's component of a multi-agency initiative on community assistance and education.

- The Governor recommends a biennial appropriation of $1.0 million for the repair and maintenance of statewide DNR facilities.

Natural Resources Fund

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

- The Governor recommends a biennial appropriation of $1,200,000 for grant-in-aid to local trail organizations for the grooming and maintenance of snowmobile trails. The Governor further recommends a biennial appropriation of $300,000 for the grooming and maintenance of state snowmobile trails.

- he Governor recommends funding as follows for the implementation of the electronic licensing system (ELS) and revenue management system:

  $16,000 in F.Y. 1998 from the Water Recreation Account
  $12,000 in F.Y. 1998 from the Snowmobile Account

- The Governor recommends funding as follows for an information technology request that will address the agency's critical needs for improvements to its information technology infrastructure:

  $60,000 in F.Y. 1998 and $70,000 in F.Y. 1999 from the Water Recreation Account
  $40,000 in each of F.Y. 1998 and F.Y. 1999 from the Snowmobile Account
  $10,000 in each of F.Y. 1998 and F.Y. 1999 from the ATV Account
  $3,000 in each of F.Y. 1998 and F.Y. 1999 from the Off-Highway Motorcycle Account
  $3,000 in each of F.Y. 1998 and F.Y. 1999 from the Off-Road Vehicle Account

Game and Fish Fund

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

- The Governor recommends an appropriation of $100,000 in F.Y. 1998 for the implementation of the electronic licensing system (ELS) and revenue management system.

- The Governor recommends an appropriation of $200,000 in F.Y. 1998 and $250,000 in F.Y. 1999 to fund an information technology request that will address the agency's critical needs for improvements to its information technology infrastructure.

1997 Deficiency

For F.Y. 1997, a General Fund deficiency of $500,000 is included in the agency plan to partially offset the program funds used by the department to satisfy a binding arbitration award paid to a contractor regarding the removal of the Flandrau Dam.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
MINERAL RESOURCES MGMT	4,718	6,963	6,253	6,253	6,253	6,207	6,207	6,207
WATER RESOURCES MGMT	9,646	12,137	10,071	10,941	11,441	10,188	10,188	10,688
FOREST MANAGEMENT	43,489	49,579	44,346	45,937	45,937	45,007	45,023	45,023
PARKS & RECREATION MGMT	29,062	32,187	27,955	32,721	32,721	28,467	29,253	29,253
TRAILS & WATERWAYS MGMT	13,555	19,484	12,980	14,494	15,844	13,113	13,690	14,440
FISH & WILDLIFE MANAGEMENT	48,568	55,544	47,589	55,636	55,736	48,155	50,952	51,052
ENFORCEMENT--NR LAWS&RULES	16,922	19,291	18,827	18,927	18,927	19,171	19,271	19,271
OPERATIONS SUPPORT	30,304	42,611	29,135	40,260	42,369	29,365	29,365	31,406
TOTAL EXPENDITURES BY PROGRAM	196,264	237,796	197,156	225,169	229,228	199,673	203,949	207,340
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	8,636	10,959		16,280	16,280			
GENERAL	82,545	92,552	90,863	91,649	94,514	92,208	92,994	95,259
MINNESOTA RESOURCES	4,856	9,444		8,025	8,025			
STATE GOVERNMENT SPECIAL REVENUE	351	49						
NATURAL RESOURCES	17,716	22,051	19,379	19,879	20,773	19,631	20,131	21,007
GAME AND FISH	49,660	54,912	52,942	55,364	55,664	53,911	56,901	57,151
IRON RANGE RESOURCES & REHAB		750						
SOLID WASTE CLEANUP	100	100	100	100	100	100	100	100
AGENCY		250						
OPEN APPROPRIATIONS:								
GENERAL	13,301	13,665	13,689	13,689	13,689	13,531	13,531	13,531
NATURAL RESOURCES	116	210	213	213	213	213	213	213
GAME AND FISH	474	715	715	715	715	715	715	715
STATUTORY APPROPRIATIONS:								
GENERAL	155	563	200	200	200	200	200	200
NATURAL RESOURCES	685	1,329	95	95	95	91	91	91
SPECIAL REVENUE	7,701	13,411	9,700	9,700	9,700	9,805	9,805	9,805
GAME AND FISH	176	235	341	341	341	341	341	341
FEDERAL	7,824	12,969	6,946	6,946	6,946	6,988	6,988	6,988
ENVIRONMENTAL	19	72						
AGENCY	908	1,089	750	750	750	700	700	700
GIFT	973	2,278	1,071	1,071	1,071	1,072	1,072	1,072
PERMANENT SCHOOL	68	193	152	152	152	167	167	167
TOTAL EXPENDITURES	196,264	237,796	197,156	225,169	229,228	199,673	203,949	207,340

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	2,216.8	2,183.7	2,172.1	2,203.1	2,223.5	2,172.1	2,170.1	2,190.5
TEMP/SEAS/PART_TIME	309.9	304.8	301.1	325.9	328.4	301.1	315.7	318.2
OVERTIME	54.7	52.0	51.7	51.7	51.7	51.7	51.7	51.7
TOTAL FTE	2,581.4	2,540.5	2,524.9	2,580.7	2,603.6	2,524.9	2,537.5	2,560.4

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM:
ACTIVITY:

ITEM TITLE: Water Monitoring and Ecological Data

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$600	$600	$600	$600
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends increased funding to enhance hydrologic resource assessment as part of a multi-agency initiative.

RATIONALE:

This initiative is needed to build a more systematic understanding of Minnesota's surface and groundwater resources to address water supply needs of the state and to fulfill statutory requirements. This initiative allows the DNR to respond to customer requests which have been unfulfilled, including an expansion of the statewide surface water and groundwater (observation well) gaging networks. This initiative also enhances the DNR's efforts to provide citizens, local governments, other state agencies, and businesses with improved trend analyses, hydrologic information, and technical assistance services for local planning and development purposes. The multi-agency initiative includes similar and complementary enhancements in the Minnesota Pollution Control Agency, Department of Health, Department of Agriculture, Metropolitan Council, and the Board of Water and Soil Resources.

- **Surface Water and Groundwater Resource Assessment ($500,000/year).** Significant gaps exist in the basic hydrologic data exist throughout the state, simply due to the extent and coverage of the state by lakes and streams and groundwater systems. This initiative will systematically fill these gaps. Information is needed by industry and local governments to plan and manage their use of limited water supplies, especially in areas of the state (such as the southwest part of Minnesota and the Red River Valley) that lack dependable, high-quality water supplies. This information is also needed for several public health, safety, and welfare purposes, such as estimating and planning for long-term water availability, allocation of water supplies during droughts or emergencies, designating flood prone areas, providing effective flood warning and emergency preparedness, and protecting streams, lakes, and other sensitive, water-dependent natural resources from consumptive uses or diversions that would endanger fish, wildlife, and other aquatic life. More proactive approaches are needed to assist new companies or communities that need large amounts of water toward areas of Minnesota that can meet their water needs and minimize environmental conflicts.

  The 1989 Groundwater Act provided base funding for the county geologic atlas/regional hydrogeologic assessment program (CGA/RHA) through the DNR Division of Waters. Funding constraints have limited the divisions ability to produce CGAs and RHAs on the original schedule. This delay affects local units of government who use the information in the assessments as a tool for local water supply planning.

  This component of the initiative is consistent with the needs for improved and accelerated understanding of water resources as defined by the Minnesota State Water Plan (Environmental Quality Board), the 1996 Water Availability Report (DNR), the 1996 Status Report to the LCMR on Ground Water Monitoring and Water Quality Trends (Minnesota Pollution Control Agency), and Saving Resources: Meeting Minnesota's Water and Wastewater Needs (Environmental Quality Board). This component would also support the Minnesota Flood Forecast and Warning System proposed to the Federal Emergency Management Agency.

- **Stream and Lake Biocriteria Development ($100,000/year).** Funds will be used to develop a quick and cost-effective tool to help communities evaluate local initiatives designed to improve water quality in lake and stream ecosystems and to guide future management decisions. The tool, biocriteria, uses baseline biological data that provides a critical missing ingredient to existing water quality analyses and game fish assessments. LCMR support was initially used to develop biocriteria for assessing the health of streams in the Minnesota River Basin. The success of that effort led to interagency efforts to develop biocriteria for the Red and the St. Croix river basins. Funding for this initiative would allow DNR to accelerate efforts to develop biocriteria statewide. More importantly, it would allow biocriteria methods to be incorporated into stream assessment efforts currently conducted by the Division of Fish and Wildlife, allowing the department to monitor long-term trends in stream health. Funds would also be used to initiate development of similar methods to assess lake health.

Impact on Performance Measures:

- Surface Water and Groundwater Resource Assessment
  - Complete 2 additional county atlases per biennium.
  - Initiate systematic studies in conjunction with the U.S. Geological Survey to estimate groundwater recharge, a measure of water availability on a sustainable basis.
  - Evaluate water use in contrast to water availability and determine trends for improved water supply planning and management.
  - Expand the surface water gaging network by 25 sites over 2 years.
  - Expand the DNR Observation Well Network by 20 wells per year.
  - Add drilling capability so that exploration for, and delineation of, aquifers can be done where information on groundwater is needed.

- Stream and Lake Biocriteria Development
  - Complete biocriteria development for one watershed per biennium to assess lake and stream improvement efforts.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM:
ACTIVITY:

ITEM TITLE: Water Monitoring and Ecological Data (Continuation)

PROGRAM OUTCOMES:

Accelerated aquifer mapping and water availability studies, expanded number of surface water gages, enhanced flood forecasting and flood warning system, expanded regions of state with biocriteria assessment tools, and improved lake, stream, and watershed management planning and tracking at the local level.

LONG-TERM IMPACT:

The long-term impacts of this initiative include:

- Improving the capability to identify and develop reliable sources of water supply.
- Improved assessments of statewide and localized water availability.
- Improved community planning and development.
- Enhanced flood forecasting and warning.
- Strengthened local water planning and wetland management efforts.
- Improved tracking of stream and lake resource health.

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1998-99 Biennial Budget
Agency Level Revenue Summary

Agency: Natural Resources, Department of (DNR)

REVENUE SOURCES:

In F.Y. 1996, the DNR collected revenues of $107,571,000, plus $10,731,000 in unrefunded gasoline tax. Total expenditures that year were $196,264,000. Revenues generate an amount equal to 60% of expenditures.

The revenues are derived from a wide variety of activities and sources and are deposited to an extremely complex account structure. The major categories of revenues can be grouped as follows: 1) fishing and hunting licenses; 2) taxes, including sales tax and unrefunded gas tax; 3) vehicle registrations, including watercraft, snowmobile, all-terrain vehicle, off-highway motorcycle, and off-road vehicle; 4) sale and use of natural resources, which includes timber and mineral leases, land sales and leases, and water appropriations; 5) use permits, which includes park vehicle permits; 6) federal grants and reimbursements; and 7) special revenue funds.

FEE STRUCTURE:

These revenue sources are deposited to a number of funds that each have a statutory purpose. Following are the major fund groupings (revenue figures used F.Y. 1996 actuals):

- **General Fund - Dedicated and Non-Dedicated.** This includes amounts previously deposited to the General Fund that are now required to be deposited to the Cambridge Deposit Account. Major sources include 1) water appropriation fees, $2.5 million; 2) sales tax, $570,000; 3) timber sales, $1.6 million; and 4) park permits, $6 million.

- **Natural Resources Fund.** This is a grouping of dedicated funds in which both the resources as well as expenditures and balances must be segregated into distinct subfunds. The fund includes Water Recreation, Snowmobile Trails and Enforcement, All-Terrain Vehicle, Off-Highway Motorcycle, Off-Road Vehicle, Nongame Wildlife, and Land Acquisition. Total revenues to these funds is $8.8 million. In addition, $10.7 million of unrefunded gasoline tax was collected by the Department of Revenue and transferred in. Major categories include watercraft registrations, $4 million; snowmobile registrations, $3 million; all-terrain vehicle registrations, $500,000; nongame wildlife, $900,000; and land sales, $237,000. The resources in this fund support most of the programs and support activities in DNR.

- **Game and Fish Fund.** This fund receives the proceeds of hunting and fishing licenses, federal reimbursements, and other revenues. The resources in this fund are dedicated to the hunting and fishing and support activities in DNR. Major categories include 1) fishing, $18 million; hunting, $17 million; federal grants, $13 million; and other revenues, including interest, fines, and sale of natural resources, $4.5 million.

- **Special Revenue Funds.** These funds are set up to manage the revenues dedicated for a specific purpose. Specific funds include 1) Parks Working Capital/Douglas Lodge, $2.8 million; 2) Forest Nursery Account, $1.6 million; 3) Consolidated Conservation Account, $1.7 million (note: 50% is paid to the county, 50% is transferred to the General Fund); 4) cooperative agreements, workshops/seminars, publications, sale of merchandise, and revolving accounts, $6.1 million.

- **Federal Funds.** Numerous grant agreements and reimbursements mostly under $1 million per year. This amount does not include the Dingell-Johnson/Pittman-Robertson federal reimbursements deposited to the Game and Fish Fund.

- **Gift Funds.** Largest gift, *Volunteer* magazine, $500,000.

- **Permanent School.** Proceeds from timber sales, mining rents and royalties, land sales, and leases.

AGENCY PLAN:

The department is proposing several fee increases as part of the agency plan. The proposed fishing license fee increase would take effect 3-1-98 and would generate $4,663,000 when fully implemented. Also proposed are increases to the sportsperson license, $979,000; commercial license, $180,000; and Trout Stamp, $318,000. The proposed uses of these increased revenues are detailed in the agency plan narrative.

The agency plan also includes an increase in park fees: annual permit from $20 to $23. This would generate an additional $300,000 per year.

FORECAST BASIS:

Due to the diverse revenues collected, the methodologies and assumptions used for future forecasts varies. For example, mining rents and royalties are based on lease agreements and company mining plans. Timber forecasts are based on stumpage rates, available cut, and many other factors. Hunting and fishing are based on historical trends, demographics, weather, census data, and more. Each revenue category is unique and must be analyzed and projected using the relevant factors.

REVENUE MANAGEMENT:

The DNR has an extremely complex revenue structure taking in more than $118 million deposited to over 400 distinct accounting strings from numerous locations, many in outstate locations. We have a need to better forecast future income, to better manage our accounts receivables, to expedite the deposit of revenues, and to provide better management information for resource decisions. We have proposed an investment initiative (part of Electronic Licensing) to continue the development of a new department-wide revenue management system.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998 Forecast	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Forecast	FY 1999 Agency Plan	FY 1999 Governor Recomm.
NON-DEDICATED REVENUE:								
DEPARTMENTAL EARNINGS:								
NATURAL RESOURCES	7,689	8,377	8,756	8,756	8,756	8,265	8,265	8,265
CAMBRIDGE DEPOSIT FUND	10,489	10,477	10,771	11,557	11,557	10,886	11,672	11,672
GAME AND FISH	52,731	52,609	52,315	54,800	54,800	52,684	58,825	58,825
OTHER REVENUES:								
GENERAL	158	109	109	109	109	109	109	109
NATURAL RESOURCES	10	4	4	4	4	4	4	4
GAME AND FISH	18							
OTHER SOURCES:								
GENERAL	8	4	4	4	4	4	4	4
GAME AND FISH	1	1						
TAXES:								
GENERAL	572	582	582	582	582	582	582	582
TOTAL NON-DEDICATED RECEIPTS	71,676	72,163	72,541	75,812	75,812	72,534	79,461	79,461
DEDICATED RECEIPTS:								
DEPARTMENTAL EARNINGS:								
GENERAL	155	265	200	200	200	200	200	200
NATURAL RESOURCES	85	53	51	51	51	47	47	47
SPECIAL REVENUE	8,233	10,469	9,858	9,858	9,858	9,909	9,909	9,909
GAME AND FISH	25	15	259	259	259	259	259	259
FEDERAL	132							
AGENCY	6,547	3,376	3,892	3,892	3,892	5,226	5,226	5,226
PERMANENT SCHOOL	7,827	7,539	13,876	13,876	13,876	14,999	14,999	14,999
DEPARTMENTAL EARNINGS (INTER-AGENC								
GAME AND FISH		142	130	130	130	130	130	130
AGENCY		5	5	5	5	5	5	5
GRANTS:								
SPECIAL REVENUE		25	13	13	13	13	13	13
FEDERAL	7,053	10,922	6,946	6,946	6,946	6,988	6,988	6,988
OTHER REVENUES:								
GENERAL		298						
NATURAL RESOURCES	1,058	945	944	944	944	944	944	944
SPECIAL REVENUE	409	438	363	363	363	367	367	367
GAME AND FISH	167	60	60	60	60	60	60	60
AGENCY	33	51	51	51	51	51	51	51
GIFT	1,118	1,076	1,071	1,071	1,071	1,072	1,072	1,072

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998 Forecast	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Forecast	FY 1999 Agency Plan	FY 1999 Governor Recomm.
PERMANENT SCHOOL	1,100	457	456	456	456	455	455	455
OTHER SOURCES:								
SPECIAL REVENUE	198		13	13	13	13	13	13
FEDERAL	1,583							
ENVIRONMENTAL	91							
AGENCY	81							
TOTAL DEDICATED RECEIPTS	35,895	36,136	38,188	38,188	38,188	40,738	40,738	40,738
AGENCY TOTAL REVENUES	107,571	108,299	110,729	114,000	114,000	113,272	120,199	120,199

1998-99 Biennial Budget
Federal Funds Summary (Cont.)
($ in Thousands)

Agency: Natural Resources, Department of

This report includes the Sport Fish Restoration (D-J) and Wildlife Restoration (P-R) Programs. Those receipts are deposited into the Game and Fish Fund. The Sport Fish Restoration Program is anticipating an increase of $1.5 million from F.Y. 1996 to F.Y. 1997. That new level is expected to be maintained for the 1998-1999 biennium.

The Department of Natural Resoures does not anticipate any major changes in other federal funding, with the exception of disaster funding from the Federal Emergency Management Agency, through the Department of Puiblic Safety. New disasters are not possible to predict, so only data related to current agreements are reflected in this report.

1998-99 Biennial Budget
Federal Funds Summary
($ in Thousands)

Agency: Natural Resources, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Mine Pit Water Balance Study	Yes	SO	-0-	27	-0-	-0-
Federal Flood Plain Management	Yes	SO	61	95	95	95
Waters Coastal Zone Management	Yes	SO	171	175	200	200
Mississippi National Riverway	Yes	SO	-0-	18	15	3
Waters CCEH Project	Yes	SO	49	195	115	115
Hazard Mitigation-Flood Forecast	Yes	SO	-0-	916	-0-	-0-
National Dam Safety Program	No	SO	-0-	-0-	15	30
Multiresource Forest Management	Yes	SO	-0-	50	50	50
Forest Stewardship	Yes	GPS	153	110	190	190
Minnesota Conservation Corps-Americorps	No	SO	13	500	500	500
Minnesota Conservation Corps-Americorps Insurance	No	GI	59	65	50	50
Federal Aid Forestry	Yes	SO	532	539	539	539
Community Fire Department	Yes	GPS	133	136	80	80
Forestry Federal Focus Projects	Yes	SO	53	100	50	50
Special Forestry Federal	Yes	SO	76	125	70	70
Urban Forestry	Yes	GPS	82	120	150	180
Forestry Emergency Fire	Yes	SO	3,017	2,583	200	200
Forest Health Program	Yes	SO	417	250	250	250
Minnesota Conservation Corps Flood Recovery Grant	No	SO	201	48	48	48
GAP Analysis-Forestry	Yes	SO	95	-0-	-0-	-0-
Itasca Bark Beetle	Yes	SO	-0-	126	-0-	-0-
Symms National Recreational Trails	Yes	GPS	68	323	250	250
Forest Service Challenge Grant	Yes	SO	-0-	30	30	30

1998-99 Biennial Budget
Federal Funds Summary (Cont.)
($ in Thousands)

Agency: Natural Resources, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Clean Vessel Act	No	GI	-0-	60	60	60
Long-Term Resource Monitoring	No	SO	491	341	370	375
Wildlife Harvest Information	No	SO	105	30	36	36
National Biological Survey-Fish	Yes	SO	42	58	75	75
Wildlife Research-National Biological Survey	Yes	SO	57	147	140	140
Ecological Research	Yes	SO	51	306	330	350
North American Waterfowl-USFWS	Yes	SO	358	236	250	250
North American Waterfowl-Pheasants	Yes	SO	307	100	250	250
Environmental Planning Agency Wetlands Planning	Yes	SO	45	132	120	100
Sport Fish Restoration	Yes	SO	6,875	8,400	8,400	8,400
Wildlife Restoration	Yes	SO	6,096	5,400	5,400	5,800
Wildlife Endangered Species	Yes	SO	41	9	50	50
Habitat Protection and Restoration	Yes	GPS	190	18	330	330
USFWS Endangered Species Research	Yes	SO	59	46	60	70
Integrated Resource Management, Region V Blufflands	Yes	SO	4	21	30	30
Disaster Assistance	Yes	SO	180	560	132	136
Recreational Boating Safety	Yes	SO	1,142	1,973	1,600	1,600
LAWCON (Land and Water Conservation)	Yes	GPS	516	354	216	206
Agency Total			21,740	25,022	20,746	21,188

Key:

SO - State Operations
GPS - Grants - Political Subdivision
GI - Grants - Individuals

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

AGENCY: NATURAL RESOURCES DEPT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	210,685	210,386	102,715	102,557	101,024	100,841	6,946	6,988
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<297>	<47>	<20>	<20>	<277>	<27>		
BIENNIAL APPROPRIATIONS	250		250					
FUND CHANGES/FUND CONSOLIDATI	250	250	250	250				
PROJECTS FUNDED BY LCMR	<17,530>	<17,530>			<17,530>	<17,530>		
1997 SALARY SUPPLEMENT TRANSF	1,045	1,045			1,045	1,045		
1998-99 COMPENSATION INFLATIO	2,753	5,569	1,557	3,152	1,196	2,417		
SUBTOTAL BASE ADJ.	<13,529>	<10,713>	2,037	3,382	<15,566>	<14,095>		
BASE LEVEL	197,156	199,673	104,752	105,939	85,458	86,746	6,946	6,988

PROGRAM: Mineral Resources Management
AGENCY: Natural Resources, Department of

PROGRAM DESCRIPTION:

The Division of Minerals, as the trust agent for mineral rights and interests of Permanent School Fund lands, Permanent University Fund lands, and tax-forfeited lands, manages mineral exploration, mine development, and mine operation to generate income and maintain job growth for the state. As such, it has the fiduciary responsibility to obtain equitable rental and royalty income for the state trust funds through leasing of lands for exploration and mining. Equally important is the division's stewardship of state lands for future generations. It is responsible for ensuring that mineral development is environmentally sound and mined areas are reclaimed to be safe, free of pollution, and suitable for future use.

Mineral interests that the state manages 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.

In carrying out its management responsibilities, the division has placed high priorities on developing working partnerships with local units of government, communities, and the mineral industry. Minerals staff provide technical expertise and mineral information to local groups throughout the state that are addressing minerals-related issues. Further, through division research partnerships, state dollars are leveraged with non-state monies from industry, the federal government, and local units of government to fund critically needed applied research directed to questions ranging from plant improvements to environmental protection.

PROGRAM STATUS:

The Division of Minerals is the lead state agency for sustaining the strength of the minerals industry, which provides mineral commodities and jobs integral to societal needs. At the same time, the division is responsible for managing the environmental effects of mining and maintaining stewardship standards for all lands disturbed by mining. It is this role -- one of statewide leadership -- that determines the priorities of the division.

The value of Minnesota's non-fuel mineral production continues to rank in the top 10 nationally. In 1995, the total value of production was about $1.5 billion, and the industry provided about 20,000 direct and indirect jobs in over 200 communities throughout the state. Taconite comprises most of the mineral value, with the 1995 production level the highest since 1980. Minnesota also produces industrial mineral commodities such as crushed and dimension stone, horticultural peat, kaolin clay, and sand and gravel. Collectively, the mineral industry contributes an additional $1 billion annually to the state's economy through state and local taxes, payrolls, purchases of goods and services, and corporate sponsorships.

To address the challenge of moving Minnesota toward a sustainable mining industry, the division's priorities and mandated responsibilities are directed toward long-term efforts to enhance the industry. The division continues to redesign its services by placing a high priority on building partnerships with its customers while implementing technology advancements to improve the efficiency of its programs.

Major division responsibilities include:

- **Fiduciary Responsibilities to the Trusts.** Minerals leases generated revenues of about $7.5 million in F.Y. 1995 and $7.6 million in F.Y. 1996 from leases of state trust lands, tax-forfeited land, consolidated conservation lands, and other acquired lands. Over the last 10 years, exploration and mining revenues have been increasing at a rate of about 12% per annum. Much of this revenue goes to the corpus of the Permanent School Fund, which has a current market value of over $400 million.

- **Mineland Reclamation.** Permits to mine iron ore, taconite, metallic minerals, and peat are issued by the division to ensure that mining companies meet reclamation standards. Currently, the division is amending the 1980 reclamation rules for iron ore and taconite to reflect changes in mining and reclamation over the past 17 years as well as to address the need for financial assurance for reclamation responsibilities incurred by the industry.

  Under the Wetlands Conservation Act (WCA), the division is the responsible government unit for overseeing the replacement of wetlands disturbed by mining. As such, the division is currently working with the taconite industry and horticultural peat producers, in conjunction with other state and federal agencies, to develop innovative wetland replacement plans and to streamline administrative procedures, which will benefit state citizens and the industry while complying with WCA.

- **Mineral Leasing and Operations.** Promoting the leasing of state-owned lands for exploration and mining is a division priority. The division offered over 2.5 million acres of mineral rights at public metallic mineral lease sales in the last 2 years. Under its lease management responsibility, the division inspects all state lease mining operations and verifies lessee's royalty and tonnage reports to ensure that the state receives proper payments. Staff utilize state-of-the-art ore-estimation software to support lease negotiations and long-term resource planning efforts directed at sustaining the availability of mineral commodities for the future generations. While the total acreage of state taconite leases remains relatively static, many taconite agreements are being renegotiated to address site-specific issues of the mining companies while ensuring revenue return for the state's resources.

- **Minerals Resource Investigations.** As the manager of state mineral rights, the division is responsible for evaluating the mineral potential of state lands. As such, it is responsible for identifying areas of high mineral potential, as well as industrial mineral prospects, for the mining industry and local land-use planning. The division also manages the state drill core library, which is used by exploration and mining companies, governmental agencies, academia, and the public to increase the understanding of the state's mineral potential.

  To market the mineral potential of state lands, the division focuses on digital packaging of minerals data and places a lower priority on field investigations. A current priority is to publish non-ferrous mineral data on CD-ROMs and the Internet for distribution to base and precious mineral exploration companies worldwide.

  As a response to the increasing demand for industrial minerals, division geologists prepared aggregate resources maps for Clay County and areas along Lake Superior's North Shore in partnership with the Minnesota Department of Transportation and county governments. The division is also producing glacial geology maps for the state park system for visitor education.

- **Minerals Research.** The division sponsors 3 research programs that focus on improving the productivity of mines and plants and address environmental issues related to mining. Two programs, Iron Ore Cooperative Research and Environmental Cooperative Research, leverage

state dollars with non-state resources to strengthen their programs. Over $350,000 of non-state contributions provided a match for state funds to support these research programs during F.Y. 1996.

Technology development and mining and processing research are the priority of the Iron Ore Cooperative Research Program as it strives to improve the quality of pellets and plant efficiency. The taconite industry continues to guide and provide financial support for the research; their F.Y. 1996 matching contributions were about $300,000.

Focusing on ferrous, non-ferrous, and industrial minerals, the Mineral Diversification Program recently completed geological drilling and mapping in east-central Minnesota and petrological and metallurgical investigations of the western portions of the Duluth Complex. It is now funding more detailed geological mapping of areas of known mineral potential.

Non-state funding for Environmental Cooperative Research continues to greatly exceed legislatively mandated goals, indicative of the broad support this program enjoys with various partnerships.

PLANNED RESULTS:

In the forthcoming biennium, the division's strategy is to continue efforts to improve and diversify the state's mineral industry helping to sustain the state's economic well-being, while continuing to responsibly manage the environmental effects of mining.

The division's priorities include issuing new state mineral leases to explore for minerals, maintaining a progressive reclamation program, supporting a strong research program to develop value-added minerals products, and working in partnership with communities and local government while carrying out its mandated charges. As reported in the division's 1996 Annual Performance Report, all of the priorities are focused on maintaining and supporting a strong, environmentally responsible minerals industry in Minnesota.

Specific program priorities include:

- Continuing to negotiate ***fair and equitable royalty rates*** that provide income to the state trust funds.

  Taconite leasing issues remain a high priority as several significant mine expansions are currently underway that will likely result in lease assignments, restructuring of existing leases, or new leases. A new royalty rate structure for direct reduced iron (DRI) production is in place as an incentive for building a DRI plant in Minnesota.

- ***Promoting the leasing of state lands for exploration and mining*** by 1) marketing the mineral potential of state lands to exploration companies worldwide and 2) maintaining the availability of lands for leasing.

  Of the 2.5 million acres of mineral rights that were offered through public sale in 1995 and 1996, over 2.1 million acres are currently available for lease by application. Metallic mineral exploration in central Minnesota is continuing with additional leasing of high potential lands identified by division work. Metallurgical investigations of copper/nickel resources in the Duluth Complex will be continuing, and new ore deposit models will be developed to enhance the potential for discovery of gold and platinum group elements.

  Industrial mineral interest in the state continues to be strong. It includes interest in *diamonds* (the state issued its first diamond lease in 1995); *crushed stone and sand and gravel* (a number of companies, local governments, and the Minnesota Department of Transportation have requested assistance in locating resources); *dimension stone* (lease negotiations for 2 dimension stone prospects are currently underway and several new stone quarries are open); and *kaolin clay* (exploration and development is continuing in the Minnesota River Valley).

- ***Using leveraged dollars to increase taconite research*** to develop innovative technologies that will reduce pellet costs and improve pellet quality.

  Priorities cover all aspects of the taconite industry including mining, concentrating, pelletizing, and process controls. All research priorities are related directly to reducing the industry's energy consumption.

  Ongoing taconite research will include the use of lime/dolomite calcine for binder and flux, work on ported kilns to enhance product quality, reduction of energy consumption in grinding, the use of computational fluid dynamics to demonstrate gas flows with pelletizing machines, and tests of magnetic separators to increase productivity in grinding mills. All projects are selected by the taconite companies.

- ***Working closely with citizens, communities, and local units of government*** to address pressing local issues related to the mining industry.

  Mine expansion, mineland reclamation, and the availability of lands for recreational use and local economic development projects are all issues of importance to the citizens of the Mesabi Iron Range. The division has created an ***Iron Range Atlas***, which is a compendium of computerized resource data and lease information, to aid in land use and resource allocation discussions with citizens, communities, and county governments. This catalog of information is the first geographic information system available to assist government and citizen planning efforts in northeastern Minnesota.

  Statewide, issues related to the identification and availability of industrial minerals, land use, and resource allocation are of extreme interest to citizens and local units of government. The division will continue to provide technical expertise related to mining to local groups in Minnesota counties as they address specific mineral-related issues. Examples include participating on local task forces in Clay and Cook counties to discuss resource availability and restoration of mined areas, identifying aggregate and crushed stone resources along the North Shore and the northern tier of counties, and working on specific development proposals for dimension stone, kaolin clay, and horticultural peat in the Minnesota River Valley and Koochiching, Lake, and St. Louis counties.

- Working with the industry and other regulatory agencies to ***improve and streamline permitting and regulatory procedures***, while maintaining an effective and innovative program to protect the state's environmental resources.

- Developing a new multi-agency ***10-Year Plan for Minerals Diversification*** to expedite efforts to diversify Minnesota's minerals industry.

As chair of the Minerals Coordinating Committee, the division will lead efforts to set priorities, coordinate work plans, and manage geological and metallurgical contracts directed at diversifying the state's mineral industry.

- Continued ***leveraging of state resources with non-state funds to support Environmental Cooperative Research*** pertaining to mining issues.

  Currently, the program is receiving non-state matching dollars from the private sector, local units of government, and the federal government. Efforts will continue to maintain a diversity of partnerships.

  Current research priorities include mine waste characterization, sand and gravel pit reclamation in the metropolitan area, watershed restoration on the Mesabi Iron Range, and the use of municipal solid waste as a soil amendment for reclamation on the Mesabi Iron Range.

- ***Using technology and training to improve efficiency in the workplace and effectively manage staff size.***

  Examples of the use of new technology include TechBase software and Geographic Information Systems (GIS) technology. TechBase uses PC-based drilling data to estimate the extent and quality of ore deposits, which is vital to effective lease and royalty negotiations and projections of resource availability. Use of this technology allows complex and iterative calculations to be made quickly and eliminates laborious manual calculations.

  The division will expand the use of GIS technology so that it can provide digital mineral resource information to companies, communities, and local governments. It will also use new PC-based GIS tools to develop computer applications that help address local or regional mineral resource management questions.

- Continuing to provide ***staffing in DNR regions*** where mining and exploration occurs.

BUDGET AND REVENUE SUMMARY:

Revenue

The following table contains revenue data as defined by the Department of Finance. These data include rentals and royalties, legislatively mandated matching funds and in-kind contributions supporting the division's research efforts, weighmaster reimbursements from mining companies, filing fees, and miscellaneous revenue.

The rental and royalty projections are based on specific land types (e.g., school trust land or forfeited lands) in each company's mining plan and the professional judgment of division staff. The mining plans are subject to change by external forces, such as economic downturns, or changes in companies' priorities. Furthermore, a number of the mining plans encompass lands that are currently not under lease; therefore, the projections entail a level of subjectivity.

The non-state matching funds relate to the Iron Ore Cooperative Research and Environmental Cooperative Research programs, which both require specific levels of non-state support to be in place prior to utilizing state funds. In F.Y. 1996, non-state matching funds totaled $366,000. This amount was comprised of both cash and in-kind matches. The projected matches for F.Y. 1997 through F.Y. 2001 are the minimums required by statute to operate these cooperative research programs.

Weighmaster reimbursements are the direct cost of inspections of state properties under mining leases as provided for by specific leases.

Filing fees include monies received for negotiated- and public-sale leases and for the recovery of costs incurred for executing Regional Geological Reconnaissance Authorizations, which allow companies to conduct limited surface exploration, such as overburden drilling, without a lease.

Miscellaneous revenue consists of document sales and state sales tax.

	Dollars in Thousands					
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Rents and Royalties:						
Trust Fund	$7,069	$3,650	$10,075	$12,234	$12,234	$12,234
Tax-Forfeited	350	1,586	1,429	1,267	1,250	1,250
Advanced Royalties	242	365	365	415	415	415
Other Land Types	23	18	18	26	26	26
Subtotal	7,684	5,619	11,887	13,942	13,925	13,925
Other Revenue:						
Non-State Matching Contributions*	98	270	244	244	245	260
Inspection Reimbursements	60	63	60	60	60	60
Filing Fees	3	3	1	1	1	1
Miscellaneous	6	7	7	7	7	7
Subtotal	167	343	312	312	313	328
TOTAL	$7,851	$5,962	$12,199	$14,254	$14,238	$14,253

* Non-state matching contributions for F.Y. 1996 include an additional $268,000 of in-kind services not reflected in the state accounting system.

Mineral Revenue Distributed to Counties. Under the provisions of M.S. 93.335, subd. 4, the department annually distributes 80% of the mineral rents and royalties generated from tax-forfeited lands, which are held in trust by the state, to the counties in which the lands lie. Twenty percent is distributed to the General Fund. In F.Y. 1996, counties received $280,000; i.e., 80% of the $350,000 of revenues derived from tax-forfeited lands. Estimates for F.Y. 1997 through F.Y. 2001 were made using the same methodology.

	Dollars in Thousands					
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Mineral Revenue Distributed to Counties	$280	$1,268	$1,143	$1,013	$1,000	$1,000

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

Program Plan

The management of mineral and surface rights on state-owned trust and tax-forfeited land continues to be the highest priority of the division. Revenue generated from exploration and mining on these lands continues to be strong and is projected to surpass $12 million in F.Y. 1998. Equally important is the division's stewardship of state-managed lands and the reclamation of mined areas, which remains a principal division responsibility.

The division will also continue to focus on maintaining and fostering partnerships with communities, local governments, and the minerals industry to address issues related to mining. The division will continue to provide technical expertise and minerals information to local governments to assist them in addressing mineral issues. Research partnerships related to improving exploration, mining, and processing technology will continue as a high priority. Environmental research partnerships, which leverage state monies with non-state monies, will continue to receive the utmost attention as various statewide partnerships grow and expand.

The agency plan includes a 2.5% per year base adjustment for salary inflation within the program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: MINERAL RESOURCES MGMT
ACTIVITY: MINERAL MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,282	3,449	3,440	3,440	3,440	3,524	3,524	3,524
OPERATING EXPENSES	1,436	3,514	2,794	2,794	2,794	2,664	2,664	2,664
TRANSFERS			19	19	19	19	19	19
SUBTOTAL STATE OPERATIONS	4,718	6,963	6,253	6,253	6,253	6,207	6,207	6,207
TOTAL EXPENDITURES	4,718	6,963	6,253	6,253	6,253	6,207	6,207	6,207
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	4,312	4,834	4,799	4,799	4,799	4,883	4,883	4,883
MINNESOTA RESOURCES	33	52						
AGENCY		250						
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	369	1,789	1,454	1,454	1,454	1,324	1,324	1,324
FEDERAL		27						
GIFT	4	11						
TOTAL EXPENDITURES	4,718	6,963	6,253	6,253	6,253	6,207	6,207	6,207
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	512	1,906	1,747	1,747	1,747	1,593	1,593	1,593
FEDERAL		27						
AGENCY	5,668	2,580	3,085	3,085	3,085	4,464	4,464	4,464
PERMANENT SCHOOL	1,644	1,435	7,355	7,355	7,355	8,185	8,185	8,185
NONDEDICATED:								
GENERAL	2							
CAMBRIDGE DEPOSIT FUND	25	14	12	12	12	12	12	12
TOTAL REVENUES COLLECTED	7,851	5,962	12,199	12,199	12,199	14,254	14,254	14,254

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: MINERAL RESOURCES MGMT
ACTIVITY: MINERAL MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	62.0	62.0	61.6	61.6	61.6	61.6	61.6	61.6
TEMP/SEAS/PART_TIME	.4	.4	.4	.4	.4	.4	.4	.4
OVERTIME	.2	.2	.2	.2	.2	.2	.2	.2
TOTAL FTE	62.6	62.6	62.2	62.2	62.2	62.2	62.2	62.2

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

PROGRAM DESCRIPTION:

The DNR's Division of Waters is the principal state water resources management agency responsible for 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 protected wetlands, technical ground water and surface water analyses, and land-use management. Efforts continue to balance these specific activities with environmental, social, and economic needs in different parts of the state.

- **Ground and Surface Water Appropriation or Diversion.** Gathering and compiling information about ground water and surface water 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, injury, and property damage associated with the presence of about 2,000 dams 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 activities in these waterbodies through a permit system; regulating and maintaining water level control structures; preventing destruction and loss of wetlands through support of the Wetlands Conservation Act; and responding to surface water problems, 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.** Gathering, analyzing, and interpreting information on climate, ground water, and surface water to support water resource planning and management at state and local levels; adding to and maintaining information systems that provide needed 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; preventing degradation of ground water supplies by assessing geologic sensitivity to pollution; and continuing to develop county geologic atlases and regional hydrogeologic assessments.

- **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 by preventing erosion, non-point and point source contamination; maintaining scenic and fish/wildlife habitat values; reducing the risk of loss of life, injury, and property damage associated with floods; providing grants to local governments to reduce flood damage; assisting local governments during major flood events; developing a Coastal Resource Management Program for Lake Superior; and providing technical support for local river planning.

PROGRAM STATUS:

- **Ground and Surface Water Appropriation or Diversion.** Over 300 local water emergency and conservation plans are currently being developed and are being or will be submitted for approval. 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. Additional resources are needed to analyze, interpret, and predict trends of water use and demand as economic, social, and environmental conditions change.

- **Dam Safety.** The ability to repair public dams or remove publicly or privately owned dams was supported by a $1.56 million bonding appropriation from the 1996 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.** Efforts are underway to implement alternative methods for the protected waters permit program to improve resource protection and program efficiency and effectiveness. Some options include delegating permit approval authority and issuance of general permits.

  The state's "no-net-loss" wetlands policy continues in effect. The department regulates activities in protected wetlands and provides assistance and training to local government units to regulate alterations to other wetlands through the Wetlands Conservation Act. The division is also analyzing national wetland inventory data and maps, interpreting data and providing information to local government. The division is intent on inventorying calcareous fens to develop management plans to protect their unique characteristics.

- **Technical Ground and Surface Water Analyses.** Technical analyses supports other activities such as water appropriation permitting, floodplain management, protected waters permitting, ordinary high water determinations, water-use conflict resolution, and others. Interpretive reports benefit 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 United States 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.

  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 underway with a one-time appropriation of $50,000 (which is matched by $50,000) to determine whether any aquifers exist.

  Funding in the division base is earmarked for a pass-through grant to the MN Geological Survey to produce county and regional geologic maps.

  Monitoring programs for streamflow, lake levels, ground water levels, and precipitation continue to expand. Measurements are obtained through cooperative agreements with local governments, other state and federal government agencies, and citizen volunteers. Soil and water conservation districts have measured water levels in observation wells since the early 1980s at a reimbursement rate of $10 per reading but are now requesting an increase to $20 per reading. The

information from these programs is essential for water resources planning, management, development, and preservation. Local groups, such as lake associations, are interested in obtaining and using water resource data. County local water plans require this data for reasonable assessment and management. State agencies need this data for program administration.

The division is making significant strides in the computerization of water resources data. This information is being converted into a system that can be easily accessed and used by a wide variety of users. Local water planning activities continue to expand and improve as existing plans are updated. This creates 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 data for local water planning efforts. The requests for data, analysis, and interpretive assistance outpace the current capabilities of the division. The demand continues to increase for teacher training and educational materials on water resources for teachers to promote water resource issues and stewardship in K-12 curricula.

- **Land-Use Management.** The division is involved with the Minnesota Long-Term Grants Coordination Group to assist communities in recovering from the 1993 and 1996 floods and to prevent future flood damages. During the last biennium, approximately 125 floodplain structures were acquired by local government with state and federal financial assistance. Demand remains high for grants from the Flood Hazard Mitigation Grant Assistance Program. Seven larger flood control projects will be started or completed with funds from bonding allocations approved by the 1996 legislature. The division provides assistance to communities to ensure that new development is protected from flooding.

  The division assists in the allocation and monitoring of shoreland grants. Assistance in ordinance administration is provided to communities that have adopted shoreland and wild and scenic rivers ordinances. The division is developing a plan for Minnesota's acceptance into the Federal Coastal Resources Management. The National Oceanic and Atmospheric Administration, Office of Coastal Resource Management, has provided funds to allow for the evaluation and development of Minnesota's existing management programs.

  The National Park Service has begun a multi-year effort to update the management plan for the Lower St. Croix National Scenic Riverway. The department, in conjunction with the state of Wisconsin and the National Park Service, hired a watershed planner for this project. The National Park Service is also implementing a Mississippi National River and Recreation Area Comprehensive Management Plan through the Twin Cities metropolitan area. State and local coordination for this effort is provided through the division.

PLANNED RESULTS:

- **Ground and Surface Water Appropriation or Diversion.** The division will work with all appropriators to try to minimize the periods when water supplies are disrupted. Public water supply emergency and conservation plans are being submitted for departmental approval; and by the end of F.Y. 1997, 150 plans will be reviewed and approved. Once-through cooling or heating systems continue to be converted as required.

- **Dam Safety.** There are approximately 915 dams in the state large enough to be subject to DNR dam safety regulations. Over one-half of these dams are publicly owned. Many of these dams are old structures that need regular maintenance and periodic repair. All 29 non-federal high-hazard dams, those which could cause loss of life and property, are inspected each year. Six dams will undergo major repairs, and plans and specifications for 1 dam removal project will be prepared as a result of a bonding appropriation by the 1996 legislature. Projects include both state-owned and locally owned dams.

- **Construction in Protected Waters and Wetlands.** The number of protected waters permit applications is declining by about 10% to about 1,000 annually. The decline is due to streamlined protected waters permit procedures for projects having minimal environmental impact as authorized in statutory changes in 1995 and 1996. The number of applications will likely continue to decrease. The state currently regulates about 3.5 million acres of lakes, streams, and wetlands. The state's goal under the Wetlands Conservation Act is to achieve "no net loss" in the quantity, quality, and biological diversity of these wetlands. The division needs additional resources to provide data, maps, training, and assistance to local government for local water management programs, including fen management.

- **Technical Ground and Surface Water Analyses.** Climate data are archived and used to provide statistical assessments of climatic events as well as regular summaries of precipitation. Ground water level, lake level, and streamflow networks will require additional funding to provide for expanded coverage for these data types.

  Cooperative studies with the United States Geological Survey and local interests have been and are being undertaken in various parts of the state to assess water supplies, examine recharge rates, and address the relationship of streamflow and ground water levels.

  Technical analysis capabilities provide computer modeling and field data collection to allow 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 division lacks the staff to commit to long-range analysis.

- **Land-Use Management.** 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; and by the end of F.Y. 1999, a comprehensive review of the Wild and Scenic River Management Plans for the Mississippi River from St. Cloud to Anoka and the Rum River will be completed.

  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. 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. 1999, approximately 800 additional structures will be removed from the floodplain through acquisition or the construction of flood control projects with state funding assistance.

BUDGET AND REVENUE SUMMARY:

Revenue

The division collects fees for protected water and appropriation permit applications and the annual water-use fee. The agency is not proposing any fee increases at this time. Revenues from existing fees are estimated at $2.3 million in F.Y. 1998 and $2.3 million in F.Y. 1999. These fees are non-dedicated. In addition, 75% of once-through cooling and heating system revenues are transferred to the Department of Commerce.

Grants

- **Flood Hazard Mitigation Grant Program.** $176,000 is spent each year for the Flood Hazard Mitigation Grant Program to assist local governments in reducing the devastating effect of periodic flooding. Cost-sharing grants on a 50% local/50% state basis are made to local governments that demonstrate that they have flooding problems.
- **Middle River/Snake River and Morrison County.** An Appropriation from the General Fund of $128,000 in F.Y. 1996 provided grants to the Middle River/Snake River Watershed District for low head dam construction and Morrison County for a study to improve water flow along the easterly shoreland of the Mississippi River near Highway 10.
- **Upper Mississippi River Comprehensive Plan.** An annual appropriation of $112,000 from the General Fund for grants to the Mississippi Headwaters Board for up to 50% of the cost of implementing the comprehensive plan for the Upper Mississippi and for a grant to the Leech Lake Band of Chippewa Indians.
- **Local River Planning.** A biennial appropriation of $140,000 from the Future Resources Fund in F.Y. 1996 assists counties in developing comprehensive plans for the management and protection of rivers.
- **Grain Belt Mississippi Riverfront Development.** A biennial appropriation of $500,000 from the Future Resources Fund in F.Y. 1996 is for a grant to the Metropolitan Council for a subgrant to the Minneapolis Park and Recreation Board to create riverfront recreational park and marina facilities.
- **Federal Funds.** The National Park Service is providing the department with a grant of up to $130,000 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 was transferred from the Environmental Quality Board to the department in September 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 Office of Coastal Resource Management, of the National Oceanic and Atmospheric Administration, is providing a grant of $200,000 to evaluate Minnesota's programs for potential inclusion in the Coastal Resource Management Program. This may result in the state adopting a Coastal Resource Management Program, which would result in increased funding for state and local governments' Lake Superior management program. It is anticipated this phase of the program could provide about $500,000 annually of additional funding to Minnesota.

  The division has cooperated with the Division of Emergency Management (Department of Public Safety) during the last 2 years in obtaining a flood hazard mitigation grant from federal funds (in the wake of the 1993 flood disaster declaration) to establish a statewide flood forecast and flood warning system. As part of this request, the division has requested $50,000 per year for the operation and maintenance of the new and upgraded stream and river monitoring stations, including precipitation gages.

  The National Dam Safety Program Act of 1996 created a matching grant program to assist states in carrying out state dam safety programs. Minnesota may be eligible for approximately $15,000 in federal F.Y. 1998 and $30,000 in federal F.Y. 1999. The Federal Emergency Management Agency must adopt program rules by October 1997. Regulatory, technical assistance, and public awareness programs may all be grant eligible activities.

Program Plan: The agency plan for the Water Resources Management Program is as follows:

- The division will give priority to those program activities that provide direct benefits to its clientele. Particularly, the division will maintain field staff at full complement to provide assistance and support for local governments and the public. The division is seeking to expand the basic data collection programs that underlie our ability to describe and make decisions about impacts on water resources.
- Regulatory programs are being streamlined by issuing general permits for activities that have minimal impact on waters and by delegating some activities to other levels of government. The division is delegating decision-making authority to more area hydrologists. Permit simplification is freeing up time for field staff to become more involved with local water planning. Community assistance is enhanced by increasing grants to local governments for flood damage reduction. The division is developing information systems that will enable all field hydrologists and others to have access to basic water resources information.
- The agency plan includes a 2.5% per year base adjustment for salary inflation within the program.

LCMR Recommendations

- **Sustainable Lake Plans.** This project provides for an agreement with the Minnesota Lakes Association for the development of education programs and a comprehensive lake plan in each of the state's 5 lake regions. ($270,000 Environmental and Natural Resources Trust Fund)
- **Lakeshore Restoration - Minneapolis Chain of Lakes.** This project provides for an agreement with the Minneapolis Park and Recreation Board for native lakeshore plantings in the Chain of Lakes to improve water quality, wildlife habitat, and decrease erosion. This appropriation must be matched by at least $150,000 of non-state money. ($300,000 Environmental and Natural Resources Trust Fund)
- **North Minneapolis Upper River Master Plan.** This project provides for an agreement with the Minneapolis Park and Recreation Board to develop a master plan addressing green space and trail development, riverbank restoration, and stimulation of river-oriented land uses within a corridor along the east and west banks of the Mississippi River from Plymouth Avenue north to the Minneapolis city limits. This appropriation must be matched by at least $100,000 of non-state money. ($300,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends a biennial appropriation of $1.0 million from the General Fund for the portion of the multi-agency initiative on Water Monitoring and Ecological Data that will be added to the DNR's Water Resources program.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: WATER RESOURCES MGMT
ACTIVITY: WATER RESOURCES MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	6,211	6,657	6,797	6,797	7,022	6,966	6,966	7,211
OPERATING EXPENSES	2,064	3,971	2,055	2,055	2,330	2,053	2,053	2,308
SUBTOTAL STATE OPERATIONS	8,275	10,628	8,852	8,852	9,352	9,019	9,019	9,519
LOCAL ASSISTANCE	581	808	308	1,178	1,178	308	308	308
OTHER EXPENSES	790	701	700	700	700	650	650	650
TRANSFERS			211	211	211	211	211	211
TOTAL EXPENDITURES	9,646	12,137	10,071	10,941	11,441	10,188	10,188	10,688
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		570				
LCMR NEW ALLOCATIONS		MNR		300				
TOTAL AGENCY PLAN ITEMS				870				
GOV'S INITIATIVES:		FUND						
(A) WATER MONITORING & ECOLOGICAL DATA		GEN			500			500
TOTAL GOV'S INITIATIVES					500			500
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				570	570			
GENERAL	8,027	8,663	8,620	8,620	9,120	8,779	8,779	9,279
MINNESOTA RESOURCES	276	530		300	300			
NATURAL RESOURCES	215	272	251	251	251	256	256	256
STATUTORY APPROPRIATIONS:								
GENERAL		298						
SPECIAL REVENUE	32	241	59	59	59	59	59	59
FEDERAL	305	1,430	440	440	440	443	443	443

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: WATER RESOURCES MGMT
ACTIVITY: WATER RESOURCES MGMT

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
AGENCY	790	701	700	700	700	650	650	650
GIFT	1	2	1	1	1	1	1	1
TOTAL EXPENDITURES	9,646	12,137	10,071	10,941	11,441	10,188	10,188	10,688
REVENUE COLLECTED:								
DEDICATED:								
GENERAL		298						
SPECIAL REVENUE	80	155	59	59	59	59	59	59
FEDERAL	281	1,399	440	440	440	443	443	443
AGENCY	791	700	700	700	700	650	650	650
GIFT	1	1	1	1	1	1	1	1
NONDEDICATED:								
GENERAL	13							
CAMBRIDGE DEPOSIT FUND	2,529	2,333	2,333	2,333	2,333	2,333	2,333	2,333
TOTAL REVENUES COLLECTED	3,695	4,886	3,533	3,533	3,533	3,486	3,486	3,486
FTE BY EMPLOYMENT TYPE:								
REGULAR	116.9	116.1	115.5	115.5	121.5	115.5	115.5	121.5
TEMP/SEAS/PART_TIME	10.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0
OVERTIME	.3	.2	.2	.2	.2	.2	.2	.2
TOTAL FTE	127.3	125.3	124.7	124.7	130.7	124.7	124.7	130.7

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

PROGRAM DESCRIPTION:

The Forest Management Program exists to maintain and improve the health and productivity of Minnesota's forests so they can produce a wide variety of forest outputs, values, and opportunities to meet the needs of current and future generations of Minnesotans; protect the lives, property, and natural resources of Minnesota citizens from wildfire; and provide productive natural resources work experience and meaningful service-learning opportunities to young men and women in a healthful outdoor environment.

The Division of Forestry is the state's forest management agency. The division is responsible for managing 4.5 million acres of state-owned lands for multiple benefits, protecting all non-federal lands in the state from wildfire and pests, providing forest management assistance to other public and private forest landowners, coordinating forestry cost-share and technical assistance programs in the state, and administering the DNR Office of Youth Programs.

PROGRAM STATUS:

Demands for a wide variety of forest resources and values (e.g., timber, old-growth and older-aged forests [there is a difference], wildlife habitat, aesthetics, recreation, etc.) have continued to grow. For example, statewide across all ownerships, timber harvests have reached nearly 4.1 million cords per year. Planned forest industry expansions may increase this level to 4.7 million cords per year by the year 2000. Recognizing the important role state lands play in meeting this increasing demand for timber, the 1995 legislature provided additional appropriations in 1995 "for implementing the planned harvest on state lands" (Laws of Minnesota 1995, chapter 220, section 5, subdivision 4). In implementing the planned harvest, the division was directed to follow existing guidelines for protection of forest resource values. To protect these values the division is continuing its efforts to implement, among other measures, water quality and wetland best management practices, visual quality best management practices, and DNR old-growth forest and extended rotation forest guidelines.

The ability to provide increased yet sustainable levels of forest outputs, while at the same time maintaining the health and diversity of forest ecosystems, will depend on the degree to which forest managers are successful in implementing provisions of the 1995 Sustainable Forest Resources Management Act (Laws of Minnesota 1995, chapter 220, section 78-88) and the associated environmental concerns embodied in the Generic Environmental Impact Statement (GEIS) for Timber Harvesting and Forest Management in Minnesota (Minnesota Environmental Quality Board, 1994). A major policy focus of the Division of Forestry and its partners will continue to be implementation of the provisions of the 1995 Sustainable Forest Resources Act. The Minnesota Forest Resources Council, the Minnesota Forest Resources Partnership and their associated efforts, in particular the development of comprehensive forest management guidelines and a landscape-based forest resources planning and coordination program, will play a key role in establishing policy and direction to address key forest management issues, including those identified in the GEIS.

Non-industrial private forest (NIPF) lands comprise 40% of the forest land in the state and play a key role in the overall sustainability of the state's forest resources. Improved stewardship of these lands will be necessary to assure that private lands will be able to provide needed wood products while maintaining ecological integrity and fulfilling landowner needs. Recognizing the importance of NIPF lands, the division developed a vision called "Private Forest Management (PFM) in 2005," which sets an ambitious goal of assuring that at least one-half NIPF lands in the state (approximately 2.5 million acres) are being managed using professional forestry advice by the year 2005. Currently, about 20% of NIPF lands are receiving professional forestry advice. PFM 2005 recognizes that the additional effort needed will have to come primarily from the private sector through partnerships with the DNR and other involved government agencies.

Since 1953 the amount of forest land in southwest and western Minnesota has declined by 35%. Much of this decline has occurred along rivers. The communities and economies within this area rely on streams and rivers as sources of agricultural and residential water, recreation, aesthetics, tourism and food. The ability of the river to continue providing these values has been threatened by adjacent land- use practices and resulting degradation of water quality and scenic value. Re-establishing native riparian forests could provide multiple environmental and recreational benefits in these areas that are in poor condition from an environmental perspective. Riparian forests that incorporate the planting of fast-growing trees (e.g., short rotation woody crops) could potentially provide an alternate crop in locations where annual crops traditionally haven't done well. Because of projected wood shortages from existing forests in Minnesota, these trees may become an important resource for the Minnesota wood products and biomass energy industries. If financial benefits of establishing these forests prove to be significant, this strategy has the potential of being widely adopted and could stimulate large-scale private sector plantings throughout this part of the state.

The DNR's guiding principles of sustainability, ecosystem-based management, and biological diversity have resulted in a change in natural resources management direction and reassignment of staff. The division will continue shifting from resource management based on administrative units to managing entire ecological systems across all ownerships. This approach increases the complexity of resource management, demands greater public and stakeholder involvement, and requires more time and effort, but is critical to the sustainable management of the state's natural resources.

Since 1986, staffing in the Forest Management Program has been reduced by 80 positions, many of which were field positions, and other reductions in operating costs. The agency plan could potentially result in the loss of another 8 program positions and further cuts in operating costs. These past and projected reductions will require even greater reliance on partnering and collaborative approaches to establish and achieve program objectives. In addition, the Division of Forestry will continue to pursue further gains in internal efficiency and effectiveness through continuous improvement processes. Teams will further explore improvements to division processes, additional opportunities for synergistic partnerships (internally and externally), and refine division operations in a team environment.

Decreases in federal funding is projected to continue for a number of important resource management assistance programs. The Forest Management Program will need to rely on alternative funding from state and local sources as well as increase the leveraging of state funds with matching private and local government funds or volunteer/in-kind contributions in order to achieve planned outcomes.

Youth Programs' integration with the Division of Forestry and its selection as an AmeriCorps National Service Partner has enhanced the Minnesota Conservation Corps' (MCC) operations. Division staff have taken an active role in the day-to-day field operations and management of the MCC year-round young adult program.

PLANNED RESULTS:

The agency budget will impact the 1996 performance objectives in a slightly negative manner because unfunded inflationary increases may reduce purchasing power by an estimated $330,000 in F.Y. 1998 and $660,000 in F.Y. 1999. The anticipated reduction in purchasing power will be addressed through a reduction in operating costs and a potential reduction in staffing of up to 8 positions through attrition. Impacts from such reductions will be in terms of both quality and quantity of services and

resource management provided. While the additive impacts will be small compared to current activity levels, projected increases in some performance measures will not be possible if staffing levels are reduced. 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. In addition, the division will build on successful and promising collaborative/partnership opportunities to pursue program objectives. Examples include Forest Stewardship, Minnesota ReLeaf, Minnesota Incident Command System and Minnesota Interagency Fire Center, Rural Community Fire Departments, Community Forestry Challenge Grants, Minnesota Rural Partners, and others.

Specific Results:

- Under the agency plan, stewardship planning, technical, and cost-share assistance provided by the division will be hampered at a time when the need for this assistance on non-industrial private forest lands is increasing. The vision and goals established under "Private Forest Management in 2005" will be extremely difficult to achieve, especially given the declines in federal funding for these activities. However, the agency plan and declining federal funds could be offset in the short-term by the stewardship planning and cost-share assistance funding provided in an LCMR proposal "Creating Sustainable Woodlands on Private Lands."

- Lack of capital budget appropriations and inadequate general and dedicated funding will lead to a continued deterioration of state forest roads. Increased use of gates and seasonal road closures will limit public access to state forest lands but will be necessary to minimize damage to the state forest road system and maintain user safety.

- Lack of capital budget appropriations and inadequate general and dedicated funding will continue to lead to the deterioration of state forest recreation facilities. Although state forest campground users expect "rustic" experiences, lack of funding for needed renovations and improvements will eventually have a negative effect on customer satisfaction with these facilities. Some minor improvements as well as maintenance may be possible with increased use of Youth Programs.

- Reductions and restrictions placed on federal grants and surplus federal equipment available to rural community fire departments will limit gains in reducing wildfire suppression costs through partnerships with local units of government.

- Additional efforts to increase the amount of thinning and uneven-aged management of appropriate hardwood species on state and private lands will be limited. Other timber stand improvement practices (e.g., pruning, release) may be possible through increased use of Youth Programs.

- Timber management planning is now being done on a 5-year basis in Division of Forestry administrative areas (there are 40 division areas in the state) rather than every 7-10 years as had previously been the case. Timber management planning is the process through which extended rotation forests are identified. The shortening of the timber management planning cycle will help achieve the long-term extended rotation forest objectives on state lands as described in the agency performance report.

- The division will seek to increase the number of Youth Programs enrollees servicing internal DNR projects as well as external projects. Internally, existing funding can be leveraged with additional internal funding to help accomplish management projects that otherwise would not be completed, including those supporting ecosystem-based management efforts.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan for this program is as follows:

- A significant amount of the base budget ($1.007 million) per year is for implementation of the 1995 Sustainable Forest Resources Act (M.S. 89A, 1995 Supplement). This funding is provided to the Minnesota Forest Resources Council for allocation to various efforts implementing provisions of the act.
- A significant amount of the base budget ($1.43 million) per year is for implementing the planned timber harvest on state lands according to existing guidelines for the protection of forest resource values.
- Timber revenues from state lands will increase $963,000 in F.Y. 1998 and $1,467,000 in F.Y. 1999 compared to estimates of state land timber sale revenues in F.Y. 1997.
- An internal reallocation of funds from the Fish and Wildlife Program will provide an additional $16,000 annually in direct support of the Exotic Species Watercraft Inspection Program performed by the Minnesota Conservation Corps enrollees.
- The agency plan includes a 2.5% per year base adjustment for salary inflation within the program.

LCMR Recommendations

- **Sand Dunes State Forest Acquisition.** This project provides for the acquisition of 200 acres of critical interior private lands within the Sand Dunes State Forest to protect rare Anoka Sand Plain plant and animal communities and prevent disruption of existing recreation programs. ($400,000 Environmental and Natural Resources Trust Fund)
- **Minnesota ReLeaf Tree Planting and Preservation Grant Program.** This project provides matching grants to local communities to plant native trees and restore woodland habitats, protect native oak forests from oak wilt, and preserve significant woodland habitats threatened by development. Priorities would be set and grants given through broad-based regional steering committees established through the Minnesota ReLeaf Program. ($300,000 Future Resources Fund)
- **Sustainable Woodlands on Private Lands.** This project provides funding, through an agreement with the Minnesota Forestry Association working in cooperation with the Minnesota Forest Stewardship Committee, to assure healthier environments on 250,000 acres of private land using stewardship planning to motivate 3,000 landowners; implement habitat, reforestation, and water quality projects with matching funds; and increase cost efficiency through private sector bidding. ($875,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FOREST MANAGEMENT	33,708	38,025	35,920	37,495	37,495	36,488	36,488	36,488
FIRE FIGHTING	7,233	6,885	4,471	4,471	4,471	4,508	4,508	4,508
YOUTH PROGRAMS	2,252	3,228	2,937	2,953	2,953	2,981	2,997	2,997
SUSTAIN RES ACT IMPLEMENTATION	296	1,441	1,018	1,018	1,018	1,030	1,030	1,030
TOTAL EXPENDITURES BY ACTIVITY	43,489	49,579	44,346	45,937	45,937	45,007	45,023	45,023
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		400				
LCMR NEW ALLOCATIONS		MNR		1,175				
TECHNICAL REALLOCATIONS		NRF		16			16	
TOTAL AGENCY PLAN ITEMS				1,591			16	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				400	400			
GENERAL	28,190	32,523	31,219	31,219	31,219	31,724	31,724	31,724
MINNESOTA RESOURCES	75			1,175	1,175			
STATE GOVERNMENT SPECIAL REVENUE	351	49						
NATURAL RESOURCES	313	515	427	443	443	436	452	452
OPEN APPROPRIATIONS:								
GENERAL	6,440	6,800	6,800	6,800	6,800	6,800	6,800	6,800
STATUTORY APPROPRIATIONS:								
GENERAL	155	200	200	200	200	200	200	200
NATURAL RESOURCES	186	79	26	26	26	25	25	25
SPECIAL REVENUE	3,235	3,811	3,447	3,447	3,447	3,565	3,565	3,565
FEDERAL	4,520	5,448	2,177	2,177	2,177	2,207	2,207	2,207
AGENCY		50	50	50	50	50	50	50
GIFT	24	104						
TOTAL EXPENDITURES	43,489	49,579	44,346	45,937	45,937	45,007	45,023	45,023
FTE BY EMPLOYMENT TYPE:								
REGULAR	543.2	540.3	540.3	540.3	540.3	540.3	540.3	540.3

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TEMP/SEAS/PART_TIME	33.7	33.6	33.6	33.6	33.6	33.6	33.6	33.6
OVERTIME	22.3	20.2	20.2	20.2	20.2	20.2	20.2	20.2
TOTAL FTE	599.2	594.1	594.1	594.1	594.1	594.1	594.1	594.1

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

The Forest Management Activity provides for the management of 3.2 million acres of state-owned land within the boundaries of 57 state forests and 1.3 million acres of other state-owned lands for sustainable levels of resource outputs, uses and opportunities. This activity also provides technical forest management and cost-share assistance to other public and private landowners; monitors the health, growth, and composition of Minnesota's forests; provides forest resource information to forest land managers and users; produces tree and shrub seedlings for planting on public and private lands; and coordinates the development and delivery of forestry-related environmental education materials.

Specific activities include:

- 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, technical, and cost-share assistance to non-industrial private forest landowners (covering over 75,000 acres per year).
- Over 800 technical urban forestry and cost-share assists to Minnesota communities each year.
- Annual production of 10 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 from division staff will remain at current levels or decline slightly. 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 established in "Private Forest Management in 2005" through the use of division personnel. Additional funding proposed in Legislative Commission on Minnesota Resources-recommended projects will help offset this decline in division staff effort through increased use of private-sector partnerships to provide stewardship planning, technical forest management assistance, and increased cost-share assistance.

- A significant amount of the base budget ($1.007 million) per year is for implementation of the 1995 Sustainable Forest Resources Act (M.S. 89A, 1995 Supplement). This funding is provided to the Minnesota Forest Resources Council for allocation to various efforts implementing provisions of the act. While the DNR eventually receives some of this funding back (as recommended by the council) to assist with council efforts, the amount of division staff time that is expected to be needed to participate and contribute in council efforts will far exceed the amount funded by the council. This will require a shift in division effort away from a number of other ongoing programs.

- A significant amount of the base budget ($1.43 million) per year is for implementing the planned timber harvest on state lands according to existing guidelines for the protection of forest resource values. This funding level was based on an assumed increased level of timber sales revenue from state lands (due to both increases in stumpage prices and increased volumes sold) and was considered to be budget neutral. Timber sales revenues from state lands are projected to increase $963,000 in F.Y. 1998 and $1,467,000 in F.Y. 1999 compared to F.Y. 1997 revenues.

- The growing demand for recreational opportunities within the state's forested areas--such as camping, hunting, fishing, trail use, site seeing, and other dispersed forms of recreation--has increased the use of state forest roads. The high level of demand for and harvest of mature timber on public and private lands has also increased the use of these same roads by large log hauling trucks. As a result, annual maintenance costs and necessary reconstruction costs of these roads has risen greatly in the last 5+ years. Funding has been inadequate to maintain forest roads at a level that can safely handle current levels of use. Continuation of this trend will have adverse impacts on 2 of the state's largest industries: tourism and forest products. Lack of capital budget appropriations and inadequate general and dedicated funding will lead to a continued deterioration of state forest roads. Increased use of gates and seasonal road closures will limit public access to state forest lands but will be necessary to minimize damage to the state forest road system and maintain user safety.

- Lack of capital budget appropriations and inadequate general and dedicated funding will continue to lead to deterioration of state forest recreation facilities. Although state forest campground users expect "rustic" experiences, lack of funding for needed renovations and improvements will eventually have a negative effect on customer satisfaction with these facilities. Some minor improvements as well as maintenance may be possible with increased use of Youth Programs.

- The high level of demand for and harvest of aspen in Minnesota is expected to shift some forest industry demand to various alternative hardwood species that in the past have not been harvested (commercially) to any great degree. As a result, demand for non-aspen hardwood pulpwood could double to reach 500,000 cords per year by the year 2000. Many of these alternative hardwood species are suited to uneven-aged management and thinning. However, under the agency plan, additional efforts to increase the amount of uneven-aged management of appropriate hardwood species on state and private lands will be limited. Uneven-aged management (through thinning and selective harvesting) of hardwood species requires a higher level of effort to inventory, develop management plans, and implement recommended practices compared to even-aged management (e.g., through clear-cuts or modified clear-cuts). The additional staff time needed for uneven-aged management will not be available. Other alternatives, such as greater use of private forestry consultants and limited use of operators under certain conditions, need to be explored.

REVENUE:

This activity generates dedicated and non-dedicated revenue of approximately $13 million each year. The major sources of this income are the timber sales program, the tree seedling sales program, and various federal forestry programs.

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

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.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Special Revenue Fund	$277	$277	$277	$277

- **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. 84.085 and Public Law 95-313, Section 7. Reductions in federal support for this program have increased the importance of state investments.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Federal Fund	$176	$189	$80	$80

- **Forest Health and Urban Forestry.** Federal grants are made to communities, counties, cities, and other government entities for the purpose of oak wilt and other disease suppression activities and for technical assistance related to management of urban forests.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Federal Fund	$154	$204	$204	$204

- **High Winds Disaster.** The General Fund provided grants to Aitkin, Becker, Clearwater, Hubbard, and St. Louis Counties for reforestation, timber stand improvements, forest road reconstruction and maintenance, aerial photography, and new forest inventories in areas damaged by windstorms (Laws of Minnesota 1996, chapter 407).

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$250	$-0-	$-0-	$-0-

- **Payment in Lieu of Taxes.** Payments to counties in lieu of taxes on state-owned natural resources lands. Payments are based on a per acre formula, a percentage of assessed value, or a percentage of revenue, whichever is greater.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$5,082	$5,500	$5,500	$5,500

- **Minnesota Releaf Tree Planting and Preservation Grant Program.** A biennial appropriation from the Oil Overcharge account in F.Y. 1996 provided funds for matching grants to local communities to plant predominately native trees to restore habitats, save energy, benefit wildlife, reduce erosion, and facilitate educational opportunities; and to treat oak wilt infection centers to protect thousands of acres of native oak forests.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FOREST MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	16,743	17,642	18,015	18,015	18,015	18,436	18,436	18,436
OPERATING EXPENSES	9,867	13,976	11,765	12,260	12,260	11,913	11,913	11,913
CAPITAL OUTLAY	695	188	33	433	433	32	32	32
SUBTOTAL STATE OPERATIONS	27,305	31,806	29,813	30,708	30,708	30,381	30,381	30,381
PAYMENTS TO INDIVIDUALS	26							
LOCAL ASSISTANCE	6,276	6,219	6,061	6,741	6,741	6,061	6,061	6,061
OTHER EXPENSES	101							
TRANSFERS			46	46	46	46	46	46
TOTAL EXPENDITURES	33,708	38,025	35,920	37,495	37,495	36,488	36,488	36,488

AGENCY PLAN ITEMS:	FUND	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Agency Plan
LCMR NEW ALLOCATIONS	EVT	400		
LCMR NEW ALLOCATIONS	MNR	1,175		
TOTAL AGENCY PLAN ITEMS		1,575		

EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				400	400			
GENERAL	23,601	26,381	25,613	25,613	25,613	26,034	26,034	26,034
MINNESOTA RESOURCES				1,175	1,175			
STATE GOVERNMENT SPECIAL REVENUE	351	49						
OPEN APPROPRIATIONS:								
GENERAL	5,090	5,500	5,500	5,500	5,500	5,500	5,500	5,500
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES	186	79	26	26	26	25	25	25
SPECIAL REVENUE	3,155	3,754	3,402	3,402	3,402	3,520	3,520	3,520
FEDERAL	1,304	2,178	1,379	1,379	1,379	1,409	1,409	1,409
GIFT	21	84						

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FOREST MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TOTAL EXPENDITURES	33,708	38,025	35,920	37,495	37,495	36,488	36,488	36,488
REVENUE COLLECTED:								
DEDICATED:								
NATURAL RESOURCES	46	25	25	25	25	24	24	24
SPECIAL REVENUE	3,857	3,560	3,755	3,755	3,755	3,861	3,861	3,861
FEDERAL	1,814	2,043	1,977	1,977	1,977	2,007	2,007	2,007
AGENCY	78	86	97	97	97	102	102	102
GIFT	27							
PERMANENT SCHOOL	4,886	4,807	5,229	5,229	5,229	5,513	5,513	5,513
NONDEDICATED:								
GENERAL	45	30	30	30	30	30	30	30
CAMBRIDGE DEPOSIT FUND	1,636	1,509	1,784	1,784	1,784	1,879	1,879	1,879
TOTAL REVENUES COLLECTED	12,389	12,060	12,897	12,897	12,897	13,416	13,416	13,416
FTE BY EMPLOYMENT TYPE:								
REGULAR	371.9	371.6	371.6	371.6	371.6	371.6	371.6	371.6
TEMP/SEAS/PART_TIME	29.6	29.6	29.6	29.6	29.6	29.6	29.6	29.6
OVERTIME	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
TOTAL FTE	403.6	403.3	403.3	403.3	403.3	403.3	403.3	403.3

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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, totalling about 45.5 million acres. The primary goal is to provide wildfire protection at the level necessary to avoid loss of life and to 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 that is located in Minnesota, precontract arrangements for ground and aerial suppression equipment, DNR fleet management charges for specialized fire equipment, maintenance of radio communications network, developing mobilization and dispatching plans, and other activities to provide for effective suppression activities. Wildfire protection 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:

Since 1986 Forest Management Program staffing has decreased by 80 positions. Many of these were field positions with a portion of their time directed at the firefighting acitivty. As described in the program narrative, projected unfunded inflationary increases could result in an additional reduction of 8 positions for the Forest Management Program by the end of F.Y. 1999. The potential program staffing reductions could reduce the amount of staff time available for the firefighting activity and continue to increase the need for different approaches to wildfire protection. 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 number of fire starts.

Reductions and restrictions placed on federal grants and surplus federal equipment available to rural community fire departments will limit gains in reducing wildfire suppression costs through partnerships with local units of government.

REVENUE:

This activity generates dedicated and non-dedicated revenue in the amount of approximately $2 million to $3 million annually. The major source of this revenue is reimbursements from the US Forest Service for assistance in fighting fires outside Minnesota. This varies from year to year based on weather conditions and cannot be accurately predicted.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FIRE FIGHTING

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,992	2,439	1,815	1,815	1,815	1,852	1,852	1,852
OPERATING EXPENSES	4,241	4,446	2,656	2,656	2,656	2,656	2,656	2,656
SUBTOTAL STATE OPERATIONS	7,233	6,885	4,471	4,471	4,471	4,508	4,508	4,508
TOTAL EXPENDITURES	7,233	6,885	4,471	4,471	4,471	4,508	4,508	4,508
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,714	2,758	2,771	2,771	2,771	2,808	2,808	2,808
OPEN APPROPRIATIONS:								
GENERAL	1,350	1,300	1,300	1,300	1,300	1,300	1,300	1,300
STATUTORY APPROPRIATIONS:								
GENERAL	155	200	200	200	200	200	200	200
SPECIAL REVENUE	41							
FEDERAL	2,973	2,627	200	200	200	200	200	200
TOTAL EXPENDITURES	7,233	6,885	4,471	4,471	4,471	4,508	4,508	4,508
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	155	200	200	200	200	200	200	200
SPECIAL REVENUE	28	25	25	25	25	25	25	25
FEDERAL	3,017	2,583	200	200	200	200	200	200
TOTAL REVENUES COLLECTED	3,200	2,808	425	425	425	425	425	425
FTE BY EMPLOYMENT TYPE:								
REGULAR	61.5	58.7	58.7	58.7	58.7	58.7	58.7	58.7
TEMP/SEAS/PART_TIME	.8	.7	.7	.7	.7	.7	.7	.7

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: FIRE FIGHTING

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
OVERTIME	20.1	18.0	18.0	18.0	18.0	18.0	18.0	18.0
TOTAL FTE	82.4	77.4	77.4	77.4	77.4	77.4	77.4	77.4

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BUDGET ACTIVITY: Youth Programs
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

The DNR's Youth Programs Activity operates the Minnesota Conservation Corps (MCC) and Youth In Natural Resources Programs.

MCC provides 2 primary services:

- productive natural resources work experience and meaningful service-learning opportunities to unemployed youth and young adults; and
- a quality, cost-effective force for accomplishing significant natural resource conservation management work.

The MCC has 2 components: 1) a summer youth program that employs 15-18 year olds, and 2) a year-round young adult program for 18-26 year olds. Enrollment preference is given to those who are economically, socially, physically, or educationally disadvantaged and to protected classes. Entry level members earn the federal minimum wage. 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, community assistance, and work-prepared citizens. The MCC serves most DNR disciplines and other public and not-for-profit agencies.

The Youth In Natural Resources Program is a career exploration opportunity for under-represented groups. 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. The program works in partnership with several minority community-based organizations.

Further, Youth Programs contracts with several agencies to provide services ranging from trail maintenance on the Superior Hiking Trail, to employment opportunities for hearing-impaired youth, to assisting with flood recovery in southeastern Minnesota.

BUDGET ISSUES:

The impact of inflation on the agency budget plan will result in a projected reduction in program level of effort of $14,752 and $29,504 in F.Y. 1998 and F.Y. 1999, respectively. The reductions will be offset by curtailing purchases of supplies and services.

The minimum wage increase ($4.75 an hour as of 10-1-96 and $5.15 an hour on 9-1-97) will negatively impact the number of young adult corps members the MCC Program can afford to enroll. Using the $5.15 figure, a $32,200 increase in wage obligations is projected for F.Y. 1998, with $38,300 projected for F.Y. 1999.

An internal reallocation of funds from the Fish and Wildlife Program will provide an additional $16,000 per year for the MCC's Exotic Species Watercraft Inspection Program.

REVENUE:

The MCC year-round young adult program has been selected as an AmeriCorps National Service Partner for federal F.Y. 1996-97. By leveraging the MCC budget, the program has/will receive grants of $58,756 in F.Y. 1996 and $65,583 in F.Y. 1997. The funds help offset costs associated with MCC/AmeriCorps administration, corps member group health insurance, and corps member training.

Further, the Federal Corporation for National Service, through its National Service Trust, has established a post-service education award of $4,725 for corps members who successfully complete their term of enrollment. The Trust has set aside $363,833 in federal F.Y. 1996 and $640,688 in federal F.Y. 1997 to be used by MCC/AmeriCorps members in retiring existing student loans or pursuing post-secondary education and training.

GRANTS:

- **Youth in Natural Resources.** This summer program provides teenage youth of color and females with 8 weeks of training and hands-on experience in career/education opportunities related to natural resource management. The Anishinabe Occupational Industrialization Center and Leech Lake Tribal College are/have been grant recipients based on their willingness and ability to successfully partner with DNR Youth Programs. The amount of general funding provided to each recipient is based on the number of participants at each location. Funds cover actual costs associated with the operation and management of the program.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$17	$17	$17	$17

- **Trees for Teens.** A biennial appropriation of $75,000 from the Future Resources Fund in F.Y. 1996 for a grant to the Twin Cities Tree Trust to develop a pilot program for educating high school students about urban forestry and assisting them in carrying out peer education and community service projects.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: YOUTH PROGRAMS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,690	1,868	1,902	1,918	1,918	1,946	1,962	1,962
OPERATING EXPENSES	364	1,203	912	912	912	912	912	912
SUBTOTAL STATE OPERATIONS	2,054	3,071	2,814	2,830	2,830	2,858	2,874	2,874
PAYMENTS TO INDIVIDUALS	108	140	106	106	106	106	106	106
LOCAL ASSISTANCE	90	17	17	17	17	17	17	17
TOTAL EXPENDITURES	2,252	3,228	2,937	2,953	2,953	2,981	2,997	2,997
AGENCY PLAN ITEMS:		FUND						
TECHNICAL REALLOCATIONS		NRF		16			16	
TOTAL AGENCY PLAN ITEMS				16			16	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,579	1,943	1,817	1,817	1,817	1,852	1,852	1,852
MINNESOTA RESOURCES	75							
NATURAL RESOURCES	313	515	427	443	443	436	452	452
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	39	57	45	45	45	45	45	45
FEDERAL	243	643	598	598	598	598	598	598
AGENCY		50	50	50	50	50	50	50
GIFT	3	20						
TOTAL EXPENDITURES	2,252	3,228	2,937	2,953	2,953	2,981	2,997	2,997
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	15	42	45	45	45	45	45	45

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: YOUTH PROGRAMS

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
AGENCY		50	50	50	50	50	50	50
TOTAL REVENUES COLLECTED	15	92	95	95	95	95	95	95
FTE BY EMPLOYMENT TYPE:								
REGULAR	106.3	106.5	106.5	106.5	106.5	106.5	106.5	106.5
TEMP/SEAS/PART_TIME	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	109.7	109.9	109.9	109.9	109.9	109.9	109.9	109.9

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BUDGET ACTIVITY: Sustainable Forest Resources Act Implementation
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION: This activity implements the Sustainable Forest Resources Act. This legislation was enacted in 1995 to implement the strategic recommendations contained in the Generic Environmental Impact Statement on Timber Harvesting and Forest Management. It does so by establishing a number of policies, programs, and administrative mechanisms to ensure the long-term sustainability of the state's forest resources. Among these are:

- Establishing the Minnesota Forest Resources Council, a 13-member organization with major responsibility for implementing the Sustainable Forest Resources Act. In addition to its role in implementing the act, the council is responsible for identifying consensus-based solutions to issues and concerns associated with the sustainable management, use, and protection of the state's forest resources.

- Developing and implementing comprehensive timber harvesting and forest management guidelines. The council has established riparian management, wildlife habitat, soil productivity, and historical/cultural resource technical teams to assist it in developing voluntary management and harvesting guidelines in these areas. More than 65 individuals representing a broad cross-section of interests and expertise are engaged in this process through the council's 4 technical teams. Integrated timber harvesting and forest management guidelines are expected to be available in 1998.

- Developing and implementing a landscape-based forest resources planning program. The council is currently in the process of establishing a process whereby forest resource issues can be examined and addressed across large forested landscapes. Once operational, the council will be establishing regional forest resources committees to implement this process.

- Addressing research needs associated with sustainable forest resources management. The Minnesota Forest Resources Council has established a Research Advisory Committee represented by the state's major research organizations and users of forest resources research. This 7-person committee is developing a report that will identify strategic directions for forest resources research. In addition, the committee has identified key research needed to further the understanding of sustainable forest resources management.

- Establishing and administering the interagency Forest Resources Information Cooperative. This cooperative is responsible for coordinating the development and use of forest resources data. As a clearinghouse the cooperative will provide access to a wide range of forestry-related data.

- Establishing comprehensive monitoring programs. The DNR, with input and direction from the council, is establishing programs to better monitor the condition of the state's forest resources, use of various timber harvesting and forest management practices, compliance with voluntary management guidelines, and effectiveness of various timber harvesting and forest management practices.

- Supporting professional continuing education efforts of loggers and natural resources professionals. The newly established Center for Continuing Education for Natural Resource Professionals and Minnesota Logger Education Program are examples of these efforts.

BUDGET ISSUES: The budget plan to implement the Sustainable Forest Resources Act includes the following dimensions:

- Support for the Minnesota Forest Resources Council to carry out its responsibilities as called for in the Sustainable Forest Resources Act.
- Development of comprehensive timber harvesting and forest management guidelines. The council anticipates guidelines will be completed in mid 1998, at which time a substantial portion of those resources currently directed at developing the guidelines will be redirected toward development and implementation of programs that monitor the voluntary use and effectiveness of the guidelines.
- Implementation of a landscape-based forest resources planning and coordination program across the forested landscape regions defined by the council.
- Support for establishing the Center for Continuing Education of Natural Resource Professionals.
- Operating the Interagency Information Cooperative established in the Sustainable Forest Resources Act.
- Support for research that furthers the understanding of sustainable forest resources management, based on the strategic research direction identified by the Minnesota Forest Resources Council's Research Advisory Committee.
- Support for continuing education and training opportunities for timber harvesters.
- Support for public education outreach efforts focused on sustainable forest resources management, use and protection.

REVENUE: This activity does not generate any revenue.

GRANTS:

- **Center for Continuing Education of Natural Resource Professionals.** Start-up funding is provided to the University of Minnesota's College of Natural Resources to help establish the center.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$75	$-0-	$50	$25

- **County Participation in the Interagency Information Cooperative.** Start-up funding is provided to county land departments to support their participation in the Interagency Information Cooperative.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$-0-	$75	$50	$25

- **Forest Resources Research.** Funding is provided to Minnesota-based natural resources organizations to undertake research that addresses the priority forest resource needs identified by the Minnesota Forest Resources Council's Research Advisory Committee.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$-0-	$300	$140	$140

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FOREST MANAGEMENT
ACTIVITY: SUSTAIN RES ACT IMPLEMENTATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	170	464	475	475	475	487	487	487
OPERATING EXPENSES	51	602	303	303	303	353	353	353
SUBTOTAL STATE OPERATIONS	221	1,066	778	778	778	840	840	840
LOCAL ASSISTANCE	75	375	240	240	240	190	190	190
TOTAL EXPENDITURES	296	1,441	1,018	1,018	1,018	1,030	1,030	1,030
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	296	1,441	1,018	1,018	1,018	1,030	1,030	1,030
TOTAL EXPENDITURES	296	1,441	1,018	1,018	1,018	1,030	1,030	1,030
FTE BY EMPLOYMENT TYPE:								
REGULAR	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
TOTAL FTE	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5

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PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

The mission of the state park system is to preserve and manage Minnesota's natural, scenic, and cultural resources for present and future generations while providing appropriate recreational and education 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 that 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 231,008 acres of outstanding natural resources that make up the 66 state parks, 3 state recreation areas, and 9 waysides. The permanent staff is assisted by approximately 400 seasonal and part-time employees and 250 people employed under a contract with Greenview, Incorporated. This staff maintains and operates the park system's 5,600 campsites, 1,200 miles of trails, 93 picnic areas, 1,600 buildings, 320 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.

State parks staff are involved in ecosystem-based management statewide projects. 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 1996 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. Accelerated funding will be necessary to adequately inventory park resources and to manage these resources effectively. Present funding levels allow us to identify desired future conditions based on ecosystem and landscape needs for 2 parks each year.
- 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. Each park manager will be expected to be involved with at least 1 ecosystem-based project each year.
- 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 22,171 acres of private land within the statutory boundaries of state parks by the year 2020. The division will seek funding to complete acquisition of 4,000 acres of land within state park statutory boundaries by the end of F.Y. 1999.
- Division managers must continually balance the amount of effort invested in resource management and customer service. Both these activities are necessary to meet customers' expectations, 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's goal is to 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. State park visitors were surveyed during the summer of 1995 to determine their interpretive needs and expectations. The results of this survey will provide a baseline to assess the effectiveness of the interpretive program.
- The interpretive program will continue to expand its clientele by embracing the shifting trends in recreation and resource management and by employing ever-improving media and techniques at the emerging edge of environmental interpretation. The state park interpretive program has re-focused its efforts to use non-personnel interpretation methods due to budget constraints and recent survey results.
- State parks will seek legislative support to operate the parks system to minimum standards. Division management staff will continue to seek efficiency measures to ensure that the identified needs truly are minimum operating standards.

BUDGET AND REVENUE SUMMARY:

Revenue

The agency plan includes a proposed increase in the annual vehicle permit fee from $20 to $23. State park customers indicated in an August 1996 survey that they would find a modest fee increase acceptable. An annual General Fund revenue increase of $786,000 is anticipated for the state park system in the 1998-99 biennium. It is attributable to increased park visitation in the current biennium, the proposed fee increase, increased marketing efforts with the development of a permit database, and additional staffing at state parks to capture revenue that otherwise would have gone uncollected.

Grants

Metropolitan Council. Included in the Parks and Recreation Management Program is funding for payment of a grant to the Metropolitan Council for metropolitan area regional parks maintenance and operations.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$2,238	$2,238	$2,238	$2,238

Program Plan

- The agency plan includes an annual operating budget increase of $786,000. This additional funding will allow for full camping during spring and fall operating periods at 40 state parks that currently have limited camping during these periods. Resource and facility protection at those 40 state parks will be increased by 25% as well. This funding will also allow for re-establishment of 25 acres of new prairie habitat in state parks in each year of the biennium.

- The agency plan includes implementation of a new state park vehicle permit tracking system, which will allow the division to collect demographic information on state park users, form a stronger coalition with those customers, and build a profile of residents and visitors who are not using state parks.

- The agency plan includes a 2.5% per year base adjustment for salary inflation.

LCMR Recommendations

- **Fort Snelling State Park - Upper Bluff Utilization and American Youth Hostel.** Provides funds for a cooperative project with Hostelling International and community cooperators for the development of a conceptual utilization plan for the Upper Bluff Area and an assessment of buildings for potential hostel use and the completion of architectural plans of a building for future renovation as a hostel. This appropriation must be matched by at least $20,000 of non-state money. ($250,000 Environmental and Natural Resources Trust Fund)

- **Renewable Energy Demonstration and Education in State Parks.** This project provides for an agreement with the Center for Energy and Environment to demonstrate cost-effective applications of renewable energy technologies in state parks by developing technology selection guidelines, installing projects in state parks, and providing public renewable energy education. ($230,000 Environmental and Natural Resources Trust Fund)

- **State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation.** This project provides funds as follows: 1) $2,500,000 for state park and recreation area acquisition; and 2) $1,000,000 for state park and recreation area development, betterment, and rehabilitation of state parks and recreation areas. The use of the Minnesota Conservation Corps is encouraged. The commissioner must submit grant requests for supplemental funding for federal Intermodal Surface Transportation Efficiency Act money in eligible categories and report the results to the Legislative Commission on Minnesota Resources. ($3,500,000 Environmental and Natural Resources Trust Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: PARKS & RECREATION MGMT
ACTIVITY: PARKS & RECREATION MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	16,717	17,207	17,605	18,155	18,155	18,031	18,581	18,581
OPERATING EXPENSES	7,715	9,180	7,571	8,812	8,812	7,658	7,894	7,894
CAPITAL OUTLAY	2,376	3,562	524	3,499	3,499	523	523	523
SUBTOTAL STATE OPERATIONS	26,808	29,949	25,700	30,466	30,466	26,212	26,998	26,998
LOCAL ASSISTANCE	2,253	2,238	2,238	2,238	2,238	2,238	2,238	2,238
OTHER EXPENSES	1							
TRANSFERS			17	17	17	17	17	17
TOTAL EXPENDITURES	29,062	32,187	27,955	32,721	32,721	28,467	29,253	29,253

AGENCY PLAN ITEMS:	FUND	FY 1998 Agency Plan	FY 1999 Agency Plan
LCMR NEW ALLOCATIONS	EVT	3,980	
PARK PERMIT FEE INCREASE	GEN	300	300
PARKS OPERATIONS	GEN	486	486
TOTAL AGENCY PLAN ITEMS		4,766	786

EXPENDITURES BY FUND:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	3,020	2,388		3,980	3,980			
GENERAL	22,779	23,812	23,898	24,684	24,684	24,309	25,095	25,095
MINNESOTA RESOURCES	200							
NATURAL RESOURCES	227	1,032	631	631	631	632	632	632
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES		201	21	21	21	20	20	20
SPECIAL REVENUE	2,772	4,151	3,357	3,357	3,357	3,457	3,457	3,457
FEDERAL		395						
ENVIRONMENTAL	19	72						
GIFT	45	136	48	48	48	49	49	49
TOTAL EXPENDITURES	29,062	32,187	27,955	32,721	32,721	28,467	29,253	29,253

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: PARKS & RECREATION MGMT
ACTIVITY: PARKS & RECREATION MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
NATURAL RESOURCES	80	22	21	21	21	20	20	20
SPECIAL REVENUE	3,056	3,348	3,382	3,382	3,382	3,482	3,482	3,482
FEDERAL		126						
ENVIRONMENTAL	91							
GIFT	47	47	48	48	48	49	49	49
NONDEDICATED:								
GENERAL	540	548	548	548	548	548	548	548
CAMBRIDGE DEPOSIT FUND	6,050	6,406	6,420	7,206	7,206	6,440	7,226	7,226
TOTAL REVENUES COLLECTED	9,864	10,497	10,419	11,205	11,205	10,539	11,325	11,325
FTE BY EMPLOYMENT TYPE:								
REGULAR	253.7	253.7	253.7	253.7	253.7	253.7	253.7	253.7
TEMP/SEAS/PART_TIME	157.8	157.2	157.2	173.0	173.0	157.2	172.6	172.6
OVERTIME	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
TOTAL FTE	414.4	413.8	413.8	429.6	429.6	413.8	429.2	429.2

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. Primary responsibilities include:

- **Trail Recreation**
  - Manage, operate, and maintain the existing 1,060 miles of state trails.
  - Assist in the maintenance of 2,023 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**
  - Acquire, develop, operate, and maintain 1,525 public water access sites.
  - Acquire, develop, install, and maintain 185 fishing piers and 15 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 1,525 water access sites, 185 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 17,000 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 15,000 miles of local snowmobile, all-terrain vehicle, and cross-country ski trails. The unit also manages the 1,060-mile state trail system. Nineteen state trails have been legislatively authorized in M.S. 85.015. The unit assists in maintaining the 2,023 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.

The DNR is actively engaged in integrated, interdisciplinary recreation resource management planning to ensure a balanced, coordinated, and environmentally sustainable approach to meet fast-growing demands for outdoor recreation. This new 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 Unit's goals and objectives more difficult and less certain.

PLANNED RESULTS:

The Trails and Waterways' program plan for 1998-99 reflects its continuing commitment to providing high-quality trail and water recreation facilities and services. Every effort will be made to maintain the character and quality of these programs and services despite budget constraints by working more efficiently on unit priorities. Current funding levels will permit system operation at reduced levels of service.

The water access activity, with its request for $400,000 in additional access monies from the Water Recreation Fund, will fund approximately 6 cooperative access developments per year. The emphasis will be for local projects that have not been funded in the capital budget and which often have strong local support.

This request will also be used to add site amenities such as portable toilets, docks, and lighting. Lake associations, local governments, and boaters are requesting an expansion of this effort due to health, safety, and convenience considerations.

The fishing pier budget request of $100,000 will be used to provide funds for rehabilitation, structural repairs, and new construction of fishing piers. Estimates are that one-half of the funds will be used for rehabilitation and the remainder will construct an additional 2 to 3 piers per year.

The Game and Fish Fund request will be used to develop new access sites, rehabilitate existing sites, and purchase docks and concrete boat ramp planks. This request is part of Minnesota's 12.5% allocation from the federal Wallop-Breaux Act.

PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan for this program is as follows:

- The agency plan provides $500,000 per year from the Water Recreation Fund for fishing pier construction and rehabilitation and cooperative water access development projects.

- 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, 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 $309,000 in F.Y. 1998 (which includes a one-time adjustment of $253,000 for F.Y. 1995-97) and $77,000 in F.Y. 1999.

- The agency plan includes a 2.5% per year base adjustment for salary inflation within the program.

LCMR Recommendations

- **Fishing Pier and Public Shore Access.** This project provides for increased access to lakes and rivers statewide through the provision of fishing piers and shoreline access. ($355,000 Environmental and Natural Resources Trust Fund)

- **Public Boat Access.** This project provides funds to accelerate public water access acquisition and development statewide. ($350,000 Environmental and Natural Resources Trust Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

The Governor is also recommending appropriations in F.Y. 1998 for $600,000 from the General Fund and $600,000 in F.Y. 1998 and F.Y. 1999 from the Snowmobile Account to increase grant-in-aid funding for grooming and maintenance on the state's network of snowmobile trails. The Governor is further recommending an appropriation of $150,000 in F.Y. 1998 and F.Y. 1999 from the Snowmobile Account for grooming and maintenance on state snowmobile trails.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TRAILS & WATERWAYS MGMT	1,199	1,513	1,417	1,417	1,417	1,440	1,440	1,440
WATER ACCESS & RECREATION	6,186	9,450	6,025	7,539	7,539	6,093	6,670	6,670
TRAILS RECREATION	6,170	8,521	5,538	5,538	6,888	5,580	5,580	6,330
TOTAL EXPENDITURES BY ACTIVITY	13,555	19,484	12,980	14,494	15,844	13,113	13,690	14,440

AGENCY PLAN ITEMS:	FUND					
FED REQUIREMENTS (STATE MATCH)	G&F	309		77		
LCMR NEW ALLOCATIONS	EVT	705				
WATER ACCESS & FISHING PIERS	NRF	500		500		
TOTAL AGENCY PLAN ITEMS		1,514		577		

GOV'S INITIATIVES:	FUND					
(B) SNOWMOBILE GRANTS-IN-AID & TRAIL MAINT	GEN		600			
(B) SNOWMOBILE GRANTS-IN-AID & TRAIL MAINT	NRF		750			750
TOTAL GOV'S INITIATIVES			1,350			750

EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	729	496		705	705			
GENERAL	1,131	1,380	1,352	1,352	1,952	1,377	1,377	1,377
MINNESOTA RESOURCES	709	1,714						
NATURAL RESOURCES	9,029	10,835	9,078	9,578	10,328	9,182	9,682	10,432
GAME AND FISH	958	1,350	970	1,279	1,279	974	1,051	1,051
IRON RANGE RESOURCES & REHAB		750						
OPEN APPROPRIATIONS:								
NATURAL RESOURCES	116	210	213	213	213	213	213	213
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES	15	35						
SPECIAL REVENUE	234	1,064	323	323	323	323	323	323
FEDERAL	591	1,191	1,004	1,004	1,004	1,004	1,004	1,004
AGENCY	37	338						
GIFT	6	121	40	40	40	40	40	40

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TOTAL EXPENDITURES	13,555	19,484	12,980	14,494	15,844	13,113	13,690	14,440
FTE BY EMPLOYMENT TYPE:								
REGULAR	79.3	79.2	79.2	79.2	79.2	79.2	79.2	79.2
TEMP/SEAS/PART_TIME	32.7	32.7	32.7	32.7	34.7	32.7	32.7	34.7
OVERTIME	.6	.6	.6	.6	.6	.6	.6	.6
TOTAL FTE	112.6	112.5	112.5	112.5	114.5	112.5	112.5	114.5

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BUDGET ACTIVITY: Trails and Waterways Management
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

This activity exists to provide trail 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 1,060-mile state trail system. 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 bicyclists, in-line skaters, 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. Trail corridors also have an important ecological role in the landscape providing plant and animal habitat.

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 250 groups have now adopted over 950 miles of shoreline. 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 new-found respect for our natural world results from this learning, while growing volunteer experience.

BUDGET ISSUES:

Facility maintenance and operations funding has not kept pace with growing facility use or with expansion of the state's system of trails. The budget increase from last session for $150,000 approximately equals the erosion of purchasing power due to inflation since 1990. The major dilemma that the state trail system presently faces is its own popularity. The demand for these facilities by the public has increased every year. This has resulted in 120 miles of new development (surfaced trails) since 1990, yet there hasn't been any additional funds appropriated for the management of these trails.

For trail users, this means reduced maintenance, interpretation, and vegetation management; informational maps and trail publicity are rarely available; unrepaired facilities 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 the situation.

Absorbing the maintenance conducted on new trail segments 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 new trail segments. Additional trail segments currently planned for F.Y. 1998-99 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 lead 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 950 miles of shoreline adopted by some 250 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 are needed. The additional budget would allow the existing 250 organizations to receive the help necessary to do more effective cleanups. Staff time presently cannot reach all organizations with technical assistance.

REVENUE:

This activity generates dedicated revenue through the cooperative trails program and participation in the National Recreational Trails Program (Symms National Trails Act of 1991).

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. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Federal Fund	$53	$311	$250	$250

- **Cannon Valley Trail Repair.** $175,000 was appropriated in F.Y. 1996 from the Environmental Trust Fund for the repair of erosion damage to the Cannon Valley Trail in the vicinity of Milepost 80.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS & WATERWAYS MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	791	908	920	920	920	943	943	943
OPERATING EXPENSES	168	286	223	223	223	223	223	223
CAPITAL OUTLAY		8	8	8	8	8	8	8
SUBTOTAL STATE OPERATIONS	959	1,202	1,151	1,151	1,151	1,174	1,174	1,174
LOCAL ASSISTANCE	228	311	250	250	250	250	250	250
OTHER EXPENSES	12							
TRANSFERS			16	16	16	16	16	16
TOTAL EXPENDITURES	1,199	1,513	1,417	1,417	1,417	1,440	1,440	1,440
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	175							
GENERAL	952	1,180	1,160	1,160	1,160	1,183	1,183	1,183
STATUTORY APPROPRIATIONS:								
FEDERAL	68	323	250	250	250	250	250	250
GIFT	4	10	7	7	7	7	7	7
TOTAL EXPENDITURES	1,199	1,513	1,417	1,417	1,417	1,440	1,440	1,440
REVENUE COLLECTED:								
DEDICATED:								
NATURAL RESOURCES	1	1	1	1	1	1	1	1
SPECIAL REVENUE	112	573	73	73	73	73	73	73
FEDERAL	68	413	340	340	340	340	340	340
AGENCY	19							
GIFT	32	40	40	40	40	40	40	40
TOTAL REVENUES COLLECTED	232	1,027	454	454	454	454	454	454

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS & WATERWAYS MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
TEMP/SEAS/PART_TIME	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
TOTAL FTE	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6

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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 1,525 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 survey conducted by the University of Minnesota showed that three-fourths 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 185 public fishing piers and 15 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. Piers and shore access sites are designed to be accessible to children, persons with disabilities, and the elderly.

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 that specified the number, size, and location of Lake Superior harbors and associated water accesses. The highest priority site, in Silver Bay, will be constructed beginning in the spring of 1997. These harbors will provide boaters and anglers with an opportunity to use and enjoy Lake Superior safely.

BUDGET ISSUES:

- The primary budget issue regards the request for $500,000 from the Water Recreation Fund to be used for cooperative access site development as well as fishing pier maintenance and purchase. These funds are necessary for the program to continue to effectively cooperate with local governments to provide new and improved access, for major rehabilitation of deteriorating access sites, and the purchase of sites that are popular with local interest groups.

  These funds will also help the program to earn federal funds through an acquisition and development program set up to receive monies from a 75% reimbursement program administered by the U.S. Fish and Wildlife Service and a 50/50 match program by the U.S. Coast Guard.

- Additional funds are requested from the Game and Fish Fund due to an increase in the amount that is available to the states from the U.S. Fish and Wildlife Service. Participation in the Wallop-Breaux Program requires the states to provide an amount equal to 12.5% of the annual federal apportionment for public access facilities.

- The impact of no inflationary increase, coupled with growing maintenance costs and new sites being added to our system, has reduced our ability to provide service and product. 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 Legislative Commission on Minnesota Resources (LCMR) and with capital bond 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 185 piers and 15 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 for repairing structural damage.

REVENUE: This activity does not generate any receipts.

GRANTS

- **Lake Superior Water Access.** An appropriation in F.Y. 1996 for $22,000 from the Water Recreation Account is for a grant to the city of Duluth for boat access planning.

- **Wildcat Regional Park.** A biennial appropriation for $40,000 from the Future Resources Fund in F.Y. 1996 for a grant to Houston County to construct an off-channel boat ramp on the Mississippi River and wingwalls to protect the ramp and existing swimming beach.

- **Water Access Cooperative Agreements.** $8,000 from the Water Recreation Account and $76,000 from the Game and Fish Fund was apprpriated in F.Y. 1996 for grants with local government for cooperative boating access projects.

- **Clean Vessel Act.** Federal funds for grants to private and government marina operators. The grant money is used to purchase and install pump-out equipment which is used by boaters to dispose of onboard sewage.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Federal Fund	$-0-	$81	$60	$60

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: WATER ACCESS & RECREATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,559	2,649	2,715	2,715	2,715	2,783	2,783	2,783
OPERATING EXPENSES	2,052	2,778	1,901	2,606	2,606	1,901	2,301	2,301
CAPITAL OUTLAY	1,129	3,963	1,349	2,158	2,158	1,349	1,526	1,526
SUBTOTAL STATE OPERATIONS	5,740	9,390	5,965	7,479	7,479	6,033	6,610	6,610
LOCAL ASSISTANCE	446	60	60	60	60	60	60	60
TOTAL EXPENDITURES	6,186	9,450	6,025	7,539	7,539	6,093	6,670	6,670
AGENCY PLAN ITEMS:		FUND						
FED REQUIREMENTS (STATE MATCH)		G&F		309			77	
LCMR NEW ALLOCATIONS		EVT		705				
WATER ACCESS & FISHING PIERS		NRF		500			500	
TOTAL AGENCY PLAN ITEMS				1,514			577	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	350	496		705	705			
MINNESOTA RESOURCES	500	1,232						
NATURAL RESOURCES	3,715	4,215	4,038	4,538	4,538	4,102	4,602	4,602
GAME AND FISH	958	1,350	970	1,279	1,279	974	1,051	1,051
OPEN APPROPRIATIONS:								
NATURAL RESOURCES	77	159	159	159	159	159	159	159
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	24	681	71	71	71	71	71	71
FEDERAL	523	868	754	754	754	754	754	754
AGENCY	37	338						
GIFT	2	111	33	33	33	33	33	33
TOTAL EXPENDITURES	6,186	9,450	6,025	7,539	7,539	6,093	6,670	6,670

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: WATER ACCESS & RECREATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	41.2	41.2	41.2	41.2	41.2	41.2	41.2	41.2
TEMP/SEAS/PART_TIME	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
OVERTIME	.4	.4	.4	.4	.4	.4	.4	.4
TOTAL FTE	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6

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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 that are supported by dedicated accounts. Included are DNR unit trail maintenance, state trail management and maintenance, planning, public information needs, administration of grants to local units of government on cross-country ski, all-terrain vehicle (ATV), off-highway motorcycle (OHM), off-road vehicle (ORV), and snowmobile trails. 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 and state park trails has also been reduced.

The snowmobile GIA program has also had to absorb inflationary costs during the past 6 years, thereby reducing the effectiveness of this program by over 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 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 and again during the 1996 session another one-time appropriation of $600,000 was made from the Snowmobile Fund to help alleviate the maintenance and grooming problems.

The 1996 legislature enacted a law which created the Iron Range Off-Highway Vehicle Recreation Area. It is anticipated that this area will be open within 2 years; at that time, funding will be needed for the operation and maintenance of the area. Supervision and safety will be paramount to the success of this new area. When the revenues for the dedicated accounts for OHM and ORV become more stable, the department will institute the GIA program.

REVENUE:
This activity is funded through dedicated revenue. The revenues generated for the OHM, ORV, ATV, and Snowmobile Funds are from registrations and the unrefunded gas tax, while the Cross-Country Ski Account is derived from revenues generated by the ski pass. The unrefunded gas tax revenue from these uses are those gas tax dollars that are attributed to gas consumption while using public trails and areas. The percentages (.75% for snowmobiles; .15% for ATVs; .164% for ORVs; and .046% for OHMs) of gas tax identified for their respective uses were determined by studies done by the DNR and the Minnesota Department of Transportation and recommended to the legislature. The unrefunded gas tax generated for these uses totals approximately $4.6 million per year.

The other revenues generated by this activity include cross-country ski permits, recreation vehicle registrations, and investment income for the Snowmobile Fund.

	Dollars in Thousands			
Type of Revenue:	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Dedicated				
Cross-Country Ski	189	250	250	250
Non-Dedicated				
Snowmobile	3,061	3,365	3,365	3,365
All-Terrain Vehicle	478	450	485	485
Off-Highway Motorcycle	14	21	26	30
Off-Road Vehicle	4	4	6	8
TOTAL	$3,746	$4,090	$4,132	$4,138

GRANTS:

- **Trail GIA 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. The first priority of this program is to maintain the existing GIA system. The GIA program includes grants for snowmobile trails, ATV trails, cross-country ski trails, and as funding is made available, for ORVs 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. These costs are set by a list of allowable charges and paid through a reimbursement system.

- **Cooperative Trail Grants.** The primary purpose of this LCMR-recommended program is to help local units of government complete trail connections between where people live (e.g., residential areas within cities and communities) and significant public recreation facilities (e.g., regional and state parks and trails). Fifty percent state reimbursement is available for trail acquisition and development.

- **Summary of Grants**

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Snowmobile Grants	$2,814	$2,292	$2,252	$2,252
All-Terrain Vehicle Grants	241	309	305	305
Cross-Country Ski Grants	147	160	116	116
Cooperative Trail Grants (Future Resources Fund)	179	460	-0-	-0-
TOTAL	$3,381	$3,221	$2,673	$2,673

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS RECREATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,600	1,753	1,777	1,777	1,837	1,819	1,819	1,879
OPERATING EXPENSES	1,114	1,333	1,077	1,077	1,167	1,077	1,077	1,167
CAPITAL OUTLAY	75	2,214	11	11	11	11	11	11
SUBTOTAL STATE OPERATIONS	2,789	5,300	2,865	2,865	3,015	2,907	2,907	3,057
LOCAL ASSISTANCE	3,381	3,221	2,673	2,673	3,873	2,673	2,673	3,273
TOTAL EXPENDITURES	6,170	8,521	5,538	5,538	6,888	5,580	5,580	6,330
GOV'S INITIATIVES:		FUND						
(B) SNOWMOBILE GRANTS-IN-AID & TRAIL MAINT		GEN			600			
(B) SNOWMOBILE GRANTS-IN-AID & TRAIL MAINT		NRF			750			750
TOTAL GOV'S INITIATIVES					1,350			750
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	204							
GENERAL	179	200	192	192	792	194	194	194
MINNESOTA RESOURCES	209	482						
NATURAL RESOURCES	5,314	6,620	5,040	5,040	5,790	5,080	5,080	5,830
IRON RANGE RESOURCES & REHAB		750						
OPEN APPROPRIATIONS:								
NATURAL RESOURCES	39	51	54	54	54	54	54	54
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES	15	35						
SPECIAL REVENUE	210	383	252	252	252	252	252	252
TOTAL EXPENDITURES	6,170	8,521	5,538	5,538	6,888	5,580	5,580	6,330

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: TRAILS & WATERWAYS MGMT
ACTIVITY: TRAILS RECREATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	189	250	250	250	250	250	250	250
NONDEDICATED:								
NATURAL RESOURCES	3,557	3,840	3,882	3,882	3,882	3,888	3,888	3,888
TOTAL REVENUES COLLECTED	3,746	4,090	4,132	4,132	4,132	4,138	4,138	4,138
FTE BY EMPLOYMENT TYPE:								
REGULAR	30.4	30.3	30.3	30.3	30.3	30.3	30.3	30.3
TEMP/SEAS/PART_TIME	8.8	8.8	8.8	8.8	10.8	8.8	8.8	10.8
OVERTIME	.2	.2	.2	.2	.2	.2	.2	.2
TOTAL FTE	39.4	39.3	39.3	39.3	41.3	39.3	39.3	41.3

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM: Trails and Waterways Management
ACTIVITY: Trail Recreation

ITEM TITLE: Snowmobile Grants-in-Aid and DNR Snowmobile Trail Maintenance

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- Grants	$600	$-0-	$-0-	$-0-
Natural Resources Fund:				
Snowmobile Account				
- Grants	$600	$600	$600	$600
- State Operations	$150	$150	$150	$150
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this increase from the General Fund and the Snowmobile Account in the Natural Resources Fund for snowmobile grants-in-aid (GIA) and DNR snowmobile trail maintenance.

RATIONALE:

This program provides grants to local units for the development and maintenance of snowmobile trails on a cost-share basis.

The combination of a healthy economy and several good snow seasons have resulted in greatly increased snowmobile sales and increased usage throughout the state. In fact, snowmobile registrations have increased from about 191,000 in 1991 to 255,000 in 1996. As a result, the positive economic affects have also increased. A recent Department of Trade and Economic Development report estimates that snowmobilers spend over $70 million yearly on day and overnight snowmobile trips within the state. The present level of funding for the GIA program has remained the same the last 5 years.

During the last 5 years, the GIA program has had to absorb inflationary costs, thereby reducing the effectiveness of the program by approximately 20%. The program has also expanded by approximately 1,000 miles because of trail reroutes.

For those reasons, the legislature made a supplemental appropriation of $600,000 from the General Fund for grants in F.Y. 1995. An additional supplemental appropriation of $600,000 from the Snowmobile Account was made for F.Y. 1996.

The requested $600,000 for F.Y. 1998 from the General Fund and $600,000 per fiscal year from the Snowmobile Account would allow the GIA program to do more of the necessary maintenance and grooming critical to keeping the snowmobile trail system in good shape, even though needs would still outstrip resources.

The $150,000 per fiscal year from the Snowmobile Account would help maintain DNR trails in state parks, state forests, and state trails such as the Taconite and North Shore Trails. There are a number of factors that have greatly impacted the department's ability to adequately maintain DNR snowmobile trails. These factors include the combination of good snow seasons and the renewed interest in snowmobiling. The DNR snowmobile maintenance program has not seen an increase in funding since the late 1980s, except for occasional salary supplements and/or inflation adjustments. With the overwhelming increase in use, existing funding levels do not meet the demand for trail grooming and maintenance, even though lower priority trails have been eliminated during the past few years.

Snowmobile 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 are also in support of Minnesota's system of snowmobile trails.

PROGRAM OUTCOMES:

The increase requested for the GIA trail system will help increase efforts at maintaining and grooming trails, some of which are in poor condition throughout the season. But many other miles of trails added by clubs from other revenue sources and through volunteer efforts will remain outside of the GIA trail system until more resources are made available from the Snowmobile Account.

The increase for DNR trails will help agency staff keep pace with increases in snowmobile use and will help alleviate the affects of inflation on maintenance and grooming efforts.

LONG-TERM IMPACT:

These increases will help strengthen the program and further encourage snowmobile use. This increase will also help provide adequate levels of maintenance and will help support local economies that are based on tourism.

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

PROGRAM DESCRIPTION:

This program exists to manage and protect of Minnesota's fish, wildlife, and native plant populations and natural communities.

The issues associated with these activities are 1) ecosystem management of fish, wildlife, and native plants for their intrinsic values and sustainable benefits to people; 2) maintaining the tremendous diversity of species and habitats that occur in the natural communities in Minnesota; and 3) providing the public with varied, high-quality recreational and educational opportunities related to fish, wildlife, and native plants.

The increased development of the lands and waters in the state heightens concerns for maintaining the viability of ecosystems while supporting economic growth. Stewardship of ecosystems and economic opportunities presents a great challenge. Expectations for quality hunting, fishing, and viewing are as varied as the individuals pursuing them. This variety of expectations for quality experiences can create conflict among users. Funds from license fees for fishing, hunting, and trapping may fall short of that needed to meet the demands for recreation and the challenges of managing ecosystems.

The Fish and Wildlife Division works towards the following goals: providing sustainable wild populations of fish, wildlife, and native plants; providing sustainable natural communities and ecosystems; providing sustainable recreational and commercial opportunities for users; and having people knowledgeable about fish, wildlife, and native plant communities.

PROGRAM STATUS:

License fee revenue has been fluctuating for several bienniums and has resulted in several actions by the legislature. In 1994, the legislature shifted several payments (including Indian treaty payments, in-lieu-of-tax payments, and ditch assessments) from the Game and Fish Fund to the General Fund. The 1994 legislature also established the citizen oversight committees to review the annual report on revenue and expenditures for the Game and Fish Fund and make recommendations to the commissioner and legislature on use of the fund.

In F.Y. 1994-95, significant Game and Fish Fund program reductions amounted to $3.3 million and a workforce reduction by 25 FTEs. This is continued in the present program budget. The program also absorbed non-salary inflation in the last 2 bienniums with a further reduction in the workforce of 21 FTEs.

The program has moved to ecosystem-based management. This requires more interaction among units in the DNR and closer cooperation with other natural resource agencies. Partnerships with local units of government and citizen groups increase the effectiveness of achieving common goals. The County Biological Survey, Natural Heritage, Scientific and Natural Areas, and Nongame Research Programs have been relocated in the Ecological Services Section supporting the ecosystem approach.

PLANNED RESULTS:

The program budget plan will allow the reported performance measures from the 1996 Annual Performance Report to be accomplished or accelerated as follows:

- Manage lake and stream ecosystems to protect and improve habitat, protect unique or at-risk species, protect wetlands, have biologically based protected streamflows, review permits and projects with environmental impacts, and minimize the spread of exotic species. The fish funding initiative will increase aeration systems, miles of easement acquisition, lake and stream improvement projects, and lake rehabilitations. Ecological Services will increase lake mapping for the larger important fish lakes and improve aquatic plant management by increased information collection and technical assistance to conservation groups, lake associations and resource managers.
- Manage terrestrial and wetland ecosystems to protect and improve associated species; protect critical wetland and terrestrial habitats and communities; and maintain populations of wild birds, mammals, reptiles and amphibians.
- Manage fish populations in individual lakes and streams based on current biological data and angler-use information. Increase the number of biological assessments and work with stakeholders to update management plans on individual waters.
- Maintain fish and wildlife populations at levels that accommodate the needs of anglers, hunters, trappers, and wildlife viewers. The number of waters with special regulations will be increased.
- Improve the quality of natural resource education programs to improve comprehension of fish and wildlife ecosystems. The number of participants in the MinnAqua Program will increase.

BUDGET AND REVENUE SUMMARY:

Summary for the program plan is as follows:

- A proposed fishing license fee increase will generate $2,167,000 in F.Y. 1998 and $5,823,000 in F.Y. 1999.
- The proposed fishing license fee increase will increase expenditures by $1,800,000 in F.Y. 1998 and $2,600,000 in F.Y. 1999 for the Fish Management Activity and increase expenditures for the Ecological Services Activity by $200,000 each year of the biennium.
- The $1.00 surcharge on most deer/bear licenses includes $.50 for deer/bear computerized licensing and deer/bear management. Also, $.50 is for emergency deer feeding and to repay a loan of $750,000 from the fund for deer feeding in F.Y. 1996. Effective 7-1-97, the amount contributed to deer feeding is reduced to $.25 once the loan is paid.
- The transfer of $16,000 from the Exotic Species Program to the Minnesota Conservation Corps is for exotic species boat inspections.
- The division will incur non-salary inflation of $840,000 in operating activities. The agency plan provides non-salary inflation of $343,000 for the Fish Management Activity.
- Contractual agreements for salaries above 2.5% will be absorbed by the activity operating budget, resulting in further reductions in activities.
- The deer/bear dedicated account appropriation will be reduced by $157,000 in the next biennium as a result of a special deer feeding emergency appropriation from the account in F.Y. 1996.
- Expenditures from the dedicated deer management account will be reduced by $600,000 in the next biennium to balance the account.

- To offset reductions in the deer/bear dedicated account, $190,880 will be restored to the wildlife operations and management budget each year.

- A proposed Trout and Salmon Stamp increase of $3.50 will generate $318,000 in income and $250,000 in expenditures each year of the biennium.

LCMR Recommendations

- **Fisheries Statewide Hatchery Rehabilitation.** This project provides funds to accelerate the Reinvest in Minnesota (RIM) Program to implement projects to maintain and improve statewide fish culture facilities. ($400,000 Environmental and Natural Resources Trust Fund)

- **RIM - Accelerate Fisheries Acquisition.** This project provides funds to accelerate the RIM Program for the acquisition of land adjacent to lakes and streams to provide for angler and management access or protection of critical riparian habitat, including access for non-boat owners and urban users. ($500,000 Environmental and Natural Resources Trust Fund)

- **RIM - Critical Habitat Acquisition and Enhancement.** This project provides funds to accelerate the RIM Program for activities authorized under M.S. 84.943. Projects must occur in both urban and rural areas. ($400,000 Environmental and Natural Resources Trust Fund)

- **RIM - Wildlife and North American Waterfowl Management Plan Acquisition.** This project provides funds to accelerate acquisition and enhancement of North American Waterfowl Management Plan wetlands and associated uplands on a cost-share basis and wildlife habitat in areas of high population growth. ($500,000 Environmental and Natural Resources Trust Fund)

- **RIM - Wildlife Habitat Stewardship.** This project provides funds to accelerate the RIM Program for improvement of wildlife habitat and natural plant communities statewide on public lands, both urban and rural, to protect and enhance wildlife, native plant species, and ecological diversity. ($400,000 Environmental and Natural Resources Trust Fund)

- **Wolf Management Plan.** This project provides funds to develop a management plan for Minnesota wolves for implementation when Minnesota wolves are removed from the federal endangered species list. ($100,000 Future Resources Fund)

- **State Wolf Management: Electronically Moderating the Public Discussion.** This project provides for an agreement with the International Wolf Center to provide a public electronic forum and information on wolf management. This appropriation must be matched by at least $20,000 of non-state money. ($100,000 Future Resources Fund)

- **School Nature Area Project.** This project provides for an agreement with St. Olaf College for the second biennium to accelerate partnerships between institutions of higher education and schools to augment native vegetation in school nature areas, demonstrate methods of ecological enhancement to teachers and integrate them into school curriculum. ($250,000 Environmental and Natural Resources Trust Fund)

- **Savanna Restoration for Sharp-Tailed Grouse.** This project provides for an agreement with the Minnesota Sharp-Tailed Grouse Society to identify and inventory restorable northern savannas for sharp-tailed grouse habitat. ($30,000 Future Resources Fund)

- **RIM - Scientific and Natural Area Acquisition.** This project provides funds to accelerate the acquisition of land for scientific and natural areas under M.S. 84.033. ($200,000 Environmental and Natural Resources Trust Fund)

- **Prairie Heritage Fund.** This project provides funds for an agreement with Pheasants Forever, Inc., for the acquisition of approximately 800 acres in small parcels of prairie grasslands and wetlands. The land must be open and accessible to the public. This appropriation must be matched by at least $500,000 of non-state money. In addition to the required work program, parcels may not be acquired until parcel lists have been submitted to the Legislative Commission on Minnesota Resources and the commission has approved the parcel list or allowed 60 days to pass. ($500,000 Future Resources Fund)

- **Prairie and Oak Savanna Restoration.** This project provides for an agreement with the St. Paul Audubon Society to restore natural areas of sites in at least 2 parks that have residual prairie and oak savanna areas. ($50,000 Future Resources Fund)

- **Minnesota County Biological Survey - Continuation.** This project provides funds for the sixth biennium of a proposed 12-biennium project to accelerate the county biological survey for the systematic collection, interpretation, and distribution of data on the ecology of rare plants, animals, and natural communities. ($1,170,000 Environmental and Natural Resources Trust Fund)

- **Stream Habitat Protection - Continuation.** This project provides funds to accelerate the streamflow protection program for the third 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. ($225,000 Environmental and Natural Resources Trust Fund)

- **Prairie-Grassland Landscapes.** This project provides funds for the second biennium to improve grassland ecosystem stewardship in the Glacial Lake Agassiz Interbeach Area in cooperation with the resource conservation and development councils. ($125,000 Future Resources Fund)

- **Minnesota's Forest Bird Diversity Initiative - Continuation.** This project provides funds for the fourth biennium of a 6-biennium project for a comprehensive monitoring and research program that develops management tools to maintain forest diversity. ($350,000 Environmental and Natural Resources Trust Fund)

- **Minnesota Frog Watch.** This project provides for an agreement with the Center for Global Environmental Education, Hamline University, for the second biennium to accelerate the Minnesota frog watch environmental education program for youth and families in formal and non-formal education settings. This project must be completed and final products delivered by June 30, 2000, unless otherwise specified in the work program. ($300,000 Environmental and Natural Resources Trust Fund)

- **Biological Control of Eurasian Watermilfoil and Purple Loosestrife - Continuation.** This project provides funds for the third biennium of a 5-biennium project to develop biological controls for Eurasian watermilfoil and purple loosestrife. ($150,000 Environmental and Natural Resources Trust Fund)

- **Control of Noxious Weeds in Native Wild Rice.** This project provides for an agreement with Bois Forte Reservation for a Nett Lake biocontrol study to link laboratory and field studies to

remove exotic and nuisance weeds from a wild rice lake. This appropriation must be matched by at least $100,000 of non-state money. ($100,000 Future Resources Fund)

- **Ballast Water Technology Demonstration for Exotic Species Control.** This project provides for an agreement with the Seaway Port Authority of Duluth for a demonstration project to test, evaluate, and refine techniques for preventing ballast water-based introduction and dispersal of exotic species in Lake Superior. ($200,000 Future Resources Fund)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends a biennial appropriation of $200,000 from the General Fund for this portion of the multi-agency initiative on Water Monitoring and Ecological Data that will be added to DNR's Ecological Services to develop biocriteria, a tool for water quality analysis.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FISH MANAGEMENT	23,457	25,998	24,255	27,205	27,205	24,462	27,312	27,312
WILDLIFE MANAGEMENT	20,516	21,658	17,602	19,145	19,145	17,875	17,638	17,638
ECOLOGICAL SERVICES	4,595	7,888	5,732	9,286	9,386	5,818	6,002	6,102
TOTAL EXPENDITURES BY ACTIVITY	48,568	55,544	47,589	55,636	55,736	48,155	50,952	51,052
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		4,845				
LCMR NEW ALLOCATIONS		MNR		1,205				
TECHNICAL REALLOCATIONS		NRF		<16>			<16>	
TROUT & SALMON STAMP FEE INCREASE		G&F		250			250	
FISHING LICENSE INCREASE		G&F		2,000			2,800	
BUDGET REDUCTION - DEER HABITAT		G&F		<300>			<300>	
WILD TURKEY MANAGEMENT		G&F		63			63	
TOTAL AGENCY PLAN ITEMS				8,047			2,797	
GOV'S INITIATIVES:		FUND						
(A) WATER MONITORING & ECOLOGICAL DATA		GEN			100			100
TOTAL GOV'S INITIATIVES					100			100
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	2,544	2,245		4,845	4,845			
GENERAL	2,361	2,980	2,702	2,702	2,802	2,749	2,749	2,849
MINNESOTA RESOURCES	1,104	2,080		1,205	1,205			
NATURAL RESOURCES	1,836	2,190	2,029	2,013	2,013	2,064	2,048	2,048
GAME AND FISH	30,684	32,672	32,052	34,065	34,065	32,669	35,482	35,482
OPEN APPROPRIATIONS:								
GENERAL	6,861	6,865	6,889	6,889	6,889	6,731	6,731	6,731
GAME AND FISH	474	715	715	715	715	715	715	715
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES	484	1,014	48	48	48	46	46	46
SPECIAL REVENUE	638	1,341	504	504	504	516	516	516
GAME AND FISH	9	33	151	151	151	151	151	151

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FEDERAL	1,287	2,423	2,041	2,041	2,041	2,056	2,056	2,056
GIFT	286	986	458	458	458	458	458	458
TOTAL EXPENDITURES	48,568	55,544	47,589	55,636	55,736	48,155	50,952	51,052
FTE BY EMPLOYMENT TYPE:								
REGULAR	584.1	556.0	546.3	576.3	577.3	546.3	544.3	545.3
TEMP/SEAS/PART_TIME	63.7	60.5	56.8	64.8	65.3	56.8	56.0	56.5
OVERTIME	1.8	1.3	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	649.6	617.8	604.1	642.1	643.6	604.1	601.3	602.8

BUDGET ACTIVITY: Fish Management
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

The Section of Fisheries manages recreational and commercial fisheries and aquatic habitat on over 5,400 lakes (3.8 million acres) and 15,000 miles of fishable streams and rivers. The section's management actions impact many Minnesota residents and non-residents, including over 2.1 million anglers; lake associations; the bait and tackle, resort, and boating industries; commercial fishing operators; private aquaculturists; and other units of government. Fishing activities annually generate over $933 million in expenditures in Minnesota, $1.6 billion in economic output, and support 28,000 jobs. Over 35 million pounds of fish are harvested annually in Minnesota.

Fisheries management strategies are guided by the DNR's vision statement "We will work with people to manage the state's diverse natural resources for a sustainable quality of life" and the Division of Fish and Wildlife's mission statement "To protect and manage Minnesota's fish, wildlife, native plants and their communities for their intrinsic values and long-term benefits to the people of Minnesota." The primary goal of fishery management in Minnesota is to protect, maintain, and enhance the fishery resource and the aquatic community for long-term recreational, ecological, and economic benefits to the state. Management actions are focused on achieving the following program outcomes:

- 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, including protecting water quality; participation in watershed and other management initiatives; and protecting critical areas.
- Resource education and information, including the MinnAqua aquatic education program.
- Technical assistance to aquaculturists, sports groups, and governmental units.
- 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 activity's management actions include protecting or improving fish habitat; acquisition for angling and management access and to protect critical habitat; gathering information on fish populations and anglers; developing fisheries management plans for individual waters; establishing long-term goals, objectives, and strategies for fisheries management; culturing certain fish species for stocking; 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; allocation of fisheries harvest on treaty waters; engaging in cooperative fisheries management projects; coordination on watershed projects; and reviewing proposed actions impacting fisheries to ensure water quality and habitat protection are considered in decision making.

BUDGET ISSUES:

An increase in revenue and expenditures in the Game and Fish Fund for fishery management activities will allow the section to meet the goals of the DNR's Strategic Plan, fulfills the objectives of the agency Performance Report, maintains optimal opportunities for sport and commercial fishing, maintains the well-being of the state fishery resource, and continues to capture all federal aid reimbursements from the Dingell-Johnson/Wallop Breaux Sport Fish Restoration Act.

M.S. 97A.055 provides that "to reduce the yearly fluctuations of the Game and Fish Fund balance and to provide improved long-range planning of the fund, the policy of the state is to make fee adjustments as part of the budget process." The last general increase in fishing license fees was in 1991. The last Trout and Salmon Stamp increase was in 1986. Commercial licenses have not been increased in many years and the present revenue does not currently cover costs of program administration, resource monitoring, and enforcement activities. The value of commercial harvest in Minnesota is conservatively estimated at $34 million. A major emphasis in a commercial increase will be to consolidate and simplify the licensing process which will reduce paperwork.

A proposed general fishing license fee increase will be effective 3-1-98 and will generate $2,167,034 in F.Y. 1998 and $5,823,085 in F.Y. 1999, not including Trout and Salmon Stamp revenues. The request for the biennium totals $4,400,000 for the Section of Fisheries.

The Fish Management Activity will continue to focus on management activities in areas identified through the Fishing Roundtable meetings and discussions with Citizens Oversight Committees, Minnesota Sportfishing Congress, and other constituent groups, including 1) habitat protection and improvement; 2) environmental education; and 3) individual waters management, including continued development of fisheries management plans for individual lakes and streams.

Fisheries Management - F.Y. 1998, $1,800,000; F.Y. 1999, $2,600,000. Fish Management Activity increases would provide for the following:

- F.Y. 1998, $594,000; F.Y. 1999, $800,000: Provide funding for specific projects such as aeration, lake reclamation, habitat improvement, cooperative projects with constituent groups and local units of government, angler surveys, fish barriers, and restoration of aquatic vegetation. Many of these projects would allow leveraging of funding to expand project activities. The Fish Funding Citizens Oversight Committee recommended that funds for such projects be increased.
- F.Y. 1998, $135,000; F.Y. 1999, $150,000: Provide for expanded efforts in working with local units of government and citizens to effect more integrated resource management, including the development of management plans for lakes and watersheds that include all stakeholders' interests. This funding would be leveraged wherever possible with matched funding to expand management and coordination efforts.
- F.Y. 1998, $50,000; F.Y. 1999, $150,000: Expand the outreach of the MinnAqua Aquatic Education Program, designed to teach angling as well as aquatic ecology, resource conservation, and ethics of fishing.
- F.Y. 1998, $100,000; F.Y. 1999, $150,000: Accelerate fisheries data management needs targeted at making information available on a statewide basis to the public and agency staff, reducing paperwork by facilitating electronic information transfer, and integrating fisheries information with available databases.

- F.Y. 1998, $807,000; F.Y. 1999, $1,121,000: Fund management stations to strengthen and improve local services to the public, including cooperative work, information gathering, and exchange and purchasing equipment necessary for efficient field operations.

- F.Y. 1998, $114,000; F.Y. 1999, $229,000: Fill 3 field positions which would have been left vacant in F.Y. 1998 and F.Y. 1999 to address non-salary inflation impact.

The Trout and Salmon Stamp was started in 1982 with the support of statewide trout and salmon fishing interest groups. The intention was to provide additional funding in the statewide fisheries program dedicated specifically for management of these species. In 1986 the fee was increased from $3.00 to $5.00 and has since remained at that level. The 1994 legislature established a citizen oversight committee for the Trout and Salmon Stamp Fund to make recommendations to them for improvements in the management and use of money in the fund. The 1995 report of the Trout and Salmon Stamp Citizen Oversight Committee recommended that the stamp fee be increased from $5.00 to $8.50 effective 3-1-98 and used for expanded activities related to trout and salmon management.

F.Y. 1998, $250,000; F.Y. 1999, $250,000: The increased revenue will continue to be used for purposes specified in statute with emphasis on habitat improvement work in trout streams and the rearing of trout and salmon at Section of Fisheries' coldwater hatcheries. The oversight committee has also suggested that the use of the money be expanded to identify areas on trout streams where the riparian corridor has state purchased easements or fee title ownership for the purpose of angler access and habitat improvement and also for research and management projects on trout and salmon in Lake Superior and the anadromous portions of its tributaries.

REVENUE:

This activity generates dedicated revenue of $215,000 each year and $28.9 million in F.Y. 1998, and $32.1 million in F.Y. 1999 of non-dedicated revenue with the proposed fishing license increase.

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 from the 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			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$3,707	$3,772	$3,782	$3,614

- **Leech Lake Treaty Agreement.** The state has entered into an agreement with the Leech Lake Band to pay 5% of the proceeds from all licenses sold in the state for hunting, fishing, and trapping. The source of the payment is an open appropriation from the General Fund. The payment is made in return for the Indian band forgoing full exercising of their hunting and fishing rights. Authorization for the payment is M.S. 97A.165.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$1,787	$1,791	$1,807	$1,817

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	13,957	14,456	14,603	15,318	15,318	14,968	15,908	15,908
OPERATING EXPENSES	3,715	5,128	4,063	5,523	5,523	4,063	5,973	5,973
CAPITAL OUTLAY	162	849		775	775			
SUBTOTAL STATE OPERATIONS	17,834	20,433	18,666	21,616	21,616	19,031	21,881	21,881
LOCAL ASSISTANCE	5,623	5,565	5,589	5,589	5,589	5,431	5,431	5,431
TOTAL EXPENDITURES	23,457	25,998	24,255	27,205	27,205	24,462	27,312	27,312

AGENCY PLAN ITEMS:	FUND	FY 1998	FY 1999
LCMR NEW ALLOCATIONS	EVT	900	
TROUT & SALMON STAMP FEE INCREASE	G&F	250	250
FISHING LICENSE INCREASE	G&F	1,800	2,600
TOTAL AGENCY PLAN ITEMS		2,950	2,850

EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	238	524		900	900			
GENERAL	329	447	399	399	399	407	407	407
MINNESOTA RESOURCES	379	716						
NATURAL RESOURCES	163	167	171	171	171	175	175	175
GAME AND FISH	15,890	17,254	17,145	19,195	19,195	17,498	20,348	20,348
OPEN APPROPRIATIONS:								
GENERAL	5,610	5,565	5,589	5,589	5,589	5,431	5,431	5,431
GAME AND FISH	474	715	715	715	715	715	715	715
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES	108	58						
SPECIAL REVENUE	155	187	32	32	32	32	32	32
FEDERAL	49	212	129	129	129	129	129	129
GIFT	62	153	75	75	75	75	75	75

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: FISH MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TOTAL EXPENDITURES	23,457	25,998	24,255	27,205	27,205	24,462	27,312	27,312
REVENUE COLLECTED:								
DEDICATED:								
NATURAL RESOURCES	7							
SPECIAL REVENUE	53	41	35	35	35	35	35	35
FEDERAL	46	79	105	105	105	105	105	105
GIFT	95	75	75	75	75	75	75	75
NONDEDICATED:								
GAME AND FISH	25,261	27,050	27,000	28,898	28,898	26,950	32,112	32,112
TOTAL REVENUES COLLECTED	25,462	27,245	27,215	29,113	29,113	27,165	32,327	32,327
FTE BY EMPLOYMENT TYPE:								
REGULAR	297.7	297.4	290.8	290.8	290.8	290.8	290.8	290.8
TEMP/SEAS/PART_TIME	34.1	33.8	31.1	31.1	31.1	31.1	31.1	31.1
OVERTIME	.8	.8	.7	.7	.7	.7	.7	.7
TOTAL FTE	332.6	332.0	322.6	322.6	322.6	322.6	322.6	322.6

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. Priority products and services include 1) direct habitat protection by acquisition, development, and maintenance of wildlife management areas; 2) protection and improvement of habitats on public and private lands through technical assistance, cost-sharing, education, and permit and environmental review; 3) inventory and monitoring of the state's wildlife populations and shallow lakes; 4) provision of high-quality 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 topics; 6) environmental education; and 7) technical assistance and coordination on wildlife with other governmental agencies, private organizations, businesses, and landowners.

Clientele include the state's 600,000 licensed hunters and trappers, hundreds of thousands of Minnesotans who observe or photograph wildlife, as well as the general public.

The Wildlife Management Activity uses the combination of services enumerated above to provide sustainable populations of wildlife, 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 management services:

- **General**

  - Priority products and services will continue to be provided to citizens with the proposed budget plan. Proposed service reductions for the F.Y. 1998-99 biennium were selected to minimize the impact on the highest priority services provided to the citizens of the state such as the use and enjoyment of sustainable wildlife populations and partnerships to improve farmland/prairie, forest, and wetland/shallow lake ecosystems by the application of ecosystem-based management principles.

  - To meet required spending reductions in the F.Y. 1998-99 biennium, the Section of Wildlife will reduce services and reduce spending from 2 separate accounts. Funding reductions will occur in the deer and bear management account ($157,000) and deer management account ($600,000) for the biennium. Program cuts or reductions in the regular operations and management account are proposed as reallocations to maintain the Two Harbors area manager's position, several technicians in Region 2, the Heron Lake/Windom assistant area manager's position, and adequate staffing at the Swan Lake/Nicollet area office.

  - Further major reductions in services related to wildlife and habitats are a certainty. These reductions threaten the sustainability of high-quality hunting, trapping, and other wildlife-related activities in Minnesota. Further reductions would likely be similar to previous cuts in staff at the field and statewide program level and significantly reduce the capacity to manage and preserve habitat. Future reductions in the collection and the analysis of sound scientific data may also result.

  A hunting fee increase proposal will result in Wildlife's ability to address the previous impacts and meet the need for expanded programs requested by the hunting and trapping public. It will also ensure that the Section of Wildlife and other support units can effectively deliver ecosystem-based management services at the local community, regional, and statewide levels.

  As currently envisioned, most of the increased funding from a fee increase will be allocated to areas, regions, research groups, and field level services for staff, increased protection and management of critical wildlife habitat, management of public lands and waters, data collection and management, and research.

  - Non-salary inflation of $129,000 and $258,000 will be absorbed in F.Y. 1998 and F.Y. 1999 respectively. Most of the non-salary inflation impacts will result in a reduced number and size of wildlife habitat development and acquisition projects. Some non-salary inflation impacts will be addressed by reallocating operations and management account dollars available as a result of the program reductions.

Specific decision items are as follows:

- **Farmland/Prairie**

  - Reduce deer food plots in the agricultural regions by 20%. This cut will result in more damage complaints near deer wintering areas and may require lower deer population goals.

  - Cut goose damage abatement food plots and abatement techniques provided to landowners. This will result in an increase of damage complaints that might be offset somewhat by increased harvest of resident Canada geese during the new statewide early goose season.

  - Cut the Roadsides for Wildlife Program. This will diminish the excellent momentum that has developed between road management authorities and conservation groups to improve the cover and grassland management of 235,000 acres of roadsides in the pheasant range.

  - Cut turkey trap and transplant activity. This will delay expansion of turkey population into central and west central Minnesota unless this activity is supported by funding from the new Wild Turkey Stamp.

- **Forest**

  - Eliminate more forest deer registration fees paid to registration station cooperators. As a result of previous budget cuts, many registration stations were asked to forgo a fee for each deer registered. In F.Y. 1998, more stations will be asked to provide this service free. This change is necessary to help address the projected negative balance in the deer and bear management dedicated account as a result of the special deer feeding emergency appropriation for $750,000.
  - Reduce cooperative public and private forest deer habitat projects and coordination from the dedicated deer management account by cutting staff time and support by 20% in Region 3. Only the highest priority forest management coordination will continue. Coordination work involves the consultation with public and private forest managers to ensure that wildlife habitat needs are provided in short- and long-term forest management decisions. Staff impacted by this reduction will be reassigned to the shallow lake program.

- **Wetland/Shallow Lakes**
  - Increase shallow lake inventory, management, and designation by providing more program support from the duck stamp account as authorized in law.
  - Maintain Swan and Heron Lakes projects by reallocating regular operation and management account dollars to make up in part for a loss of federal North American Wetland Conservation Act funding.
- **Nongame.** Reduce technical assistance to other units of government and citizens.

REVENUE:

This activity generates dedicated revenue of $2.4 million each year and $24.6 million in F.Y. 1998, and $25.0 million in F.Y. 1999 of non-dedicated revenue.

GRANTS

- **North American Waterfowl Management Plan.** Provides federal funds to the Middle Des Moines Watershed District for Heron Lake Watershed ecologist to provide ecological expertise to watershed management efforts.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Federal Fund	$40	$40	$-0-	$-0-

- **Waterfowl Management.** Provides funds for developing, preserving, restoring, and monitoring waterfowl breeding grounds in Canada.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Game and Fish Fund	$15	$15	$65	$65

- **Niemackl Watershed Improvement.** Matching funds provided for the restoration of the Niemackl 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-governments.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Gift Account	$56	$-0-	$-0-	$-0-

- **Food Plots.** Payments to landowners to establish food plots on private lands.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Game and Fish Fund:				
Deer Management	$ 68	$ 45	$ 45	$ 45
Pheasant Stamp	155	177	165	165

- **In-Lieu-of-Tax Payments.** Payments to counties and townships for acquired wildlife management area lands.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$1,251	$1,310	$1,300	$1,300

- **Accelerated Native Grass and Forbs on Road Right-of-Ways.** Establish sustainable grasslands on road right-of-ways. (Biennial appropriation of $150,000 in F.Y. 1996, Environmental Trust Fund)
- **Environmental Action Grants for Minnesota Schools.** Grants to schools and school nature areas for environmental education. (Biennial appropriation of $200,000 in F.Y. 1996, Environmental Trust Fund)
- **Urban Wildlife Habitat Program.** Developing workshops and native plant materials for St. Paul neighborhoods. (Biennial appropriation of $150,000 in F.Y. 1996, Future Resources Fund)
- **Brushland Management and Reinvest in Minnesota Critical Habitat Match Program.** Assess brushland harvesting to improve wildlife habitat and biomass use. (Biennial appropriation of $320,000 in F.Y. 1996, Future Resources Fund)

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: WILDLIFE MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	11,093	10,528	10,597	10,725	10,725	10,858	10,786	10,786
OPERATING EXPENSES	4,827	6,432	4,247	4,827	4,827	4,259	4,069	4,069
CAPITAL OUTLAY	2,556	2,549	1,130	1,960	1,960	1,130	1,150	1,150
SUBTOTAL STATE OPERATIONS	18,476	19,509	15,974	17,512	17,512	16,247	16,005	16,005
PAYMENTS TO INDIVIDUALS	147	100	100	100	100	100	100	100
LOCAL ASSISTANCE	1,893	2,049	1,528	1,533	1,533	1,528	1,533	1,533
TOTAL EXPENDITURES	20,516	21,658	17,602	19,145	19,145	17,875	17,638	17,638

AGENCY PLAN ITEMS:	FUND					
LCMR NEW ALLOCATIONS	EVT	1,550				
LCMR NEW ALLOCATIONS	MNR	230				
BUDGET REDUCTION - DEER HABITAT	G&F	<300>			<300>	
WILD TURKEY MANAGEMENT	G&F	63			63	
TOTAL AGENCY PLAN ITEMS		1,543			<237>	

EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	1,860	730		1,550	1,550			
GENERAL	859	659	585	585	585	595	595	595
MINNESOTA RESOURCES	564	1,068		230	230			
NATURAL RESOURCES	832	712	683	683	683	698	698	698
GAME AND FISH	13,566	13,980	13,537	13,300	13,300	13,773	13,536	13,536
OPEN APPROPRIATIONS:								
GENERAL	1,251	1,300	1,300	1,300	1,300	1,300	1,300	1,300
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES	376	906						
SPECIAL REVENUE	409	589	290	290	290	302	302	302
GAME AND FISH	9	33	151	151	151	151	151	151
FEDERAL	575	999	676	676	676	676	676	676

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: WILDLIFE MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
GIFT	215	682	380	380	380	380	380	380
TOTAL EXPENDITURES	20,516	21,658	17,602	19,145	19,145	17,875	17,638	17,638
REVENUE COLLECTED:								
DEDICATED:								
NATURAL RESOURCES	980	950	948	948	948	946	946	946
SPECIAL REVENUE	283	105	90	90	90	90	90	90
GAME AND FISH	25	15	259	259	259	259	259	259
FEDERAL	927	513	676	676	676	676	676	676
GIFT	383	380	380	380	380	380	380	380
NONDEDICATED:								
NATURAL RESOURCES	2	4	4	4	4	4	4	4
GAME AND FISH	26,763	24,829	24,591	25,178	25,178	25,003	25,982	25,982
TOTAL REVENUES COLLECTED	29,363	26,796	26,948	27,535	27,535	27,358	28,337	28,337
FTE BY EMPLOYMENT TYPE:								
REGULAR	226.3	202.5	202.1	200.1	200.1	202.1	200.1	200.1
TEMP/SEAS/PART_TIME	24.5	21.6	20.6	24.8	24.8	20.6	19.8	19.8
OVERTIME	.9	.4	.2	.2	.2	.2	.2	.2
TOTAL FTE	251.7	224.5	222.9	225.1	225.1	222.9	220.1	220.1

BUDGET ACTIVITY: Ecological Services
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

The Section of Ecological Services develops and delivers vital ecological information and management tools to citizens, business leaders, and public officials to actively promote the wise stewardship of Minnesota's natural resources. Section programs emphasize maintaining and enhancing the health and productivity of our native flora and fauna, and their natural habitats, to support the department's mission of protecting the ecological integrity of Minnesota's natural resources while providing for their sustainable use. Organizational changes that became effective 7-1-96 strengthened the department's commitment to provide scientifically sound and accurate ecological information that supports an ecosystem-based management approach to natural resource management. Because of these changes, the Section of Ecological Services houses some of the best ecological information about aquatic ecosystems (e.g., the Stream Habitat Protection Program, the Aquatic Plant Management Program, and the Exotic Species Program) and some of the best ecological information about terrestrial ecosystems (e.g., the County Biological Survey and the Natural Heritage Program). Section activities are directed at ensuring the collection, management, and delivery of this information:

- **Collection of Ecological Information.** Scientific expertise in the Section of Ecological Services focuses on understanding natural communities--their components (i.e., plants, animals, and natural processes such as photosynthesis, decomposition, etc.); their interrelationships to one another; and the factors that affect their long-term viability and sustainability. Staff with expertise in such areas as grassland ecology, stream ecology, forest ecology, botany, limnology, exotic species, and aquatic invertebrates collect and interpret ecological data for a wide range of internal and external stakeholders participating in natural resource planning decisions. This expertise is represented in a wide variety of program efforts that inventory, research, monitor, protect, and restore features of the state's biological diversity, including the Stream Habitat Protection Program, long-term resource monitoring efforts on the Mississippi River, the Exotic Species and Aquatic Plant Management Programs, and the County Biological Survey.

  Complementing this technical ecological expertise, the section also maintains a network of scientific and natural areas--outstanding examples of the rich variety of natural communities, rare species, and geological features and landforms that comprise our state's natural heritage. These important sites serve as living laboratories where citizens can observe, study, and directly participate in the ecological stewardship of these natural treasures.

- **Management of Ecological Information.** An integrated information system that consists of data files on fish and wildlife pathology, exotic species, rare and endangered plants and animals, fish contaminants, lake maps, significant natural communities, original public land survey records, and other natural resource data is integral to the section's activities. With more than 25 component databases in the system, program staff support the continual update, management, and enhancement of these data to ensure their accuracy and availability. This information helps guide many land conservation programs, educational programs, the review of specific project-related impacts of proposed development initiatives, land-use planning activities, research projects, and resource management decisions.

- **Delivery of Ecological Information.** Several comprehensive resource programs within the section are designed to work with local communities to provide and translate ecological resource data. These include a statewide environmental review program that works with local developers to provide information on fish, wildlife, and native plants and how potential impacts can be avoided or minimized; efforts to assist local units of government with wetlands mitigation planning; technical assistance and cost-share dollars to local lake associations to manage exotic species; and habitat restoration planning and management for the Lake Superior basin.

The broad spectrum of clientele served by the Section of Ecological Services includes professional fish and wildlife managers, foresters, park and trail resource specialists, hunters, anglers, trappers, nature viewers, conservation organizations, the general public, other resource agencies at the federal, state and local levels, counties, municipalities, and water recreationists. Specific and special interest clientele include state and private fish hatchery operators, development proposers, lakeshore residents, lake associations, and commercial pesticide applicators.

BUDGET ISSUES:

Significant efforts to redesign the delivery of services provided by the Section of Ecological Services has occurred during the past 5 years. These include the elimination and downsizing of major programs that were no longer serving the current needs of our stakeholders, the closure of the section's chemistry laboratory, investments in new technology for our aquatic resource mapping program, reorganizing ecologically based programs within the department into Ecological Services, and actively pursuing partnerships with external stakeholders to further section goals. For the current biennium, the agency budget plan will result in the following redesign and restructuring activities:

- Several section positions that the department has come to rely on to manage ecological data and provide ecological expertise in such areas as forest ecology and grassland ecology have been funded with a declining base of General Fund dollars and short-term funding sources (e.g., LCMR funds and federal dollars). This expertise will be permanently lost, compromising the department's ability to ensure that accurate technical information is the basis for natural resource management decisions.

- The section is responsible for programs that are funded entirely with federal dollars, including the Long-Term Resource Monitoring Program on the Mississippi River and the Lake Superior Habitat Coordination Program. The former is charged with producing a long-term database for river managers to use for more informed management of the river ecosystem. Work activities include identifying and documenting long-term changes in water quality, vegetation, fish, and invertebrates on the Upper Mississippi River from Red Wing, Minnesota, to Alma, Wisconsin. Federal budget cuts threaten to significantly reduce these monitoring efforts.

  The major responsibility of the Lake Superior Habitat Protection Program is to work with local communities to protect and/or restore critical habitats around Lake Superior. Cuts in federal dollars jeopardize the entire Lake Superior Program.

- Game and Fish Fund revenues provide approximately 20% of the section's annual operating budget. The proposed fishing license increase will provide the section with the following increase in revenues: F.Y. 1998, $200,000; F.Y. 1999, $200,000. These funds will be used to increase the number and/or acreage of lake contour maps produced for some of the larger and more important fisheries resources; promote the role aquatic plants play in maintaining high-quality aquatic ecosystems by collecting information and providing technical assistance to conservation groups, lake associations, and resources managers; and improve the management of ecological information maintained by the section's diverse programs by investing in analysis, storage, and retrieval systems.

- Included in this budget activity is a portion of the department's component of the Interagency Water Monitoring Initiative (F.Y. 1998, $100,000; F.Y. 1999, $100,000). These funds will be used to develop a quick and cost-effective tool to help communities evaluate local initiatives designed to improve water quality in lake and stream ecosystems and to guide future management decisions. The tool will be based on baseline biological data that provides a critical missing ingredient to existing water quality analyses and game fish assessments.

The impact of inflation for the F.Y. 1998-99 biennium for the Section of Ecological Services will result in program level reductions of $24,000 in F.Y. 1998 and $48,000 in F.Y. 1999. Activity adjustments to manage inflationary costs include reducing travel, fleet, and other non-salary expenses.

REVENUE:

This activity generates dedicated revenue of $1.4 million and non-dedicated revenue of $85,000 in each year of the biennium.

GRANTS:

- **Eurasian Watermilfoil Management.** This program is available to local units of government, conservation districts, or lake associations to help offset the costs of managing Eurasian watermilfoil in Minnesota's lakes.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Water Recreation Account	$61	$50	$100	$100

- **Upper Mississippi River Protection Project.** A biennial appropriation of $200,000 in F.Y. 1996 from the Future Resources Fund for a grant to the Mississippi Headwaters Board for the Upper Mississippi protection project.

- **Sugarloaf Site Assessment.** A biennial appropriation of $70,000 in F.Y. 1996 from the Future Resources Fund for a grant to the Sugarloaf Interpretive Center Association for inventories, native habitat restoration, and the interpretation of natural and cultural characteristics of Sugarloaf Cove.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: ECOLOGICAL SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,781	4,001	3,348	4,953	5,028	3,421	3,601	3,676
OPERATING EXPENSES	1,577	3,759	2,282	3,571	3,596	2,295	2,299	2,324
CAPITAL OUTLAY				185	185			
SUBTOTAL STATE OPERATIONS	4,358	7,760	5,630	8,709	8,809	5,716	5,900	6,000
LOCAL ASSISTANCE	237	128	100	575	575	100	100	100
TRANSFERS			2	2	2	2	2	2
TOTAL EXPENDITURES	4,595	7,888	5,732	9,286	9,386	5,818	6,002	6,102
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		2,395				
LCMR NEW ALLOCATIONS		MNR		975				
TECHNICAL REALLOCATIONS		NRF		<16>			<16>	
FISHING LICENSE INCREASE		G&F		200			200	
TOTAL AGENCY PLAN ITEMS				3,554			184	
GOV'S INITIATIVES:		FUND						
(A) WATER MONITORING & ECOLOGICAL DATA		GEN			100			100
TOTAL GOV'S INITIATIVES					100			100
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	446	991		2,395	2,395			
GENERAL	1,173	1,874	1,718	1,718	1,818	1,747	1,747	1,847
MINNESOTA RESOURCES	161	296		975	975			
NATURAL RESOURCES	841	1,311	1,175	1,159	1,159	1,191	1,175	1,175
GAME AND FISH	1,228	1,438	1,370	1,570	1,570	1,398	1,598	1,598

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: FISH & WILDLIFE MANAGEMENT
ACTIVITY: ECOLOGICAL SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
STATUTORY APPROPRIATIONS:								
NATURAL RESOURCES		50	48	48	48	46	46	46
SPECIAL REVENUE	74	565	182	182	182	182	182	182
FEDERAL	663	1,212	1,236	1,236	1,236	1,251	1,251	1,251
GIFT	9	151	3	3	3	3	3	3
TOTAL EXPENDITURES	4,595	7,888	5,732	9,286	9,386	5,818	6,002	6,102
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	50	204	150	150	150	150	150	150
FEDERAL	777	852	1,260	1,260	1,260	1,275	1,275	1,275
GIFT	4	3	3	3	3	3	3	3
NONDEDICATED:								
GAME AND FISH	86	86	85	85	85	85	85	85
TOTAL REVENUES COLLECTED	917	1,145	1,498	1,498	1,498	1,513	1,513	1,513
FTE BY EMPLOYMENT TYPE:								
REGULAR	60.1	56.1	53.4	85.4	86.4	53.4	53.4	54.4
TEMP/SEAS/PART_TIME	5.1	5.1	5.1	8.9	9.4	5.1	5.1	5.6
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	65.3	61.3	58.6	94.4	95.9	58.6	58.6	60.1

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.

The division participates in all department ecosystem-based management (EBM) efforts by providing input into proposed regulatory schemes, providing regulatory services, and providing information to the public. As the department's EBM efforts become more widespread, the division's regulatory role will expand. The division's conservation officers are assigned to geographically based patrol areas that allows them to actively participate in the communities within their area. Officers live in one of these communities and are encouraged to become active local department representatives.

PLANNED RESULTS:

The division's budget plan will allow the performance measures outlined in the 1996 Annual Performance Report to be implemented at reported levels.

The division has recently completed a 2-year organizational and workload study entitled **"Enforcement 2001"** and is now beginning implementation. The study was undertaken to achieve the following goals:

- improve efficiency by 15% to 20%,
- involve internal and external stakeholders more directly in the operation of the division and create increased support for the division, and
- improve the work environment for all within the division.

Implementation of 2001. The division has adopted a new organizational structure (effective 7-1-96) that plans and budgets along the functional lines of operations, information and education, and administration/support. These changes will provide better support and allow more efficient use of appropriated funding to become more effective in the division's assigned role.

By 7-1-97 the division will scale back to a 3-region alignment to decrease costs and improve support to the field. Field support will improve in the 3-region alignment by utilizing existing supervisory and management positions for priority work identified during the study.

Snowmobile Priority. The division will prioritize snowmobile enforcement, especially speed and alcohol enforcement that have proven to be factors in fatal accidents. This will be accomplished by means of a special enforcement task force that will operate in areas of need around the state. In addition, local officers will be directed to prioritize snowmobile enforcement above other workloads during peak periods.

BUDGET AND REVENUE SUMMARY:

Revenue

This activity generates non-dedicated revenue to the Natural Resources Fund and Game and Fish Fund as follows:.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Water Recreation	$4,038	$4,465	$4,798	$4,301
Snowmobile	90	68	72	72
All-Terrain Vehicle	4	4	4	4
Game and Fish	476	500	506	513
TOTAL	$4,608	$5,037	$5,380	$4,890

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.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Natural Resources Fund	$1,082	$1,082	$1,082	$1,082

- **Turn-In-Poachers (TIP) Youth Activity Book.** An agreement with TIP, Inc., for an activity book to inform and educate children on how poaching affects our natural resources. (Biennial appropriation of $50,000 in F.Y. 1996 from the Future Resources Fund.)

Program Plan

The agency plan for the Enforcement Program is as follows:

- Implementation of the recommendations from the division's organizational study will allow the division to provide an adequate level of service into future biennia with an anticipated decreased level of funding available to state agencies.

PROGRAM: Enforcement of Natural Resource Laws and Rules
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

- The division anticipates an increase in funding of approximately $100,000 each year as a result of the Game and Fish Fund fee increase proposal. This funding will be utilized to enhance the division's traditional game and fish regulatory work by increasing the ability of officers to patrol.

- The agency plan includes a 2.5% per year base adjustment for salary inflation within the program.

The plan will allow the division to meet desired outcomes in all priority areas in the coming biennium. The implementation of the division study recommendations will allow improved service during a period of anticipated lower state agency funding levels. The division will continue to actively relate to the citizens of the state through the activities of conservation officers as well as improving relationships with both internal and external stakeholders.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: ENFORCEMENT--NR LAWS&RULES
ACTIVITY: ENFORCEMENT--NR LAWS&RULES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	12,521	13,579	13,792	13,792	13,792	14,136	14,136	14,136
OPERATING EXPENSES	3,291	4,598	3,953	4,053	4,053	3,953	4,053	4,053
SUBTOTAL STATE OPERATIONS	15,812	18,177	17,745	17,845	17,845	18,089	18,189	18,189
PAYMENTS TO INDIVIDUALS	10							
LOCAL ASSISTANCE	1,100	1,114	1,082	1,082	1,082	1,082	1,082	1,082
TOTAL EXPENDITURES	16,922	19,291	18,827	18,927	18,927	19,171	19,271	19,271
AGENCY PLAN ITEMS:		FUND						
FISHING LICENSE INCREASE		G&F		100			100	
TOTAL AGENCY PLAN ITEMS				100			100	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,842	3,239	3,180	3,180	3,180	3,252	3,252	3,252
MINNESOTA RESOURCES	18	32						
NATURAL RESOURCES	2,974	3,741	3,608	3,608	3,608	3,645	3,645	3,645
GAME AND FISH	10,970	12,160	11,939	12,039	12,039	12,174	12,274	12,274
SOLID WASTE CLEANUP	100	100	100	100	100	100	100	100
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	10	5						
GIFT	8	14						
TOTAL EXPENDITURES	16,922	19,291	18,827	18,927	18,927	19,171	19,271	19,271
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	8							

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: ENFORCEMENT--NR LAWS&RULES
ACTIVITY: ENFORCEMENT--NR LAWS&RULES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
GIFT	11							
NONDEDICATED:								
NATURAL RESOURCES	4,132	4,537	4,874	4,874	4,874	4,377	4,377	4,377
GAME AND FISH	476	500	506	506	506	513	513	513
TOTAL REVENUES COLLECTED	4,627	5,037	5,380	5,380	5,380	4,890	4,890	4,890
FTE BY EMPLOYMENT TYPE:								
REGULAR	207.5	208.9	208.9	208.9	208.9	208.9	208.9	208.9
TEMP/SEAS/PART_TIME	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
OVERTIME	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
TOTAL FTE	232.7	234.1	234.1	234.1	234.1	234.1	234.1	234.1

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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 budget activities:

- **Field Operations Support.** Field Services Bureau, Engineering Bureau, and Real Estate Management Bureau.
- **Regional Operations Support.** Administrative staff of 6 regional offices.
- **Special Services and Programs.** Information and Education Bureau, Human Resources Bureau, Office of Affirmative Action and Diversity, and the Office of Planning.
- **Administrative Management.** Commissioner's Office, Financial Management Bureau, License Bureau, and Management Information Services Bureau.

PROGRAM STATUS:

Some organizational changes in this program are planned for this biennium. They are planned in order to further the goal of employing management strategies and technologies that facilitate the most effective and efficient use of information and resources, and to build the DNR organization around implementing ecosystem-based management.

The Regional Administration Activity will be taking a leadership role with department units to strengthen consolidated area offices. This leadership will ensure that the department aligns itself for focusing on community service and cooperative relationships for resource management in a coordinated and effective manner.

Within the Field Operations Activity, the Bureau of Engineering is preparing to move some surveying functions and positions out to field locations. The Bureau of Real Estate Management is in the process of reorganizing into geographic area-based service teams to reduce costs, better facilitate ecosystem-based management, and make real estate services more responsive to customer needs.

The Office of Management and Budget will be created from the merger of the Office of Planning and the Financial Management Bureau to reflect the management strategies of integrating the planning and budget processes, improving cost management through program evaluation, and assessing external influences on natural resources management.

In addition, to further the goal of providing accessible, useful, and responsive DNR information, products, and services to DNR's customers, the Information Center will take on a broader, more centralized role. A toll-free telephone number statewide (1-888-MINN-DNR) will be installed, staff will be added, and the center will handle all customer requests for information in a systematic manner.

PLANNED RESULTS:

The agency budget plan will facilitate the accomplishment of related performance objectives as identified in the 1996 Performance Report as follows:

- The ratio of support services costs to total costs will continue to drop slightly each fiscal year as cost effectiveness measurements are introduced and implemented.
- All department field station and central office staff will continue to have access to the department's computer network. We have achieved our goal of incorporating all employees as users ahead of schedule during the 1995-96 biennium and will continue to provide support services to users. The number of fully operational Geographic Information System centers established with base level funding to date is slightly less than originally planned, but it is estimated that the number will increase slightly each year of this biennium.
- At the 1998-99 base funding level, the overall condition of DNR facilities will deteriorate rather than improve. Therefore, an investment initiative has been submitted to address the backlog of maintenance concerns.
- With the funding currently provided for education and enforcement efforts, the agency expects to effectively reach the population involved in boating and have an impact on the number of boating deaths.
- Total revenues collected by the department will continue to increase. However, the ability of the department to accelerate the rate of collections is limited under current budget. Therefore, a budget initiative that includes the re-engineering of the DNR revenue system for faster cash flow and better revenue reporting has been submitted.
- Average cost per property acquisition transaction is expected to begin dropping modestly due to expected efficiencies resulting from the Real Estate Management Bureau's reorganization.
- The number of ecosystem-based partnerships will increase slightly and level off within this biennium.

BUDGET AND REVENUE SUMMARY:

The agency plan for the Operations Support Program is as follows:

- The agency plan includes a $250,000 base adjustment in F.Y. 1998 to provide funds to the Office of Strategic and Long-Range Planning to be used for a grant to the Northern Counties Land-Use Coordinating Board.
- The agency plan includes a 2.5% per year base adjustment for salary inflation within the program.

LCMR Recommendations

- **Phalen Wetland Restoration - Phase II.** This project provides funds for an agreement with the city of St. Paul for design, pre- and post-construction monitoring and construction of approximately 9 acres of wetland. ($400,000 Environmental and Natural Resources Trust Fund)
- **Point Douglas Bluffland Acquisition.** This project provides funds for an agreement with the Carpenter St. Croix Valley Nature Center to purchase approximately 125 acres of blufflands in the Mississippi and St. Croix riverways. The land must be open and accessible to the public in perpetuity. ($525,000 Future Resources Fund)
- **Minnesota Point Protection.** This project provides funds for an agreement with the Park Point Community Club for administrative expenses to secure the protection of the old-growth stands and bird sanctuary at Minnesota Point. ($75,000 Future Resources Fund)

- **Mesabi Trail Land Acquisition and Development.** This project provides funds for an agreement with the St. Louis and Lake Counties Regional Rail Authority for the development and land acquisition of trail segments. This appropriation must be matched by at least $600,000 of non-state money. ($600,000 Future Resources Fund)

- **Chippewa County Regional Trail.** This project provides funds for an agreement with the city of Montevideo to complete the construction of the Chippewa County trail system in Montevideo. This segment is for a 4.3-mile westerly segment and will link all prior segments. This appropriation must be matched by at least $400,000 of non-state money. ($400,000 Future Resources Fund)

- **Local Initiatives Grants Program.** This project provides matching grants as follows:

  - $600,000 to local units of government for local park and recreation areas; $50,000 of the appropriation is to complete the Lareu public access.

  - $600,000 to local units of government for natural and scenic areas.

  - $900,000 for trail grants to local units of government on land to be maintained in perpetuity for the purpose of the grant; $200,000 is for grants of up to $50,000 per project for trail linkages between communities, trails, and parks, and $700,000 is for grants of up to $250,000 for local trails of regional significance.

  - $600,000 for a statewide conservation partners program to encourage private organizations and local governments to cost share improvement of fish, wildlife, and native plant habitats and research and surveys of fish and wildlife. Conservation partners grants may be up to $10,000 each.

  - $200,000 for environmental partnerships program grants of up to $10,000 each for environmental service projects and related education activities through public and private partnerships.

  The above appropriations, in combination, are available half for the metropolitan areas and half for outside of the metropolitan area. ($2,900,000 Future Resources 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's regional recreation open space capital improvement. This appropriation may be used for the purchase of homes only if the purchases are expressly included in the approved work program. ($3,500,000 Environmental and Natural Resources Trust Fund)

- **Children's Museum at Judy Garland Birthplace.** This project provides funds for an agreement with the Judy Garland Children's Museum to assist in the design, construction, and equipment of a children's museum. This appropriation must be matched by at least $1,600,000 of non-state money. ($200,000 Future Resources Fund)

- **Catch and Release.** This project provides funds for an agreement with the Rainy Lake Sportfishing Club to accelerate its catch and release program. This appropriation must be matched by at least $10,000 of non-state contributions, either cash or in-kind. ($20,000 Future Resources Fund)

- **Environmental Indicators Initiative - Continuation.** This project provides funds for the second biennium of a 3-biennium project to create a statewide framework for selecting and monitoring environmental indicators to assess and communicate Minnesota's environmental health status and trends. ($250,000 Environmental and Natural Resources Trust Fund)

- **Environmental Service Learning.** This project provides funds for an agreement with Stowe Environmental Elementary School to develop a partnership of schools, communities, and agencies to create a model of environmental service learning. ($100,000 Environmental and Natural Resources Trust Fund)

- **Partners in Accessible Recreation and Environmental Responsibility.** This project provides funds for an agreement with Wilderness Inquiry for the second biennium to provide a statewide program of environmental education, outdoor recreation, and inclusion of people with disabilities and other minority groups. ($550,000 Environmental and Natural Resources Trust Fund)

- **Environmental Service Learning Projects in Minneapolis Schools.** This project provides funds for an agreement with Eco Education to provide training and minigrants for student-lead service learning projects. ($100,000 Future Resources Fund)

- **White Oak Learning Center Environmental Awareness Through History.** This project provides funds for an agreement with the White Oak Society, Inc., to create an education program integrating environmental education into historical, cultural, and social contexts. ($125,000 Future Resources Fund)

- **Sustainable Gardening for Minnesota Homes and Communities.** This project provides funds for an agreement with the Sustainable Resources Center for the fifth biennium to accelerate community garden programs through technical assistance to encourage ecologically sound landscape plantings and maintenance. Up to $60,000 is to provide a link of sustainable farmers with urban communities. ($400,000 Future Resources Fund)

- **New Models for Land-Use Planning.** This project provides funds for an agreement with the Land Stewardship Project for planning, inventory, technical assistance, and education addressing voluntary easements, purchase and transfer of development rights to create a protected green corridor in Washington and Chisago Counties, and up to $30,000 is to provide training in adapting holistic resource management concepts and principles for decision making in land-use planning. ($530,000 Environmental and Natural Resources Trust Fund)

- **Search and Retrieval System for Natural Resource Data.** This project provides funds for an agreement with the Izaak Walton League, John McCabe Chapter, to design and field test a natural resource data search and retrieval system. This appropriation must be matched with at least $50,000 of non-state money. ($50,000 Environmental and Natural Resources Trust Fund)

- **Land-Use Development and Natural Resource Protection Model.** This project provides funds for an agreement with the city of Winona to develop a geographic information system implementation tool to assist in the evaluation of natural resource protection in land-use decision making by local governments. This appropriation must be matched by at least $88,000 of non-state money. ($400,000 Environmental and Natural Resources Trust Fund)

PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

GOVERNOR'S RECOMMENDATION:

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

- $766,000 in F.Y. 1998 and $826,000 in F.Y. 1999 for an agency information technology initiative, with $450,000 each year from the General Fund and the remainder from 6 dedicated accounts;
- $428,000 in F.Y. 1998 and $300,000 in F.Y. 1999 for the electronic licensing system (ELS) and the revenue management system, with $300,000 each year from the General Fund and the remainder from 4 dedicated accounts;
- a biennial appropriation of $830,000 from the General Fund for community assistance and education, a multi-agency initiative that resulted from the work of environmental cluster;
- a biennial appropriation of $1 million from the General Fund for a statewide initiative to reduce deferred maintenance needs and protect the public investment in DNR's existing facilities.

1997 Deficiency

For F.Y. 1997, a General Fund deficiency of $500,000 is included in the agency plan to partially offset the program funds used by the department to satisfy a binding arbitration award paid to a contractor regarding the removal of the Flandrau Dam.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FIELD OPERATIONS SUPPORT	9,223	10,886	10,199	10,199	10,699	10,384	10,384	10,884
REGIONAL OPERATIONS SUPPORT	3,761	4,615	3,613	3,613	4,028	3,689	3,689	4,104
SPECIAL SERVICES AND PROGRAMS	10,041	18,201	6,736	17,411	17,411	6,573	6,573	6,573
ADMINISTRATIVE MANAGEMENT	7,279	8,909	8,587	9,037	10,231	8,719	8,719	9,845
TOTAL EXPENDITURES BY ACTIVITY	30,304	42,611	29,135	40,260	42,369	29,365	29,365	31,406
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		5,780				
LCMR NEW ALLOCATIONS		MNR		5,345				
TOTAL AGENCY PLAN ITEMS				11,125				
GOV'S INITIATIVES:		FUND						
(B) REPAIR & MAINT OF STATE BUILDINGS		GEN			500			500
(B) COMMUNITY ASSISTANCE & EDUCATION		GEN			415			415
(B) INFORMATION RESOURCE MANAGEMENT		GEN			450			450
(B) INFORMATION RESOURCE MANAGEMENT		G&F			200			250
(B) INFORMATION RESOURCE MANAGEMENT		NRF			116			126
(B) ELECTRONIC LICENSING SYSTEM		GEN			300			300
(B) ELECTRONIC LICENSING SYSTEM		G&F			100			
(B) ELECTRONIC LICENSING SYSTEM		NRF			28			
TOTAL GOV'S INITIATIVES					2,109			2,041
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	2,343	5,830		5,780	5,780			
GENERAL	12,903	15,121	15,093	15,093	16,758	15,135	15,135	16,800
MINNESOTA RESOURCES	2,441	5,036		5,345	5,345			
NATURAL RESOURCES	3,122	3,466	3,355	3,355	3,499	3,416	3,416	3,542
GAME AND FISH	7,048	8,730	7,981	7,981	8,281	8,094	8,094	8,344
STATUTORY APPROPRIATIONS:								
GENERAL		65						
SPECIAL REVENUE	411	1,009	556	556	556	561	561	561
GAME AND FISH	167	202	190	190	190	190	190	190

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FEDERAL	1,121	2,055	1,284	1,284	1,284	1,278	1,278	1,278
AGENCY	81							
GIFT	599	904	524	524	524	524	524	524
PERMANENT SCHOOL	68	193	152	152	152	167	167	167
TOTAL EXPENDITURES	30,304	42,611	29,135	40,260	42,369	29,365	29,365	31,406
FTE BY EMPLOYMENT TYPE:								
REGULAR	370.1	367.5	366.6	367.6	381.0	366.6	366.6	380.0
TEMP/SEAS/PART_TIME	10.3	10.2	10.2	11.2	11.2	10.2	10.2	10.2
OVERTIME	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
TOTAL FTE	383.0	380.3	379.4	381.4	394.8	379.4	379.4	392.8

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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 nearly $3 million per year; and certification of payments to local government totaling over $7.4 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, 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 and liabilities for waste management and special assessments will be borne by the administering divisions. Scheduled computer updates will be deferred, resulting in productivity losses.

- **Engineering.** Continued reductions in base level budgets are reducing the abilities of the Engineering Bureau to assist resource managers to determine the engineering feasibility of ecosystem-based management-related construction projects. Regular inspection of DNR's over 400 bridges as required by state laws has also been reduced to minimal efforts as well as other support facilities such as buildings. The bureau is exploring opportunities to improve the effectiveness and efficiency of the services provided. Concepts being reviewed address integration of similar services in the agency and providing more services at outstate locations.

  The Bureau of Engineering is developing a long-range plan to organize and align staff to more effectively and efficiently provide products and services statewide to internal and external customers. Implementing the plan will require moving some staff from the central office to outstate locations. This will incur moving office space and equipment costs.

- **Field Services.** The primary budget issue faced by the Field Services Bureau remains 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 million per year. At these funding levels DNR's statewide facilities continue to deteriorate.

  The DNR 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.

- **Deficiency - Flandrau Dam Settlement.** In December 1996, the department was required to process a payment in the amount of $866,162.79 to satisfy a disputed contractor's claims and ultimate award through binding arbitration with regards to the DNR's construction contract to remove the Flandrau Dam at Flandrau State Park. DNR division and bureau budgets were reduced in order to issue the warrant by the end of December. This was an unanticipated expenditure for F.Y. 1997 which will impact the implementation of DNR programs across the board. Because of the unanticipated magnitude of this award, deficiency funds are requested to cover the settlement award.

REVENUE: This activity generates dedicated and non-dedicated revenue. Significant items include:

- **Special Revenue Fund.** Includes the proceeds of sale of non-fleet equipment and recreational map (PRIM) sales. It also includes income from consolidated conservation area lands: 50% paid to the county, 50% transferred to the General Fund.
- **Game and Fish Fund.** Includes proceeds from rental of DNR residences and the leasing of game and fish lands.
- **Permanent School Fund.** Includes land sales and leases. Also, the recovery of lakeshore land sales costs.
- **Cambridge Deposit Fund.** Income from leasing of DNR lands.

GRANTS:

Tax State Acquired Property. Payment to the county for lease proceeds received from real estate purchased in excess of what is needed; 30% is paid to the county in which the real estate is located.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Special Revenue	$14	$16	$13	$13

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: FIELD OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	6,318	6,659	6,816	6,816	6,816	6,981	6,981	6,981
OPERATING EXPENSES	2,778	4,167	3,356	3,356	3,856	3,376	3,376	3,876
CAPITAL OUTLAY	113	44	14	14	14	14	14	14
SUBTOTAL STATE OPERATIONS	9,209	10,870	10,186	10,186	10,686	10,371	10,371	10,871
LOCAL ASSISTANCE	14	16	13	13	13	13	13	13
TOTAL EXPENDITURES	9,223	10,886	10,199	10,199	10,699	10,384	10,384	10,884
GOV'S INITIATIVES:		FUND						
(B) REPAIR & MAINT OF STATE BUILDINGS		GEN			500			500
TOTAL GOV'S INITIATIVES					500			500
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	4,338	4,876	4,619	4,619	5,119	4,710	4,710	5,210
NATURAL RESOURCES	410	469	450	450	450	458	458	458
GAME AND FISH	4,108	4,717	4,497	4,497	4,497	4,563	4,563	4,563
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	81	327	219	219	219	224	224	224
GAME AND FISH	167	202	190	190	190	190	190	190
FEDERAL	51	102	72	72	72	72	72	72
PERMANENT SCHOOL	68	193	152	152	152	167	167	167
TOTAL EXPENDITURES	9,223	10,886	10,199	10,199	10,699	10,384	10,384	10,884
REVENUE COLLECTED:								
DEDICATED:								
NATURAL RESOURCES	29							

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: FIELD OPERATIONS SUPPORT

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
SPECIAL REVENUE	277	327	324	324	324	327	327	327
GAME AND FISH	167	202	190	190	190	190	190	190
AGENCY	24	16	16	16	16	16	16	16
PERMANENT SCHOOL	2,397	1,754	1,748	1,748	1,748	1,756	1,756	1,756
NONDEDICATED:								
GENERAL	25	8	8	8	8	8	8	8
CAMBRIDGE DEPOSIT FUND	241	207	214	214	214	214	214	214
GAME AND FISH	123	145	133	133	133	133	133	133
TOTAL REVENUES COLLECTED	3,283	2,659	2,633	2,633	2,633	2,644	2,644	2,644
FTE BY EMPLOYMENT TYPE:								
REGULAR	133.5	133.5	133.5	133.5	133.5	133.5	133.5	133.5
TEMP/SEAS/PART_TIME	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
OVERTIME	.7	.7	.7	.7	.7	.7	.7	.7
TOTAL FTE	136.2	136.2	136.2	136.2	136.2	136.2	136.2	136.2

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM: Operations Support
ACTIVITY: Field Operations Support

ITEM TITLE: Facility Repair and Maintenance

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$500	$500	$500	$500
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION: The Governor recommends an increase of $1.0 million for the biennium for the repair and maintenance of statewide DNR facilities. This is part of a multi-agency initiative to reduce deferred maintenance needs and protect the public investment in these existing facilities.

RATIONALE: The current condition, suitability, and functionality of DNR facilities is poor. It is common to find facilities that require significant repairs and major work to correct violations of a variety of codes and standards. Day-to-day operations are hindered by inadequate facilities. Like most agencies in state government, replacement, renovation, and adaptation of facilities has been under funded for many years. Funding is needed for roof and window repair and replacement, tuckpointing and log structure repair; electrical, water supply and sewer system, heating and ventilation system replacements; adapting spaces to current program needs; relieve overcrowding; eliminating unsafe public use and employee workplace conditions.

Much of this work is urgent. Substandard electrical systems, poor indoor air quality, poor environmental controls, hazardous conditions due to deterioration, immediate failures of equipment that is vital to building operations, hazard egress routes, and inappropriate mixed occupancies are examples of conditions that the agency considers urgent. The existing facility budgets are expended on the most urgent facility needs, with little left for routine work. As a consequence, the agency is falling farther behind.

DNR facility management and engineering staff have made an assessment of the suitability and condition of our facilities as part of the statewide building inventory coordinated by the Department of Administration for the capital budget process. Based on calculations made from that data, we estimate that DNR's deferred repair and replacement liability is $22 to $26 million.

- **If the liability is approximately $22 million, and roughly 15% of that work is urgent, DNR needs about $3.3 million to catch up with the existing list of urgent repair and replacement work.**

Based on a review of facility management literature, DNR estimates that we need approximately $2.27 per square foot for ongoing, regularly scheduled repair and replacement work. The department occupies approximately 2.2 million square feet, so the annual need to maintain the facilities in status quo condition is roughly $5 million. Currently, the department is funded at $1.8 million in the operating budget for these tasks.

- **As a result, DNR needs about $3.2 million additional on an annual basis for ongoing, regularly scheduled repair and replacement work.**

- **Additionally, the department needs to begin a systematic inventory of the condition of road and recreational trail bridges under its control. These facilities get heavy public use, and the state must establish a priority list for their repair and replacement. Of this request, $50,000 will begin this effort.**

The DNR has on inventory 1,963 active, full maintenance buildings ranging from vault toilets to complex office buildings housing over 100 people. Of these buildings covering 2.2 million gross square feet, more than a third are 50 years old or older. In other words, fully 38% of the physical plant is beyond its design life. Sixty-two percent of our facilities are more than 30 years old and have reached a point in their design lives when we must expect large expenditures on maintenance. Since 1975, 641 buildings have been built. Therefore, only 21% of the department's buildings have been built using design constraints roughly equivalent to today's standards.

A significant portion of our facilities are historically significant, having been built during the Civilian Conservation Corps/Works Progress Administration era or earlier. Many are on the National Register of Historic Places. These facilities generally cannot be abandoned or razed and are extremely expensive to renovate and maintain relative to newer construction.

The DNR has approximately 70 to 100 road bridges and has acquired about 300 recreational trail bridges over the past 10 to 15 years. About 10% of the trail bridges are massive railroad structures such as timber trestles and steel truss bridges. Many of these bridges are over streams and waterways. The estimated asset value of recreational bridges is over $10 million. DNR was not provided any funds to maintain and conduct annual inspections of recreational bridges as is required by law. This results in a higher rate of deterioration and puts the public users at risk. In May of 1996, the center pier of a trestle bridge over the Minnesota River on the Minnesota Valley Trail began to move because of scouring around the footing and had to be removed. Regular inspection and maintenance could have prevented this. This initiative will provide resources to inventory and inspect recreational bridges.

PROGRAM OUTCOMES:

- Facilities that are safe for public use and for department employees.
- Work spaces that are more energy efficient.
- Reduced long-term repair and replacement obligations.

LONG-TERM IMPACT:

- Long-term improvement in building performance.
- Improvement in facility suitability, which is a measure of the fit between the physical structures and the nature of its use.
- Maximum facility value and utility over the longest possible life.
- Safer facilities and bridges for workers and the public.

BUDGET ACTIVITY: Regional Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

DNR's Regional Operations Support Activity serves as a focal point for integration of department operations with an emphasis on fostering collaborative internal teamwork and external partnerships to promote effective and efficient project management at the regional and field level. This activity also provides a major contact point for local governments, interest groups, and communities. This activity provides field operations with a department-wide perspective and facilitates effective interdisciplinary working relationships between the central office and field operations, thus playing a key role in the development and implementation of DNR's ecosystem-based management activities.

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 and greater focus on the state's natural resources as being connected with local communities and economies.

Regional Operations Support staff for each of the 6 regions include a regional administrator, staff specialists for business management, information and education, regional and community-based planning, office services, and geographic information systems (GIS). Regional Operations Support coordinates financial services and directs field actions such as natural disaster, national emergency response, local community and government relations, and sentencing-to-service interagency relationships. Staff also provide the technical support necessary to make computerized information and communication available to field staff and external customers.

Regional Operations emphasizes the understanding and awareness of department programs and positions on issues of priority to communities that make up each DNR region. This activity also serves as a catalyst for gaining public participation, input, and direction into the department's resource management activities. This activity is designed to help DNR and its partners more effectively manage the lands and waters of the state in a collaborative manner. These activities also serve a key role in the department's current effort to decentralize management activities and decision making.

BUDGET ISSUES:

- Employees, resource users, and local governments want more accurate data that is accessible and useable (e.g., mapping using GIS) and more timely communications on resource problems and DNR services to address them. Regionally based public affairs communication, planning, and GIS capabilities have been unable to keep up with this demand. Recent cuts in the Game and Fish Fund have exacerbated the problem reducing Regional Operations' ability to provide the public with information regarding how natural systems function, about DNR activities and opportunities for outreach and partnerships.

- The number of collaborative resource management efforts is increasing. Local joint powers boards and non-profits are sharing in the costs for various watershed and resource management efforts. The DNR is asked to contribute staff time and dollars as a part of these efforts. Regional Administration is losing its ability to assist with these efforts and needs more project dollars to leverage the resources provided by partners as a part of this community-driven resource management work.

- Field managers, local communities, and citizens increasingly use the skills of Regional Operations Support staff to support DNR's collaborative management. 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 watershed and ecosystem planning and management partnerships, as well as avoiding and minimizing environmental degradation from development.

- New responsibilities have been added to the regional offices, with no new staff or support services. For example, responsibility for environmental review activities, strategic planning and budgeting, geographic and information systems, and development of community-based initiatives at the field level have increased with no additional appropriation to Regional Operations Support.

- Despite continuing efforts to improve efficiencies, budgets have not kept pace with the costs of maintaining and operating DNR regional and area offices. To cover the joint costs of regional and area office operations, cost allocation plans have been developed to allocate the overhead (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 collaborative management activities need computer support for regional and field-based local area networks, implementation of the Statewide Systems Project, and GIS for landscape and watershed planning services.

REVENUE:

This activity generates dedicated revenue. Significant items include:

- **General Fund.** Dedicated - state match for high winds disaster.

- **Special Revenue Fund.** Accounts set up for seminars, workshops, cooperative efforts with outside entities, and the sale of DNR merchandise.

- **Federal Funds.** Includes 1996 high winds disaster and 1993 and 1996 flood damages - cleanup of downed trees and repair and cleanup on DNR property from flood damages.

GRANTS:

- **Blufflands Landscape.** A biennial appropriation in F.Y. 1996 of $90,000 from the Future Resources Fund and $450,000 from the Environmental Trust Fund for assistance to 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.

- **Tri-County Leech Lake Watershed Project.** A biennial appropriation in F.Y. 1996 of $295,000 from the Future Resources Fund 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.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: REGIONAL OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,509	3,009	2,817	2,817	3,039	2,889	2,889	3,111
OPERATING EXPENSES	544	1,414	796	796	864	800	800	868
CAPITAL OUTLAY	104							
SUBTOTAL STATE OPERATIONS	3,157	4,423	3,613	3,613	3,903	3,689	3,689	3,979
LOCAL ASSISTANCE	643	192			125			125
OTHER EXPENSES	<39>							
TOTAL EXPENDITURES	3,761	4,615	3,613	3,613	4,028	3,689	3,689	4,104
GOV'S INITIATIVES:		FUND						
(B) COMMUNITY ASSISTANCE & EDUCATION		GEN			415			415
TOTAL GOV'S INITIATIVES					415			415
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	450							
GENERAL	2,683	3,637	3,208	3,208	3,623	3,273	3,273	3,688
MINNESOTA RESOURCES	230	300						
NATURAL RESOURCES	218	222	228	228	228	234	234	234
GAME AND FISH	10	49	37	37	37	38	38	38
STATUTORY APPROPRIATIONS:								
GENERAL		65						
SPECIAL REVENUE	16	9	8	8	8	8	8	8
FEDERAL	144	329	132	132	132	136	136	136
GIFT	10	4						
TOTAL EXPENDITURES	3,761	4,615	3,613	3,613	4,028	3,689	3,689	4,104

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: REGIONAL OPERATIONS SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
GENERAL		65						
SPECIAL REVENUE	14	58	58	58	58	58	58	58
FEDERAL	180	560	132	132	132	136	136	136
GIFT	13							
NONDEDICATED:								
GENERAL	1							
GAME AND FISH	1							
TOTAL REVENUES COLLECTED	209	683	190	190	190	194	194	194
FTE BY EMPLOYMENT TYPE:								
REGULAR	53.9	53.9	53.0	53.0	58.4	53.0	53.0	58.4
TEMP/SEAS/PART_TIME	.7	.7	.7	.7	.7	.7	.7	.7
OVERTIME	.4	.4	.4	.4	.4	.4	.4	.4
TOTAL FTE	55.0	55.0	54.1	54.1	59.5	54.1	54.1	59.5

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM: Operations Support
ACTIVITY: Regional Operations Support

ITEM TITLE: Community Assistance and Education

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$290	$290	$290	$290
- Grants	$125	$125	$125	$125
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends additional partnerships between the DNR and communities to sustain healthy ecosystems, a prosperous economy and quality of life. This initiative encourages citizens, organizations, and agencies to work in partnerships to find solutions to pressing ecological, economic, and social issues.

RATIONALE:

The environment, the economy, and quality of life are intimately connected. The long-term economic success of the agricultural, forest products, tourism, and other business sectors is directly tied to healthy, diverse, and productive ecosystems. A vibrant economy enables people's enjoyment of the environment and provides resources for environmental protection efforts. Healthy natural systems are necessary to sustain resource-based industries (e.g., forest products and tourism); these economic activities in turn sustain human communities. Ecosystem-based management recognizes these interactions among the ecological, economic, and social systems. Ecosystem-based management is based on the following principles:

- **Sustainability.** Today's decisions about the use of the land and its resources must give adequate consideration to maintaining the capacity of the land to meet the needs of future generations.
- **Ecosystem Focus.** An ecosystem is a community of living organisms (including humans) together with its physical environment, considered as a unit. Ecosystems are place-specific and constantly changing. Ecosystem management requires both science and politics--the former to understand the ecosystem's functions and limits; the latter to forge agreements on the appropriate uses of resources and to balance the economy, community, and natural environment for present and future generations.
- **Partnerships.** Working with citizens, interest groups, local governments, and businesses together through cooperative action and mutual agreement to solve problems and sustain the quality of life.

Further engaging DNR in local ecosystem, community, and economic activities requires focusing on the long-term health of all 3 sectors rather than keying only on resources or economic activity. This initiative expands on past successes in working with communities to manage local ecosystems and builds the DNR's capacity to develop and support resource management partnerships. The focus is on sustaining healthy, functioning ecosystems, communities, and economies rather than on maximizing output of a single resource or use with little regard for the effects on the overall system.

PROGRAM OUTCOMES:

The DNR's vision is to **work with people** to manage the state's diverse natural resources **for a sustainable quality of life.** This initiative builds the DNR's capacity to work in partnership with local communities to manage natural resources in ways that sustain environmental quality, economic activities, and quality of life for present and future generations. These projects address imminent threats to local ecosystems or respond to emerging natural resource issues with an intended outcome of a sustainable economy, community, and environment. Successful ecosystem-based management approaches that have been tested in landscape and watershed management pilot projects will be introduced to additional areas across the state. The outcomes of this initiative will be measured in the DNR's Annual Performance Report as the number of ecosystem-based partnership efforts (Operations Support Objective 9).

- **Landscape and Watershed Partnerships** ($345,000/$345,000; F.Y. 1998-99)

  Over the past 4 years, the DNR has worked with many local communities to address significant threats to environmental quality, economic vitality, and the quality of life. Techniques developed in these pilot landscape and watershed partnerships (e.g., Phalen Lake, Big Sandy Area Lakes, Leech Lake, Heron Lake; Big Woods, Prairie Partnership) can be adapted for use in other areas. All of the projects proposed in this initiative will address a significant threat to ecosystem health and/or the quality of life; will involve the DNR working in partnership with citizens, local governments, or organizations; and will promote sustainable use of natural resources. Specific project outcomes will be:

  - Local community strategies to protect the 14 remaining trout streams in the Metro Region.
  - Grants to communities to connect significant blocks of natural land in the Metro Region via recreational corridors, green ways, and water courses resulting in improved water quality, retention of wildlife habitat, increased recreation opportunities for the growing Metro Region, and new connections among metro communities.
  - Reliable scientific information on river and stream hydrology, geomorphology, and ecology for use by those interested in flood control in the Red River Watershed, so that the incidence of flood damage may be reduced, natural areas and habitat may be maintained and improved, and water quality may be sustained.
  - Increased ability of DNR to work with communities on breaking issues and important projects in a timely manner. In addition to the specific projects mentioned above, each DNR region will dedicate $15,000 per year to support local ecosystem management

partnerships. At least 50% of the funds will be used for grants to leverage matching funds from other agencies or organizations. These grants will provide DNR with a means to support locally driven initiatives to maintain sustainable economic and community activities in an environmentally friendly manner. Seed monies, along with DNR technical support, often provide the difference between a project moving forward or not taking place.

- **Infrastructure for Ecosystem Management** ($70,000/$70,000; F.Y. 1998-99)

Effective ecosystem management requires decision making at the local level where ecosystem uses and dynamics are understood firsthand. Planning and communication services are needed to respond to emerging issues and to participate in ecosystem management partnerships. This initiative will allow the DNR to efficiently support ecosystem management partnerships with resource planning and information officer services at all regional offices. Increased planning and communication will result in better understanding by constituents of DNR activities and how they can take part and provide leadership roles at the local level. Increased planning services will result in DNR being better able to integrate its regional- and area-level management and outreach activities as well as to provide for planning services to community-based initiatives.

LONG-TERM IMPACT:

This initiative will expand the department's capacity to work with "communities of place" and "communities of interest" to sustain healthy, functioning ecosystems across Minnesota. Unsustainable and ecologically destructive land-use and resource consumption practices that threaten long-term economic and social well-being will be corrected by balanced, locally supported programs of restoration, education, and regulation. Staff providing planning and communication support will be closer to and will better serve DNR resource specialists in the field.

BUDGET ACTIVITY: Special Services and Programs
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY DESCRIPTION:

This activity includes the Human Resources Bureau, the Information and Education Bureau, the Office of Affirmative Action and Diversity, and the Office of Planning.

- **Human Resources.** 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 and diversity, performance appraisal, employee and organizational development and training, and payroll/transaction processing.

- **Information and Education.** Responsible for communications to the public: directly via the Information Center, through the news media, publications, the *Volunteer* magazine, and the boat and water safety program. The Information Center, a one-stop source for department information, distributes DNR publications and answers 125,000 calls a year from the public.

- **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 in the areas of employment and program and public services.

- **Office of Planning.** 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.

BUDGET ISSUES:

- **Human Resources.** The department's direction and policy shift towards ecosystem-based management (EBM) requires all employees and the department's stakeholders and partners to approach natural resources problem solving from a broader perspective than their own disciplinary program. Human Resources and Information and Education have developed an EBM communication and education plan to support implementation of department's EBM efforts. Work efforts to date include development and distribution of printed materials; customized internal and external presentations; and learning activities and seminars that apply systems thinking to ecology, economics, and sociology.

  The department's EBM direction to community-based outreach has also increased the demand for employee training in human relations skills (e.g., leading teams, conflict resolution, and public presentation). Also, proposed expansion of training programs to more outstate locations and with more multidisciplinary teams is an element of EBM.

  The new statewide accounting, procurement, and human resource systems have not reduced employee workloads; and for the next several years until the human resource system is fully implemented and operational, bureau workload will substantially increase to meet the system requirements and departmental needs.

- **Information and Education.** The increasing demand for information regarding DNR programs, activities, and services has required that Information and Education rigorously examine services to assure that the needs of both external and internal customers are met. This has resulted in an expansion of the DNR Information Center to improve the timely handling of phone and mail inquiries. In addition, Information and Education is a partner with Management Information Systems in the development of the DNR website to provide access to DNR information.

- **Office of Affirmative Action and Diversity.** The current budget does not allow DNR to adequately address the Americans With Disabilities Act and diversity.

- **Office of Planning.** During F.Y. 1997, the Office of Planning and the Financial Management Bureau are being consolidated into an Office of Management and Budget Services. This combination will allow enhanced integration of the department's planning and budgeting and focus additional attention on cost and performance management within the agency.

  Guided by the department's vision, "We will work with people to manage the diverse natural resources of the state for a sustainable quality of life," the Office of Planning has a budget proposal to improve the department's efforts in citizen involvement and performance monitoring. This funding would allow the department to enhance its public survey capabilities and provide for the implementation of the LCMR-funded Environmental Indicators Project. Funding would also give the department economic analysis capability essential to balance environmental, economic, and community perspectives. Contained within the broad proposal are 2 specific efforts: a citizen survey on the Minnesota River and environmental monitoring on the upper Mississippi.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Significant items include:

- **Special Revenue Fund.** Includes accounts for seminars, workshops, coopeative efforts with outside entities, and the sale of DNR merchandise.

- **Federal Funds.** Recreational Boating Safety - pass-through grants, education, and administration; and Land and Water Conservation (LAWCON) - reimbursement for recreational projects.

- **Gift Funds.** *Volunteer* magazine donations.

GRANTS:

- **Environmental and Natural Resources Trust Fund.** DNR projects with grant components approved by the LCMR for the 1996-97 biennium include Trail Linkages - Metropolitan Regional Network, Cedar Lake Trail Development; Retrofitting Regional Parks for ADA, and Metropolitan Regional Parks and Trails System.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Environmental Trust Fund	$1,826	$5,547	$5,080	$-0-

BUDGET ACTIVITY: Special Services and Programs
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

- **Future Resources Fund.** DNR projects with grant components approved by the LCMR for the 1996-97 biennium include Whitetail Deer Resource Center; Agassiz Recreational Trail; Mesabi Trail; Prairie Ecosystem Restoration in the Minneapolis Park System; Local Recreation grants; Pine Point Park Rest Station; Together Outdoors Minnesota; Ney Environmental Center; Lawndale Environmental Center; Gardening programs; Elba Fire Tower Restoration; Metropolitan Regional Park System; Chippewa County Regional Trail; and Mississippi River Assessment.

- **Land and Water Conservation (LAWCON).** Federal LAWCON funds administered as pass-through to local units of government for recreation projects.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Federal Funds	$479	$239	$101	$91

- **Northern Counties Land-Use Coordinating Board.** Funds transferred to the Office of Strategic and Long-Range Planning for a grant to the Northern Counties Land-Use Coordinating Board.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General Fund	$250	$-0-	$250	$-0-

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: SPECIAL SERVICES AND PROGRAMS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,877	4,304	4,154	4,254	4,254	4,251	4,251	4,251
OPERATING EXPENSES	1,818	3,626	2,220	2,370	2,370	2,220	2,220	2,220
SUBTOTAL STATE OPERATIONS	5,695	7,930	6,374	6,624	6,624	6,471	6,471	6,471
LOCAL ASSISTANCE	4,346	10,271	351	10,776	10,776	91	91	91
TRANSFERS			11	11	11	11	11	11
TOTAL EXPENDITURES	10,041	18,201	6,736	17,411	17,411	6,573	6,573	6,573

AGENCY PLAN ITEMS:	FUND						
LCMR NEW ALLOCATIONS	EVT		5,330				
LCMR NEW ALLOCATIONS	MNR		5,345				
TOTAL AGENCY PLAN ITEMS			10,675				

EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	1,893	5,830		5,330	5,330			
GENERAL	3,618	4,207	4,286	4,286	4,286	4,118	4,118	4,118
MINNESOTA RESOURCES	2,191	4,485		5,345	5,345			
NATURAL RESOURCES	505	525	537	537	537	550	550	550
GAME AND FISH	134	139	138	138	138	140	140	140
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	262	614	294	294	294	294	294	294
FEDERAL	849	1,501	957	957	957	947	947	947
GIFT	589	900	524	524	524	524	524	524
TOTAL EXPENDITURES	10,041	18,201	6,736	17,411	17,411	6,573	6,573	6,573

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: SPECIAL SERVICES AND PROGRAMS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	292	313	244	244	244	244	244	244
FEDERAL	1,658	2,327	1,816	1,816	1,816	1,806	1,806	1,806
GIFT	505	530	524	524	524	524	524	524
NONDEDICATED:								
GENERAL	2							
TOTAL REVENUES COLLECTED	2,457	3,170	2,584	2,584	2,584	2,574	2,574	2,574
FTE BY EMPLOYMENT TYPE:								
REGULAR	79.9	77.3	77.3	78.3	78.3	77.3	77.3	77.3
TEMP/SEAS/PART_TIME	5.8	5.7	5.7	6.7	6.7	5.7	5.7	5.7
OVERTIME	.5	.5	.5	.5	.5	.5	.5	.5
TOTAL FTE	86.2	83.5	83.5	85.5	85.5	83.5	83.5	83.5

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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 shared computer systems and networks, geographic information systems (GIS), shared databases, applications, and the DNR Web sites; supports the Minnesota Accounting and Procurement System (MAPS) and the Statewide Employee Management System (SEMA4); and provides computer training and user support services, library and research services, and data entry services for DNR units and their employees.

BUDGET ISSUES:

- **Financial Management Bureau.** Some additional tasks and efforts push the limits of the bureau's ability to meet financial management responsibilities within the current budget. These include the management of the professional/technical contract spending limits; the continued effort to efficiently and effectively adapt the department's complex accounting operations to the MAPS system; and improvement of the quality, usefulness, and accessibility of financial data for management decisions. In addition, there is a planned merger of this bureau with the Office of Planning that will require the addition and/or shift of resources to implement the merger plan and will have to be accomplished within the existing budget.

  There are several management information system issues facing this activity that cannot be fully resolved within the existing budget. One of the major issues facing the Financial Management Bureau this budget period is the development and implementation of a revenue system that is compatible with MAPS, would improve the capability to forecast future revenues and make more timely collections, and would provide better management information. This has been incorporated with the Electronic Licensing System Implementation budget initiative.

- **License Bureau.** A major focus of the License Bureau during the coming biennium will be the conversion from the current system of licensing and registration to a statewide electronic licensing system (ELS). An ELS will utilize generic license forms, replacing the dozens of specific forms now inventoried and stocked by license agents, and make licensing available to customers on a convenient 24-hour basis. An ELS will also provide instant information updating for more efficient law enforcement data availability and will make daily statewide revenue depositing possible, maximizing the state's return on interest income. The instant file updating inherent in an ELS will make license and registration records current on a daily basis, providing accurate data for demographics studies and market analysis. A budget initiative for development of an ELS has been submitted because the conversion will require comprehensive programming, staff training, and an upgraded hardware environment.

- **Management Information Services Bureau.** Information technology and access to information are vital to the success of ecosystem-based management efforts. Technologies include computer networks, GIS, information databases, and the Internet. These functions must be properly staffed to ensure the department receives full benefit from these technologies. Current budget issues include:

  - the need for centralized software and hardware purchases,
  - a plan for department-wide equipment life-cycle replacement,
  - extension and support of networks at the field office level,
  - ongoing development of the DNR Web site.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Significant items include:

- **Special Revenue Fund.** Includes accounts set up to facilitate seminars, workshops, and cooperative efforts with outside entities.

- **General Fund.** Non-dedicated - statewide and agency indirect costs paid to the General Fund from dedicated accounts.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: ADMINISTRATIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	4,696	5,160	5,237	5,237	5,738	5,369	5,369	5,940
OPERATING EXPENSES	2,490	3,749	2,713	2,713	3,406	2,713	2,713	3,268
SUBTOTAL STATE OPERATIONS	7,186	8,909	7,950	7,950	9,144	8,082	8,082	9,208
LOCAL ASSISTANCE				450	450			
OTHER EXPENSES	93							
TRANSFERS			637	637	637	637	637	637
TOTAL EXPENDITURES	7,279	8,909	8,587	9,037	10,231	8,719	8,719	9,845
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		450				
TOTAL AGENCY PLAN ITEMS				450				
GOV'S INITIATIVES:		FUND						
(B) INFORMATION RESOURCE MANAGEMENT		GEN			450			450
(B) INFORMATION RESOURCE MANAGEMENT		G&F			200			250
(B) INFORMATION RESOURCE MANAGEMENT		NRF			116			126
(B) ELECTRONIC LICENSING SYSTEM		GEN			300			300
(B) ELECTRONIC LICENSING SYSTEM		G&F			100			
(B) ELECTRONIC LICENSING SYSTEM		NRF			28			
TOTAL GOV'S INITIATIVES					1,194			1,126
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				450	450			
GENERAL	2,264	2,401	2,980	2,980	3,730	3,034	3,034	3,784
MINNESOTA RESOURCES	20	251						
NATURAL RESOURCES	1,989	2,250	2,140	2,140	2,284	2,174	2,174	2,300

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NATURAL RESOURCES DEPT
PROGRAM: OPERATIONS SUPPORT
ACTIVITY: ADMINISTRATIVE MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
GAME AND FISH	2,796	3,825	3,309	3,309	3,609	3,353	3,353	3,603
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	52	59	35	35	35	35	35	35
FEDERAL	77	123	123	123	123	123	123	123
AGENCY	81							
TOTAL EXPENDITURES	7,279	8,909	8,587	9,037	10,231	8,719	8,719	9,845
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	14	25	10	10	10	10	10	10
AGENCY	81							
NONDEDICATED:								
GENERAL	110	109	109	109	109	109	109	109
NATURAL RESOURCES	8							
CAMBRIDGE DEPOSIT FUND	8	8	8	8	8	8	8	8
GAME AND FISH	40							
TOTAL REVENUES COLLECTED	261	142	127	127	127	127	127	127
FTE BY EMPLOYMENT TYPE:								
REGULAR	102.8	102.8	102.8	102.8	110.8	102.8	102.8	110.8
TEMP/SEAS/PART_TIME	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
OVERTIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	105.6	105.6	105.6	105.6	113.6	105.6	105.6	113.6

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM: Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: Information Resource Management for Natural Resources

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
State Operations				
- General Fund	$450	$450	$450	$450
- Game and Fish Fund	200	250	250	250
- Natural Resources Fund:				
Water Recreation	60	70	70	70
Snowmobile	40	40	40	40
All-Terrain Vehicle	10	10	10	10
Off-Highway Motorcycle	3	3	3	3
Off-Road Vehicle	3	3	3	3
	$766	$826	$826	$826
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the DNR request for information technology and staff needed to support its natural resource management responsibilities at the local level. This initiative addresses serious shortcomings in the department's technology infrastructure which must be corrected to support community involvement and improve natural resource management at the local level. This initiative contains programs to:

- Expand the telecommunications network to all field offices.
- Implement Geographic Information Systems (GIS) technology in regional centers to support field resource managers.
- Expand the use of the Internet for sharing information with the public, partners, and other DNR resource managers.
- Develop integrated methods of designing and implementing integrated information systems for the DNR. These methods rely on strategic data modeling and systems engineering techniques to deliver information systems.

The recommended investments are as follows:

	Dollars in Thousands			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Department-wide Information Technology	$160	$250	$250	$250
GIS Support	256	316	316	316
Integrated Data Design and Development	220	130	130	130
Internet Web Site Design and Development	130	130	130	130
TOTAL	$766	$826	$826	$826

RATIONALE:

Agency staff with resource management responsibilities are dispersed in over 200 locations across the state. However, the information resources of the department are much more centralized than the department as a whole. The department is now engaged in the implementation of ecosystem-based management (EBM), so that it can more effectively integrate the actions of its employees and the needs of citizens, communities, and environment. Sustainable management of natural resources requires enhanced communication between DNR resource managers, local government leaders, and citizens. The overall goal of this initiative is to place more useful information in the hands of local resource managers, so that sustainable resource management and EBM can be practiced.

Field staff currently do not have adequate access to information, other staff, or analytical tools. Access to critical databases, which by their nature must be centralized, is limited because the telecommunications network does not extend to many local offices. Analysis tools like GIS are centralized in the larger offices. Tools now exist to provide more GIS capability to local offices. However, it is difficult to move data around because of the incomplete telecommunications infrastructure. More importantly, local resource managers are hampered in their local cooperation by their inability to access the information they need to be effective. The lack of connectivity isolates them from other resource professionals, cooperators, and stakeholders.

Also, current systems must be migrated from the department's AS400 computer because of its age and obsolescence. To a large extent, the nature and size of the new database hardware and software will be determined by the needs of new systems and applications. This initiative will provide the framework within which those new information systems will occur.

PROGRAM OUTCOMES:

- **Extension and Improvement of the DNR Telecommunications Network.** The network which currently exists has reduced or eliminated the barriers to communication within the central office and between the central office and the 6 regional offices. Movement of data files, notes, tasks, and schedules has become commonplace to most employees with access to the network. However, most field offices have only limited capabilities and access. Increasing the accessibility of information will have many tangible benefits. First and foremost, the local managers will have a much easier time assembling, organizing, and presenting information to cooperators. Even if much of the preparatory work is done in the larger offices, easier communication will make the process move more swiftly. For example, a digital elevation map of a watershed with overlays for ditches, roads, etc., might be prepared in an office in Hibbing, edited in St. Paul, and shipped to Bemidji for use the next day at an office in Roseau. Gathering data for analysis or permitting will be much easier at the local level. Much of this can be done now between the larger offices. This initiative will extend that capability. The tangible benefit will be accurate, timely, and up-to-date information that can be put in the hands of those needing it in minutes or hours rather than days. Another tangible benefit will be

reduced travel as work can easily move between locations rather than bringing people to the work. Cooperation over longer distances will become the norm rather than the exception. Citizens and local units of government will experience faster response to questions. Finally, the volume of information available will grow over time as needs are defined.

- **Geographic Information Systems (GIS) Technology and Support.** Over the last 7 years, GIS has moved from an experimental tool used only by those familiar with computer programming to one which has proven value to resource managers. During this period the hardware and software capabilities have increased by orders of magnitude; but more importantly, the computer programs now exist to use this tool at the local level. However, up-to-date GIS capability is installed only in the central office, 2 regional offices, and the Minerals Office in Hibbing. GIS allows visualization of the issues, so that all parties can gain an overall perspective. It has fostered increased cooperation between foresters and wildlife managers, persons interested in peat development and those interested in its preservation, between mineral managers and communities seeking space for economic development, and between parties interested in restoration of watersheds.

  This initiative will be used to build and staff 4 more strong regional GIS centers which will be tied together by the telecommunications network. It will also be coupled to an extension of GIS visualization capabilities to local offices through investments made by individual disciplines. The tying together of local data, local visualization, regional technical competence, and statewide data will lead to more effective decision making at the local level where resource management decisions are made.

- **Client/Server Database Environment and Application Development.** In the past, departmental information systems were constructed to meet individual and specific needs. For example, game violation had to be tracked, boat licenses had to be issued, and hunting license lotteries had to be conducted. Different funding sources and needs led to piecemeal development of systems. It is now time to begin the coordination of systems and the construction of a DNR data architecture. Also, the technology exists to build consolidated, multipurpose databases that are accessible across the organization. Implementation of newer client/server database technology will allow migration of current systems into a more uniform environment over time.

  The need exists to find a replacement for the AS400, electronic licensing will become a reality, faster response time will be needed as local offices demand access to centralized databases, and distribution of data will become much more common. A client/server database environment can be the platform to meet most of the needs. However, to gain the maximum benefit, an understanding of the structure of DNR data is needed.

  This initiative will build the DNR's data architecture using tools and techniques recommended by the Information Policy Office. It will also provide the basis for system coordination as applications move from older separate environments to the newer more integrated environment. The most tangible benefit of this movement will be seen in the ease with which DNR data can be assembled and applied to new problems.

- **Internet Web Site Design and Development.** The Internet is rapidly becoming the primary way in which organizations distribute data digitally. During the current biennium, DNR and the Pollution Control Agency are using funding from the LCMR to design agency "home pages" that have a common look and feel. The goal is to establish the framework for Internet access to DNR data for our partners and for improved internal communication in addition to setting priorities for the data to be made available.

  Maintenance of a presence on the Internet requires an ongoing commitment to provide timely, accurate, and up-to-date information. Also, the Internet is becoming more interactive, so competence in building Internet applications will be more important in the future. The department believes that a DNR Internet presence will require allocation of 2 full-time positions to work for the department as a whole and that this will be more effective than asking resource professionals to learn and maintain skills for Internet publication. The tangible benefit of this program will be a DNR area on the Internet that is consistently maintained and updated on a department-wide basis for the benefit of the citizens.

LONG-TERM IMPACT:

The long-term impacts of this initiative lie in several areas. The work on data management, organization, and publication will lead to a general increase in the amount of resource information available to decision makers and cooperators. The application of tools like GIS will lead to more effective decisions with a more even distribution in ownership of the outcomes, greater cooperation, and less controversy. The use of networks will make the department more effective by increasing the speed with which information flows from its points of accumulation to its points of use. The most beneficial impact will be the incorporation of public and local points of view so that the actions taken can extend beyond public lands to affect whole watersheds and landscapes. The long-term trend is clear and DNR will move from focusing on the management of public lands to cooperation with others to develop and implement strategies that have both public and private acceptance. Previous work has established the vision and the framework for action. Some positive steps have already been taken, based on pilot studies and research. This initiative will build on that foundation by placing technological capability where it is needed.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Natural Resources, Department of (DNR)
PROGRAM: Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: Electronic Licensing System (ELS) Implementation

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
State Operations				
- General Fund	$300	$300	$300	$300
- Game and Fish Fund	100	-0-	-0-	-0-
- Natural Resources Fund:				
Water Recreation Account	16	-0-	-0-	-0-
Snowmobile Account	12	-0-	-0-	-0-
	$428	$300	$300	$300
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes X **No** ____

If yes, statutes(s) affected: M.S. 97A.481, 97A.485

GOVERNOR'S RECOMMENDATION:

The Governor recommends the DNR implement an automated licensing system to include an upgrade to the Revenue Management System.

RATIONALE:

Currently more than 3 million licenses, registrations, and other DNR permits are issued manually through 87 county auditors to 3,500 agents and through 171 deputy registrars. The administration of this process is cumbersome and inefficient and does not maintain a database of users. An automated system would accelerate cash flow of up to $2 million and increase interest earnings in the Game and Fish Fund. The other benefits would include 1) simplify the issuance of licenses, 2) create a comprehensive database that would provide information not now available, 3) streamline the administrative procedures, and 4) improve enforcement capabilities and compliance.

This initiative contributes to the Governor's theme of improving customer service to the citizens of Minnesota. The initiative will improve customer service in several areas: 1) financial management (faster cash flow), 2) convenience to the public (all licenses available), 3) reduce cost of paperwork (no more printing licenses), and 4) better information to the agency (database of license holders).

DNR revenue systems are outdated and in need of re-engineering. The current system (developed initially in 1984) does not accommodate the Minnesota Accounting and Procurement System (MAPS) advanced receivables, electronic funds transfers, cash collection plans, and more. Additionally, DNR needs to improve the capability to forecast future revenues, more timely collections, and better management information. DNR presented a budget initiative to the 1995 legislature for a 2-phased approach: Phase 1 for systems design during F.Y. 1996-97, cost $63,000; and Phase 2 for system development during F.Y. 1998-99, at an estimated cost of $400,000. Phase I was funded and design work is progressing. This initiative will fund the start of the project. The Revenue Management System will interface with ELS as well as other financial systems. It will improve revenue management for all DNR programs. ELS technology demands improved revenue systems; hence these projects have been combined into one initiative.

PROGRAM OUTCOMES:

Electronic licensing contributes to several department performance indicators. For Fish and Wildlife, developing a process for rating satisfaction of anglers, hunters, and wildlife viewers is needed. For Operations Support, reducing support service costs and maintaining or increasing total revenues collected by department activities are affected by this initiative.

ELS would be installed and operated by a vendor specializing in automated license sales with point-of-sale technology under contract to DNR. The cost to lease and operate ELS would be approximately $1.00 per transaction, generating approximately $2.3 to $3.2 million annually from the sale of game and fish licenses, vehicle registrations, and park stickers. Funding would come from a General Fund appropriation ($600,000 for the biennium) and from annual operating costs of the present system.

A telephone licensing system operated by a private vendor would allow purchase of license and permits by phone. The vendor would issue a license identification number at the time of purchase to validate use of the license until it is received in the mail. Purchases would be with a credit card and a transaction fee would be charged to the license buyer to cover costs of the purchase.

The work plan in the next biennium would include 1) develop and implement telephone sales of licenses and pilot ELS operation in several counties during the first year of the biennium ($300,000); 2) implement the Revenue Management System ($128,000); and 3) implement and become operational with ELS statewide during the second year of the biennium ($300,000).

The completion of the Revenue Management System will 1) create a more stable budgeting environment by ensuring more accurate revenue forecasts, 2) result in better collection of fees through a unified accounts receivables system, 3) ensure a more timely deposit of money through improved revenue processing capabilities, and 4) enable more informed decision making affecting the market and sales of DNR services and products through improved management reporting capabilities.

LONG-TERM IMPACT:

Customer service would be improved. A more efficient and effective license system would be developed. Revenue collection and interest earnings improved. Complete and timely information on license holders would be available. Dedicated receipts fund a substantial portion of the DNR budget. Unanticipated revenue fluctuations are disruptive. Shortfalls cause program reductions, layoffs, and sudden fee increases. Unintended surpluses are an underutilization of fee revenues. Long term, this system will facilitate accurate forecasting of revenue trends, accelerate cash collections, and result in better marketing of DNR services and products.

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Water and Soil Resources, Board of

Fund: General

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$14,347	$14,347	$28,694
BASE ADJUSTMENT			
One-Time Appropriations	(270)	(270)	(540)
Biennial Appropriations	125	-0-	125
1998-99 Compensation Inflation	66	133	199
Annualization of New Program Costs	45	46	91
Doc Space Rent/Lease Incr/Decr	8	8	16
BASE LEVEL	**$14,321**	**$14,264**	**$28,585**
AGENCY DECISION ITEMS			
None	-0-	-0-	-0-
AGENCY PLAN	**$14,321**	**$14,264**	**$28,585**
GOVERNOR'S INITIATIVES			
Communication & Information Mgmt	150	150	300
Water Monitoring	90	90	180
Lakeshed Cost Share	225	225	450
Community Assistance and Education	200	200	400
	665	665	1,330
TOTAL BUDGET REQUEST	**$14,986**	**$14,929**	**$29,915**

Brief Explanation of Agency Plan:

The agency plan reflects the continuation of current programs that provide leadership and assistance to local governments as well as grant-in-aid and cost sharing.

This plan also addresses the needs of fully implementing in F.Y. 1998-99 the Wetland Conservation Act (WCA), including changes made by the 1996 legislature.

Revenue Summary:

This program does not generate dedicated or non-dedicated revenues.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the agency's plan, as well as funding for 4 initiatives, with a biennial increase of $1,330,000, bringing the biennial total to $29,915,000.

AGENCY: Water and Soil Resources, Board of

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 goal through increasing the capabilities of local government units. This approach makes sense for a number of reasons.

First, local ownership of resource management activities is an important component of the success of efforts. Rather than resentment at a state mandate that local personnel perceive they are being forced to carry out, a state-local partnership fosters feelings of pride and local responsibility.

Second, since resource management is primarily a land use issue, and local government is the land use authority in Minnesota, it is logical to focus resource management assistance at the local level. Local governments, through their widespread planing and zoning authorities, make the vast majority of land use decisions. Sound land use management at the local level will protect soil, lakes, rivers, and 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 of leveraging our talents, resources, and finances to achieve the greatest results.

Recognizing the advantages of local resource management, the Legislature in 1987 created the BWSR to facilitate local government efforts and to ensure coordination of state, local, federal and private resource management initiatives. To accomplish this, the membership of the BWSR includes county commissioners, soil and water conservation district supervisors, watershed district or watershed management organization managers, citizens, four state agencies, and the University of Minnesota Extension Service. This composition provides a unique opportunity for communication on issues and concerns, policy discussions on resource management, and generally 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 ISSUES:

The following trends and issues are shaping the development of policies and programs at the BWSR:

- **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 without increasing funding. State and federal government can provide the things that local government needs: technical and financial assistance, leadership, structure and a "big picture" view of resource management. Local governments can provide local perspective, local resource information, local funding and efficient implementation.

- **Increased awareness among the general public, including landowners, of resource problems, and increased willingness to make reasonable sacrifices to accomplish resource conservation.** More Minnesotans are becoming concerned about our environment, particularly water quality; many people have noticed deteriorating conditions in their favorite lakes or fishing streams. With approximately one-third of Minnesota adults either owning a cabin or having a family cabin, people are more willing to make reasonable sacrifices to protect and improve water quality.

  A continued emphasis on education will result in greater commitment of landowners to conservation practices and elected officials with increased leadership and decision making ability.

- **Increased acknowledgment of the role of local government.** Over the past several years, state government agencies in Minnesota have grown increasingly dependant on local government to carry out various state initiatives. Programs such as the Local Water Resources Protection and Management Program, the Wetland Conservation Act, and the Feedlot Program rely on local governments to implement day-to-day activities. State agencies acknowledge that local government officials and staff have advantages that the state does not: knowledge of local resources and attitudes, personal friendships, and an awareness of local needs and priorities.

- **Increased local government capabilities.** With these increased expectations and BWSR assistance, some local government capabilities in resource management have grown significantly over the past few years. Local governments now need a wider variety of training and assistance, from the most basic level to advanced, in areas such as technical skills, leadership, and management. The BWSR must adjust its assistance to ensure that each local government meets a base level of capability, while those who need a higher level of training receive it.

  Soil and water conservation districts, established by the state, have not been provided with the revenue resources necessary to achieve the objectives for which they were established. SWCDs rely on state ($15,000 per year) and county funding as their resource base. The current state support does not fund a significant portion of SWCD operations. Options are to increase funding with or without co-payments by counties or to grant SWCDs taxing authority with or without county consent.

- **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.

- **Increased public willingness to use non-judicial methods of appeal.** Both the Wetland Conservation Act (WCA) (approved in 1991) and amendments passed to the Watershed District Act (M.S. 103D) assign BWSR responsibility for hearing appeals. In the past few years the number of appeals coming before the board has increased dramatically, both in number and complexity.

- **Federal actions.** Federal actions over the past several years have tended to increase pressure on BWSR and local governments. Federal Conservation Reserve Program (CRP) contracts began expiring in 1995, and new program policy indicates that significantly fewer CRP dollars will be directed toward Midwestern states. Unless state programs such as the Reinvest in Minnesota

(RIM) Reserve Program offer landowners easements, it is likely we will see many of these marginal, erodible acres returned to cropland. Minnesota's erosion rate is already the second highest in the country. Returning these acres to production will increase erosion. And finally, decreased USDA staffing for the Natural Resources Conservation Service (NRCS) has elevated pressure on local and state governments to provide the technical assistance necessary to design and install conservation practices.

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 programs'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 initially 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 county wide 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--which equals $37,500 annually per county--is made up of both state and local resources. The state grant to each county varies depending upon the county's net tax capacity. Funding can be used for a wide variety of things, including education and information; monitoring and data collection; water quality improvement projects and programs; and administration of local regulatory and technical assistance programs. Additional funding is allocated through "challenge grants," which are given competitively to counties for acceleration of water plan activities.

The program's success in greater Minnesota--all 80 counties have state-approved and locally adopted water plans--is largely based on the state-local partnership strategy it employs. The state provides leadership, technical assistance, some funding and a structure for the program; local governments and citizens, using their knowledge of the community's particular resource issues, develop and implement the plans, as well as provide a share of the funding. These partnerships have proven to be one of the most effective means of providing practical, successful resource management.

Although the program has moved more slowly in the metropolitan area, some of the issues that held the program back have been addressed. The 1995 Legislature provided authority to BWSR for water planning grants to metropolitan water management organizations--similar to those most non-metropolitan counties receive--and added funding for one staff person to focus specifically on metropolitan water planning. In addition, the Legislature gave BWSR authority to prioritize surface water plans and to focus on the top priority areas first. BWSR also received a grant from the Metropolitan Council to develop two model surface water plans for metropolitan area watersheds.

The 1996-97 and 1998-99 biennia have been key to the program because about two-thirds of Minnesota's 86 participating counties were required to update their water plans for the first time since the program began. The update process, which again draws heavily on community involvement, has provided counties with the first opportunity to develop a plan using first-hand knowledge of how the program actually works. These updated plans reflect a shift in emphasis from the early planning stage of the program to the implementation stage.

This grant program has provided the framework for a natural resources block grant that integrates grants for water planning, shore land management, the Wetland Conservation Act and feedlots for purposes of application, grant agreements and reporting. This integration consolidated about 350 grants in to about 100, resulting in less paperwork and greater efficiency.

Cost-Share Program. Recent USDA figures show that Minnesota is second in the nation (following only Texas) in the total amount of cropland erosion, losing 168 million tons of soil off cropland per year. Soil erosion is also the single greatest threat to Minnesota's water quality. Although the Cost-Share Program aims to improve and protect water quality and sustain soil quality and productivity by reducing soil erosion, we clearly need to focus more resources on this serious problem.

The program's annual $1.6 million in funding is allocated to soil and water conservation districts (SWCDs), which use the money to pay up to 75 percent of a landowner's cost of an eligible project.

Since each SWCD's cost-share allocation is determined through an agriculturally-based formula, it should be noted that the program (on a statewide basis) tends to fund ag-related projects, such as animal waste control systems, waterways and other erosion control structures, windbreaks, and others. The program historically has not funded projects that are indirectly related to agriculture, such as lake and stream water quality projects, simply because SWCDs do not receive money based on the number of lakes and streams within the county .

The program has had no increase in annual allocation since its inception in 1977, with the exception of $1 million biennially added in the early 1990s targeted only at the Minnesota River basin; thus, its "purchasing power" has declined significantly.

The following elements of the cost-share program have a unique focus:

- The Minnesota River Basin Program, which is used to accelerate cost-share practices within the Minnesota River basin.
- Special Projects funding allows soil and water conservation districts to accelerate practices or try new and innovative approaches to erosion control.

One perennial local government concern about the program has been a lack of engineering support for the various practices it funds. This concern has been addressed in part through the Nonpoint Engineering Assistance Program, which has its origins in the State Revolving Fund (SRF) Loan Program. As part of the SRF, BWSR, beginning in FY 1995, received funds to allocate to local governments for engineering support. Based on watershed boundaries and other geographic considerations, soil and water conservation districts (SWCDs) banded together into 11 joint powers boards, each of which received funds to hire an engineer and an engineering technician. This increased support has been key in answering the demand produced by the SRF Loan Program and other conservation programs. Full funding of this will ensure continued local government and citizen accessability to appropriate technical assistance. If the program is not funded at its full need, local governments may absorb the additional cost or reduce the number of engineering teams from 11 to nine.

Wetland Conservation Act. In recent years, the public and the scientific community have grown increasingly aware of the benefits wetlands provide, including filtering sediments and other pollutants out of water; fish and wildlife habitat; flood storage areas; and commercial uses. Despite these benefits, Minnesota has lost almost 60 percent of its wetlands - about 11.1 million acres - since the mid-1800s.

In an effort to reverse this trend, the 1991 Legislature passed the Wetland Conservation Act (WCA). The purpose of the act was to achieve a no net loss of wetlands. The act requires anyone wishing to disturb non-exempt wetlands to follow this sequence: first, try to avoid the wetland entirely; second, try to minimize the impact on the wetland; and finally, replace any lost wetland.

The act has been controversial since it was implemented in 1994, culminating in Governor Arne Carlson inviting representatives of a variety of interest groups and governments to participate in a wetlands "round table" discussion in January 1996. Recommendations from the group formed the basis for amendment legislation approved later that year. The changes streamlined administration; recognized regional variations; provided a framework for local comprehensive wetland plans as an element of local water management programs; and created a special fund to finance wetland replacement resulting from road construction. These changes satisfied most concerns; the act is now being carried out "seamlessly" throughout the state, with the exception of one county.

The WCA is administered by over 450 local government units, including counties, cities, townships and water management organizations. In many cases, counties have delegated authority for the program to SWCDs. The BWSR has provided extensive training on both wetland delineation and administration of the act to local units administering it.

WCA's major success has been in encouraging the avoidance of wetlands or minimization of wetland disturbance. Of the estimated 7,673 projects brought before local governments in 1995, about 71 percent resulted in avoidance or minimization. Most often, this avoidance and minimization occurred at little extra expense to the applicant or adverse affect upon the project.

About 35 counties have participated in the wetland banking program based on the framework laid out in the WCA rules. This program allows for the deposit of wetland credits from restored or created wetlands; these credits can later be purchased as a means of wetland replacement, thus giving project sponsors more flexibility.

Because of the regulatory nature of the WCA--it is enforced by the Department of Natural Resources (DNR) conservation officers--the law provides for an administrative appeals process of local government decisions to the BWSR. Three appeals were filed in 1995.

Reinvest in Minnesota (RIM) Reserve Program. The RIM Reserve Program aims to improve water quality and enhance fish and wildlife habitat by 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 are drained wetlands (for restoration), riparian cropland, pastured hillsides, and sensitive groundwater areas.

Funding for the program is provided through a bonding allocation that has varied from $10 million to $0 biennially. Although funding has been more stable in recent years, available funding covers both the RIM Reserve Program and the Permanent Wetland Preserves Program; the entire allocation no longer goes toward RIM Reserve. The two programs received $9 million in 1995-96 and $11.5 million in 1997-98.

The program is administered locally by SWCDs that coordinate steering committees to help prioritize applications to ensure that local needs are met. Since it began in 1986 the program has secured about 2,065 easements, covering about 57,900 acres.

REVENUE SUMMARY:

This program does not generate department earnings. For the coming biennium the program has estimated a minor amount of non-dedicated revenues, about $7,000 from the return of unspent natural resource block grant money.

Dedicated revenues received by the program include General Fund grant money and federal funds. The General Fund grant money, estimated at $200,000 in F.Y. 1998 and F.Y. 1999, is the result of cost share monies being returned by local government to the program. Federal funds, estimated at $ .9 million in F.Y. 1998 and $ .5 million in F.Y. 1999, is the sum of 3 to 6 relatively small federal grants.

(Since the amount of dedicated receipts does not represent a significant portion of program spending, separate budget pages for receipts and federal funds have been omitted from BWSR's presentation.)

SUMMARY OF BUDGET REQUEST:

The BWSR's top priority will continue to be delivery of programs and services to local units of government to enable them to effectively manage Minnesota's soil and water resources.

Three new positions supporting the Wetland Conservation Act (WCA), funded by the 1996 Legislature, will be annualized in the FY 1998-99 budget. Annualization of this funding will allow BWSR to support changes to the WCA made by the 1996 Legislature.

Project proposals recommended for funding by the LCMR are included in the agency plan.

LCMR Recommendations. LCMR has proposed that BWSR provide agency administration for eight projects for the 1998-99 biennium.

- Cannon River Watershed Integrated Management: This is a continuation of a project BWSR administered last biennium. This project will implement activities in the Cannon River watershed through providing matching grants and technical assistance. ($350,000 Future Resources Fund)
- Statewide Digital Soil Database--Phase 1: This money is for the first biennium of a pilot program to investigate methods to digitize data from older soil surveys and to coordinate soil survey digitizing in at least one county. ($145,000 Future Resources Fund)
- Grants to Local Governments for Natural Resource Decision-Making: This money is to assist local governments in improving natural resource decision-making. ($150,000 Future Resources Fund)
- Snake River Watershed Best Management Practices: This appropriation is for the Snake River Watershed Management Board to accelerate implementation of the 1996 Snake River Watershed Management Plan. ($100,000 Future Resources Fund)
- Minnesota Watershed Districts Evaluation: This appropriation is for the Minnesota Association of Watershed Districts to evaluate the effectiveness of watershed district management of water quality. ($150,000 Future Resources Fund)
- Miller Creek Watershed Comprehensive Management Plan: This money is for the Miller Creek Task Force to develop a watershed district or joint powers agreement for the Miller Creek watershed. ($100,000 Environment and Natural Resources Trust Fund)
- Minnesota River Basin Natural Resource Data: This money is for the Minnesota River Basin Joint Powers Board to prepare Geographic Information Systems data sets for the 1,208 minor

watersheds within the basin, to provide Internet access to the data and outreach training. ($250,000 Environment and Natural Resources Trust Fund)

- Re-establishing Riparian Forests along the Minnesota River: This appropriation is for an agreement with the Minnesota River Basin Joint Powers Board to replace erodible riparian cropland with forest plantings and evaluate the impacts. ($300,000 Environment and Natural Resources Trust Fund)

- **GOVERNOR'S RECOMMENDATION:**

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

- A General Fund appropriation of $150,000 in each of F.Y. 1998 and F.Y. 1999 for an agency communication and information technology proposal (2.0 FTE in F.Y. 1998; 3.0 FTE in F.Y. 1999).

- A General Fund appropriation of $90,000 in each of F.Y. 1998 and F.Y. 1999 for the BWSR component of a multi-agency environmental cluster proposal on water monitoring (1.0 FTE).

- A General Fund appropriation of $225,000 in each of F.Y. 1998 and F.Y. 1999 for a lakes management initiative that will provide cost share grants to local governments.

- A General Fund appropriation of $200,000 in each of F.Y. 1998 and F.Y. 1999 for the BWSR component of a multi-agency environmental cluster proposal on community assistance and education (3.0 FTE).

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESOURCES BOARD
PROGRAM: WATER & SOIL RESRCS BD
ACTIVITY: WATER & SOIL RESRCS BD

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,349	2,675	2,764	2,764	3,022	2,782	2,782	3,082
OPERATING EXPENSES	943	1,058	726	726	908	726	726	866
CAPITAL OUTLAY		366	200	200	200	200	200	200
SUBTOTAL STATE OPERATIONS	3,292	4,099	3,690	3,690	4,130	3,708	3,708	4,148
LOCAL ASSISTANCE	11,547	14,372	12,596	14,141	14,366	12,121	12,121	12,346
TRANSFERS			<855>	<855>	<855>	<855>	<855>	<855>
TOTAL EXPENDITURES	14,839	18,471	15,431	16,976	17,641	14,974	14,974	15,639
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		650				
LCMR NEW ALLOCATIONS		MNR		895				
TOTAL AGENCY PLAN ITEMS				1,545				
GOV'S INITIATIVES:		FUND						
(B) COMMUNICATION AND INFORMATION MGMT		GEN			150			150
(B) WATER MONITORING		GEN			90			90
(B) LAKESHED COST SHARE		GEN			225			225
(B) COMMUNITY ASSISTANCE AND EDUCATION		GEN			200			200
TOTAL GOV'S INITIATIVES					665			665
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE	635			650	650			
GENERAL	13,223	16,741	14,321	14,321	14,986	14,264	14,264	14,929
MINNESOTA RESOURCES	225	80		895	895			

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: WATER & SOIL RESOURCES BOARD
PROGRAM: WATER & SOIL RESRCS BD
ACTIVITY: WATER & SOIL RESRCS BD

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
STATUTORY APPROPRIATIONS:								
GENERAL	536	400	200	200	200	200	200	200
SPECIAL REVENUE	32	168						
FEDERAL	188	1,082	910	910	910	510	510	510
TOTAL EXPENDITURES	14,839	18,471	15,431	16,976	17,641	14,974	14,974	15,639
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	536	400	200	200	200	200	200	200
SPECIAL REVENUE	60	140						
FEDERAL	176	827	910	910	910	510	510	510
NONDEDICATED:								
ENVIRONMENT & NATURAL RESOURCE	19	5						
GENERAL	21	25	7	7	7	7	7	7
FEDERAL		1						
TOTAL REVENUES COLLECTED	812	1,398	1,117	1,117	1,117	717	717	717
FTE BY EMPLOYMENT TYPE:								
REGULAR	47.1	51.0	52.0	52.0	57.0	52.0	52.0	58.0
TEMP/SEAS/PART_TIME	.4	.4			1.0			1.0
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	47.6	51.5	52.1	52.1	58.1	52.1	52.1	59.1

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Communication and Information Management

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$150	$150	$150	$150
- Grants	$-0-	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding at $300,000 for the biennium for this agency information technology initiative.

RATIONALE:

Maintaining BWSR's capability in electronic communications, information management, and data base management will result in the delivery of soil and water resource programs and grants to local governments in the most efficient manner possible. Investing now in technology will reduce long term expenditures in the areas of communications management and reporting by the state's 91 soil and water conservation districts, 42 watershed districts, and 87 county water planners. Improvements in BWSR's data base management and information management systems will allow for reporting of resource protection efforts by local government in measurable and quantifiable terms consistent with Minnesota Milestones. Targeting of limited state resources to priority soil and water resource protection needs will also be enhanced by this initiative. If this initiative is not funded it is likely that the gap between BWSR's information management and communication capabilities and those of other public and private organizations will grow, resulting in greater future expenditures than those currently being requested.

PROGRAM OUTCOMES:

The program will have a number of outcomes:

- Integrated program reporting and data base functions within BWSR will allow for the determination and reporting of measurable outcomes of local water resource management and protection programs supported by the state through BWSR. This information will allow BWSR to target existing financial resources and to identify and promote the practices that have the highest cost-benefit ratio in a given geographic area, thus improving the management and effectiveness of BWSR programs.
- Electronic repository and distribution of forms, grant application materials, agency rules and agency handbooks, reducing printing and handling costs for these documents.
- On-line electronic communication with 91 soil and water conservation districts, 42 watershed districts, and 87 county water planners.
- Additional staff support to BWSR's 50+ staff, improving the current ratio of 1 computer support position to 50 general staff. This change will allow BWSR staff to adopt and implement technological changes at a pace equivalent to our local government clientele, private industry, and other state agencies, resulting in the most efficient and productive workforce possible.

LONG-TERM IMPACT:

This initiative will result in the ability of BWSR to maintain its information management and communication systems at a level equivalent to or just slightly behind current industry standards into the future. Through the reporting of measurable outcomes by local government recipients of grant funds, BWSR will be able to ensure that limited state resources are targeted and used in the most cost-efficient manner possible and result in the most environmental protection for the resources spent.

Expenditures made at this time have the potential to reduce or eliminate greater future costs of BWSR acquiring and implementing the technologies described in this initiative.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Water Monitoring: Tracking Pollutant Reduction Efforts

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$90	$90	$90	$90
- Grants	$-0-	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of $180,000 for the biennium for this initiative, which is the BWSR portion of a multi-agency $4.67 million proposal on water monitoring. The scope of the proposal was coordinated through the Governor's Environmental Cluster. Funding will enable BWSR to track pollution control and best management practices, and to provide decision-makers with reliable information on the effectiveness of current soil and water related programs.

RATIONALE:

Effective monitoring is necessary to answer questions such as:

- To what degree have specific pollution control, environmental protection, or resource management actions made a difference in water quality?
- Which pollution control practices are most beneficial to aquatic life?
- How should pollution control activities be prioritized to provide the most benefit to aquatic life and provide the most efficient use of limited resources?

Areas identified as needing effectiveness monitoring are point source control, clean lakes/clean water partnership, and best management practices (BMP). This proposal focuses on BMP tracking.

With its strong ties to local governments and base grant funding of soil and water conservation districts (SWCDs), local water planning, and wetlands, BWSR is in an excellent position to coordinate the involvement of local governments in reporting BMPs and water resource protection activities. Although BWSR, along with MPCA and the USDA Natural Resources Conservation Service (NRCS), is currently developing a computerized reporting program that incorporates pollutant reduction estimates for some practices, this initiative will allow BWSR to expand the reporting program to include a broader array of practices and activities for which pollutant reduction estimates are made, such as non-structural transient practices like crop residue management. In addition, the initiative will allow BWSR to assist in the development and implementation of field audits and in the analysis and interpretation of data collected through the reporting program.

PROGRAM OUTCOMES:

The program will:

- help environmental agencies determine the adoption rates of various non-point pollution control BMPs and their impacts on water resources of the state;
- allow local governments and state agencies to track accumulated pollutant reductions in geographic areas to help determine when pollutant reduction goals for that area or targeted water resources have been met. Scarce resources can then be directed elsewhere;
- include pollutant reduction estimates for wind erosion practices and nutrient management practices in the BWSR local government reporting program;
- provide reliable information to the governor and legislature on the effectiveness of current soil and water related programs.

LONG-TERM IMPACT:

Through the ability to accurately track applied best management practices and predict their pollutant reduction potential, watershed managers and local resource professionals will be able to promote cost-effective practices and programs and determine when established pollutant reductions goals have been met. Combined, these two items allow local resource managers to do no more than is necessary within a watershed or targeted water body to achieve the goals that they have established. This ability will maximize the use of limited local and state resources, both technical and financial, in achieving the water quality goals of local and state government in Minnesota.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Lakeshed Cost Share

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$0	$0	$0	$0
- Grants	$225	$225	$225	$225
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of $450,000 for the biennium for this lakes management initiative. The BWSR initiative resulted from the work of the Governor's Environmental Cluster. Funding will enable BWSR to support local governments in their efforts to protect valuable lake resources by implementing management strategies.

RATIONALE:

The purpose of this initiative will be to provide funding to apply land treatment practices to control sediment and nutrient loading in lake watersheds.

Not surprisingly, some of the most rapid growth rates in the state are occurring in lake areas. Lake issues have risen through the grassroots local water planning process to become an increasingly important issue. Seventy-two of Minnesota's eighty-seven counties have identified lake water quality as an important issue in their local water plans, and local governments with broad land use responsibilities are being asked to address these concerns.

According to the Minnesota Lakes Association, many of our lakes are on the brink of severe degradation and the need for conservation practices is urgent. Funds requested by landowners for conservation practices exceed available funds by a 6:1 ratio, and recent decreases in federal funds for applying conservation practices have increased pressure on local and state governments to provide cost-share assistance. The need for application of conservation practices in lake watersheds is recommended in virtually all Minnesota Pollution Control Agency Lake Assessment Programs (LAP). LAP Reports, the Citizens Lake Monitoring Program, secchi disk monitoring, and lake level monitoring have been very popular with lake associations as a way for them to tie water quality issues with land use issues in the watershed.

Since 1977, soil and water conservation districts (SWCDs) have applied conservation practices to the land to improve water quality. Additional funds are needed to accelerate the treatment of known critical impact sites in order to protect lake water quality, one of Minnesota's most valuable economic assets. Lakeshed cost-share, in combination with county water planning, can effectively and efficiently address this need.

The BWSR has provided erosion and sediment cost-share program financial incentives to landowners through SWCDs for conservation practices since 1977. Due to inflation, the purchasing power of the $1.6 million dollar annual allocation for conservation practices has been reduced by 62 percent. In 1993 the legislature created a new $500,000 annual allocation targeted to water quality improvement in the Minnesota River watershed. In similar fashion, lakeshed cost-share would target implementation of conservation practices to Minnesota's vulnerable lake resources.

Installation of riparian buffer strips, animal waste management systems, stormwater basins, shoreland stabilization, and grass waterways in targeted lake watersheds will reduce sediment and nutrient loading to Minnesota lakes. With the exception of animal waste systems, the great majority of conservation practices cost less than ten thousand dollars. This program will pay up to 75 percent of a landowner's cost of installing practices. BWSR proposes that up to 20 percent of the allocation be used for the technical assistance necessary to survey and design the projects, which is consistent with M.S. 103C.501. In addition, demonstration projects for lakescaping and septage disposal sites are envisioned.

The BWSR states, as a position in its strategic plan, that incentives should be a tool available to local governments and that incentives should be offered to land occupiers to create positive attitudes about proper land management.

PROGRAM OUTCOMES:

Lakeshed cost-share will:

- leverage significant sources of volunteer time and funding available through organizations such as sporting clubs, lake associations and other conservation organization;
- take advantage of the investments in environmental education and rely on a voluntary approach, rather than polarizing the issue with a regulatory approach;
- continue the state's contribution to the state-local partnership promoted by the Comprehensive Local Water Planning Act (1985);
- work in protecting pristine waters and in improving lakes already degraded.

LONG-TERM IMPACT:

Nothing says "Minnesota" more than lakes. In 1994, Minnesota tourism was estimated to be a $6.9 billion business. Lakes are the backbone of the tourism industry. In addition, lakes provide substantial local and state tax revenue. For example, sport fishing activities raise $77 million in state income and sales taxes annually.

A modest state investment in repairing critical impact sites will improve the sustainability of not only the tourism industry, but also the livestock, crop production industry, and timber industry.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Water and Soil Resources, Board of
PROGRAM: Water and Soil Resources, Board of
ACTIVITY:

ITEM TITLE: Community Assistance and Education: Conservation Specialists

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$200	$200	$200	$200
- Grants	$-0-	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of $400,000 for the biennium for this initiative, which is the BWSR component of a multi-agency $2.1 million proposal on community assistance and education. The scope of the proposal was coordinated through the Governor's Environmental Cluster. Funding will enable BWSR to provide field staff whose expertise and scientific information will assist local authorities and citizens involved in managing environmental and natural resources.

RATIONALE:

Virtually all of Minnesota's local water plans include education as a key component; however, limited resources (staff time and funding) seem to always go to more immediate, more measurable, projects. However, with the success of the local water planning program, it is incumbent upon BWSR to provide the tools that local governments need to carry out the education goals outlined in their water plans.

This project will add an additional two educational specialists and an intern (and commensurate support staff) to work with the local governments (primarily) and the public in education and communication efforts. Each specialist will focus efforts on (and be physically housed in) a different region of the state: one in southern Minnesota and one in the metropolitan area, complementing our existing BWSR-Minnesota Extension Service (MES) shared education position in northern Minnesota.

These specialists will have a number of responsibilities:

- assisting local government personnel and officials with local efforts to reach and educate various audiences, both on specific program/regulation issues and on general natural resource issues;
- providing education programs and assistance (both program-related and issue-related) targeted at local officials and staff;
- providing a link between state and local governments in their educational efforts, ensuring that state resources are used locally to the greatest extent possible;
- providing training in relevant areas (public speaking, age-appropriate activities, etc.) for local and state personnel; and
- coordinating the efforts of various agencies to ensure coordination and achieve the maximum results from state efforts.

To the extent possible, these specialists will take a river basin approach in their efforts, focusing on issues unique to the various watersheds of the state. Topics that the specialists will cover include erosion control and sedimentation, wetland benefits and values, manure management, urban sprawl and development concerns, forestry, lake and river quality, groundwater protection, and others.

PROGRAM OUTCOMES:

When we invest in education, the immediate impacts are difficult to measure. However, the following results can be expected:

- better educated local staff and officials, resulting in more soundly based natural resource decision-making;
- increased local capabilities to educate and communicate with the public;
- increased public knowledge of specific resource issues and general environmental knowledge;
- a variety of products, such as videos, brochures, fact sheets, etc.;
- increased state and local coordination in educational efforts;
- increased "localization" of education efforts;
- increased understanding of the cause and effect of various practices.

LONG-TERM IMPACT:

As with any education program, the positive results come in the future. The long-term impact of this program will be lower costs in environmental clean-up and government regulation, enhanced soil quality, water quality, and economic and social sustainability.

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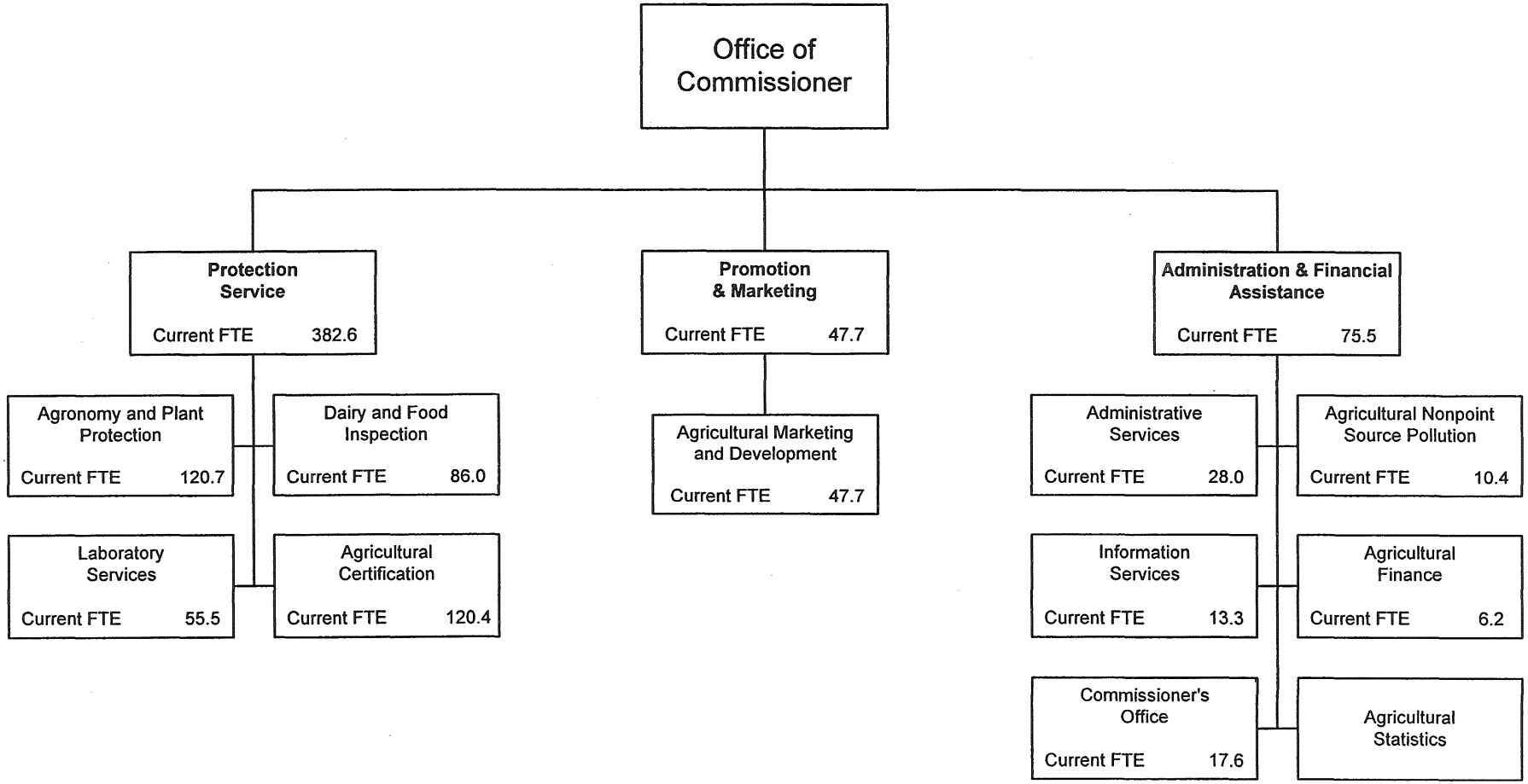
1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: Agriculture, Department of

Department of Agriculture

Organization Chart



June 30, 1996 FTE Employees 505.8

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Agriculture, Department of **Fund:** General

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$13,847	$13,847	$27,694
BASE ADJUSTMENT			
One Time Appropriations	(75)	(75)	(150)
BB - Biennial Appropriations	125	125	250
BL - 1998-99 Comp. Inflation	222	449	671
DOC - Space Rent/Lease Increase/Decrease	18	47	65
BASE LEVEL (for 1998 and 1999)	**$14,137**	**$14,393**	**$28,530**
AGENCY DECISION ITEMS			
Agricultural Liming Materials Fee	26	26	52
Family Farm Payment Adjustment	(170)	(186)	(356)
Agricultural Statistics	8	10	18
Agriculture in the Classroom	5	5	10
Dairy Development & Enhancement	102	106	208
International Trade Opportunities	5	5	10
Agriculture Finance	-0-	10	10
Affirmative Action Officer	50	50	100
AGENCY PLAN (for 1998 and 1999)	**$14,163**	**$14,419**	**$28,582**
GOVERNOR'S INITIATIVES			
Project Unity	1,250	1,250	2,500
Alternate Waste/Feedlot Package	290	290	580
Wheat & Barley Scab Research	800	-0-	800
GOVERNOR'S RECOMMENDATIONS	**$16,503**	**$15,959**	**$32,462**

Base Adjustments:

One time appropriations - grant to the U of M for applied research on odor control at feedlots.
Biennial appropriations - continuation of 2 F.Y. 1996 appropriations: Grant to Passing on the Farm Center - $50,000, and Integrated Pest Management - $75,000.

Brief Explanation of Agency Plan:
The Agency Decision Items are:

- The Agronomy and Plant Protection Division will no longer exempt municipalities that produce and distribute Agricultural Liming Materials from the inspection fees. The costs of providing this service to municipalities is currently not being recovered. To continue the exemption would require significant fee increases for other participants of the program without an increase in inspections.

- The agency will reallocate funds from the Family Farm Security Program, which is decreasing, to fund: a Dairy Development & Enhancement Specialist, International Trade Opportunities for Minnesota, increase funding for the Ag in the Classroom Program, hiring an Affirmative Action Officer for the agency, funding printing costs for the Agricultural Statistics Programs, and increasing funding for technical support issues for the Aggie Bond Program in the Agriculture Finance Program.

Revenue Summary:
Agricultural Liming Materials fees will increase by $26,000 per year.

Affected Statutes:
- Agricultural Liming Materials: M.S. 18C.531, subdivision 2 and M.S. 18C.551; repealing M.S. 18C.541, subdivision 6.
- Proposed amendments will be in agency legislation.

GOVERNOR'S RECOMMENDATION:
The Governor concurs with the agency plan and further recommends the following 3 initiatives:

- Project Unity, an electronic information management system to modernize the agency's management system. In addition to the General Fund appropriation, the Governor recommends up to $250,000 from dedicated sources allocated through their indirect cost plan, only if the allocation does not result in fee increases.

- Alternate waste and feedlot package to develop a scientific data base on odor from feedlot operations. Conduct research and demonstrations of technologies for biofilters as odor suppressants, and composting animal mortalities. Evaluate drainage systems for effectiveness, cost, and maintenance, and testing for pathogen survival and transmission in various approaches to manure management.

- Wheat and barley scab research to provide matching funds with the industry and or producers for a combined total research package of not less than $1.6 million for development of scab-resistant varieties of wheat and barley.

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Agriculture, Department of **Fund:** Special Revenue - Direct Appropriations

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$9,472	$9,472	$18,944
BASE ADJUSTMENT			
1997 Salary Supplement Transfers	216	216	432
1998-99 Compensation Inflation	145	293	438
DOC - Space Rent/Lease Increase/Decrease	5	12	17
BASE LEVEL (for 1998 and 1999)	**$9,838**	**$9,993**	**$19,831**
AGENCY DECISION ITEMS			
Dairy Services Fee Increase	229	229	458
Seed Potato Reduction	(63)	(63)	(126)
Promotion Councils Reduction	(51)	(51)	(102)
Fruit & Vegetables Reduction	(138)	(138)	(276)
Fertilizer LCMR Match	50	-0-	50
Agric. Land Preservation LCMR Match	115	-0-	115
Fert. Fee Increase for Nonpoint Pollution	263	263	526
AGENCY PLAN (for 1998 and 1999)	**$10,243**	**$10,233**	**$20,476**
GOVERNOR'S INITIATIVES			
Water Monitoring Initiative	250	250	500
GOVERNOR'S RECOMMENDATIONS	**$10,493**	**$10,483**	**$20,976**

Brief Explanation of Agency Plan:
The Agency Decision Items are:

- Agronomy and Plant Protection will increase fertilizer inspection fees to recover costs. This will generate $213,000 in additional revenue per year. Expenditures will increase by $263,000 per year.
- Agronomy and Plant Protection requests $50,000 in F.Y. 1998 from the fertilizer inspection account reserve as match monies for a grant from the Environmental Trust Fund for nitrate testing clinics.
- Agricultural Certification will decrease spending in the Seed Potato and Fruit and Vegetable accounts to bring expenditures in line with revenues.
- Agricultural Marketing and Development proposes a reduction in the promotion council appropriation base. The current budget exceeds projected needs for the 1998-99 biennium.
- Dairy and Food Inspection will adjust or increase the Dairy Services fee to more fairly distribute the cost of inspection services based on dairy herd size and type of processing facility. The net increase will be $229,000 per year.
- Agricultural Marketing and Development will receive $115,000 from the Minnesota Conservation Fund as match monies to evaluate the effectiveness of Minnesota's agricultural land preservation program.

Revenue Summary:
Increases in fees will result in the following:

- Fertilizer Inspections fees - $213,000 per year
- Grain Buyers License fees - $85,000 per year
- Dairy Services fees - $229,000 per year

Affected Statutes:
- Fertilizer fees: amends M.S. 1996, sections 18C.531, subdivision 2 and M.S. 18C.551. Repeals M.S. 1996 section 18C.541, subdivision 6.
- Grain Buyers fees: amends M.S. 1996, section 223.17, subdivision 3.
- Dairy Services fees: amends M.S. 1996, section 32.394, subdivision 8, 8a, 8b, and 8d.
- Proposed amendments will be in agency legislation.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan and further recommends the following initiative:

- Expand the water monitoring program to reflect the state's diverse agricultural regions and to assess trends and pesticide management plan effectiveness.

1998-99 Biennial Budget
Agency Budget Brief
($ in thousands)

Agency: Agriculture, Department of

Fund: Environmental

Summary of Agency Actions:

	F.Y. 1998	F.Y. 1999	F.Y. 98-99
BASE-YEAR (F.Y. 1997)			
Appropriations (F.Y. 1997)	$269	$269	$538
BASE ADJUSTMENT			
	-0-	-0-	-0-
BASE LEVEL (for 1998 and 1999)	**$269**	**$269**	**$538**
AGENCY DECISION ITEMS			
	-0-	-0-	-0-
AGENCY PLAN (for 1998 and 1999)	**$269**	**$269**	**$538**
GOVERNOR'S INITIATIVES			
	-0-	-0-	-0-
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 RECOMMENDATION:

The Governor concurs with the agency's plan.

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 program areas protect public health and safety, preventing fraud in the manufacture and distribution of food, animal feeds, fertilizers, seeds, pesticides and similar items. In addition a safe and wholesome food supply is secured by the administration of inspection and regulatory programs that encompass production, processing and consumption.

The Agricultural Marketing and Development program develops and promotes markets for agricultural products and also assist in the development of improving agricultural practices.

The Administration program is responsible for providing department wide support services, including administration, personnel, office management, information services, accounting, Rural Finance Authority activities, and nonpoint source pollution activities.

AGENCY ISSUES:

The major issues affecting changes in the budget of the MDA are related to the agency reorganization. This reorganization was implemented after extensive surveys of employee attitudes, interviews with agency clients, and outside observance from the Department of Administration. The reorganization resulted in combining the number of divisions from 14 to 9. This was done to promote efficiency in the department and to better serve the clients of the MDA. The results of the reorganization will have an affect on the agency budget. Many programs have been transferred to new combined divisions. The new divisions include:

Agronomy and Plant Protection
Dairy and Food Inspection
Laboratory Services
Agriculture Certification
Agriculture Marketing and Development
Administrative Services
Information Services
Agricultural Finance
Commissioner's Office

In addition to the reorganization of the department, there are many other issues which profoundly affect agriculture and, subsequently, the policies, programs and budgets of the department. These issues include:

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. It is important to provide Minnesota's farmers with the information and opportunities necessary to maintain or expand their operations to meet their future needs as well as the needs of the industry. There are financial challenges in all areas of agriculture and it is important for the department to provide direction and assistance whenever possible to maintain a strong base for Minnesota agriculture.

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 being taken out of agriculture production. 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 and its importance to Minnesota's economy.

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 to insure Minnesota's share does not continue to drop.

Changes in Federal Farm Policy. The Federal Agriculture Improvement and Reform Act of 1996 will have dramatic impacts on Minnesota farmers. The impacts of this act are as of yet unknown, however it represents a unique opportunity for Minnesota farmers to meet the needs of market demands and to be more creative with presented market opportunities.

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.

Feedlot and Manure Management Advisory Committee (FMMAC). The department, in partnership with the Minnesota Pollution Control Agency (MPCA), has provided staff support to the Feedlot and Manure Management Advisory Committee. In addition to providing valuable advice to both agencies on several feedlot issues, the FMMAC has established an odor subcommittee to develop recommendations on research, management and regulatory issues regarding feedlot odors. The department also had

had 2 handbooks prepared to assist local governments engaged in planning and zoning efforts to address livestock and agricultural land preservation issues. Department staff conducted 10 workshops to assist local governments understand and use the processes contained in the handbooks.

Minnesota River Agriculture Team (MnRAT). In the area of agricultural environmental outreach, a major recent activity was the funding, with direction by the department-organized Minnesota River Agriculture Team, of a project conducted by the University of Minnesota which organized existing agricultural water quality-related research by "agroecoregions," identified additional research needs, developed an educational guide for programs relating to agriculture and water quality and analyzed the strengths and needs for current water quality models, all for the Minnesota River Basin.

FOOD SAFETY AND QUALITY. Consumers will continue to demand a quality food supply whose safety can be documented and maintained. This will require new programs such as the adoption of the federally developed uniform food code and the implementation of hazard analysis critical control point (HACCP) concepts as part of the regulatory program. These are programs which will be based on cooperative efforts between regulatory agencies and industry to establish a system capable of documenting the safety and wholesomeness of all food products from production through manufacture, packaging and distribution. This will be accomplished through inspections, audits and product analysis.

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 products industry, a large proportion of several major commodities are exported raw from the state for processing both domestically and internationally. 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.

EXPANSION OF MINNESOTA'S ETHANOL INDUSTRY. Demand for ethanol continues to exceed Minnesota's production capacity. Eight production facilities currently exist in the state, and 3 more are now under construction. The new facilities will dramatically increase production. Projected production in F.Y. 1997 and 1999 is expected to be 2 and 3 times greater, respectively, than in 1995. Payments from the Producer Payment Fund for F.Y. 1994 were $4.796 million; for F.Y. 1995, $6.46 million; and for F.Y. 1996, $10.799 million. For the F.Y. 1998-99 biennium, an increase of $24 million is needed above the $25 million appropriation cap for the 1996-97 biennium. This appropriation will allow for plant construction and expansions that will provide the state with 178 million gallons of production capacity. This appropriation will allow the agency to provide a 20 cent per gallon subsidy in accordance with statutory requirement to existing production facilities and for facilities presently in a phase of construction. These production increases may require an increase in payments from the fund in the 2000-2001 biennium. Thereafter, the demand for payments will decline until the program sunsets 6-30-2010.

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. 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. Funding for research in this area was appropriated in the last biennium as well. Continued on-going funding is needed to find a solution to wheat and barley scab, and eliminate this devastating plant disease.

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.

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 Agency 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.

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 information policy plan, Project Unity, is an ongoing information request for the agency to bring the MDA into the 21st century with regard to information management. The project would ensure that all MDA staff, whether in the field or in the central office, are linked together through an enhanced network system, and can share data and information not only with supervisors and with each other; but with counterparts in other government agencies and private companies as well as with the general public.

Another area of expenditure would involve initiatives which would contribute to the possible growth of the dairy or livestock industries.

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.

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 department is also proposing several new legislative initiatives to implement its budget strategy. These include enabling legislation that would call for increasing fee revenues to recover costs.

The department's Agency Performance Report (APR), dated November, 1996, contains more information on expected results and outcomes. 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% ($23.2 million per year) of the budget for the Department of Agriculture. The major income generating fees for the department are from pesticide registration ($4.9 million per year) and the grain inspection ($3.9 million per year). An overall summary of department fee revenue is as follows:

General Funds - $3.4 million per year.

Special Revenue Funds - $18.3 million per year.

The department anticipates federal funds of $1.5 million.

The department has proposed fee increases in the areas of fertilizer inspection, dairy services inspections, liming materials, grain buyer's licenses and a commercial feed law revision.

SUMMARY OF BUDGET REQUEST:

Ethanol Producer Payment Forecast: Ethanol Producer payments are forecast to almost double in the 1998-99 biennium from the $25 million legislative cap on the 1996-97 appropriation. The forecast amount for the 1998-99 biennium is $49.059 million. In the current biennium, the unexpended balance of the $25 million appropriation cap is projected to be deficient by $2 million for F.Y. 1997 producer payments. This will require the fourth quarter payments to be prorated as provided in Laws of Minnesota for 1995, Chapter 220, Sec. 7, Subd. 3.

	F.Y. 1998	F.Y. 1999
Agency Decision Items: General Fund		
Agricultural Liming Materials	$26,000	$26,000
Agency Reallocation: General Fund		
Family Farm Security Program	($170,000)	($186,000)
Dairy Development & Enhancement Specialist	$102,000	$106,000
International Trade Opportunities	$5,000	$5,000
Ag in the Classroom	$5,000	$5,000
Agriculture Statistics	$8,000	$10,000
Affirmative Action Officer	$50,000	$50,000
Agriculture Finance	$-0-	$10,000
Total	-0-	-0-
Requested Fee Change:		
- Agricultural Liming Materials: $26,000 per year		
Agency Decision Items: Special Revenue		
Fertilizer Inspection Services		
Increase in services costs.	$263,000	$263,000
Fertilizer Inspection Account		
LCMR Match monies for nitrate clinics.	$50,000	$-0-
Seed Potato Inspection Decrease	($63,000)	($63,000)
Reduce expenditures to bring in line with revenue.		
Fruit & Vegetables Inspection	($138,000)	($138,000)
Reduce expenditures to bring in line with revenue.		
Dairy Services Fee	$229,000	$229,000
Increase and adjust fees based on dairy herd size and processing facility size.		
Promotion Councils	($51,000)	($51,000)
Reduce appropriations to expenditure levels.		
Agricultural Land Preservation -		
Match monies for Future Resources Fund grant.	$115,000	$-0-
(Funding for this item is requested from the Minnesota Conservation Fund.)		

Requested Fee Changes

- Grain Buyers License Fees: $90,000 per year
- Eliminate duplicate grain warehouse license fees: $(5,000)
- Fertilizer Inspection Fees: $213,000 per year
- Dairy Services Fees: $229,000 per year

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan. In addition, the Governor recommends funding the following initiatives:

Project Unity - General Fund $1,250,000 $1,250,000
- Special Revenue - Statutory $250,000 $250,000

This will allow the agency to design and implement a comprehensive information management system to meet the challenges it faces of managing information and communicating with staff and customers. Funding from the Special Revenue Fund is recommended, providing the expenditure does not result in fee increases.

Water Quality Monitoring - Special Revenue $250,000 $250,000

This appropriation from the Pesticide Regulatory Account in the Special Revenue Fund will allow expansion of the agency's surface and ground water monitoring for pesticides in watersheds and of specific landforms particularly sensitive to pesticide contamination. Data gathered from monitoring will facilitate the assessment of trends and effectiveness of pesticide management plans.

Alternative Waste Feedlot Package - General Fund $290,000 $290,000

This will provide information needed by researchers, agricultural professionals and producers to be able to manage manure in an environmentally responsible and scientifically-based manner. It will also provide information for evaluation and selection of odor management systems. In addition, it will provide information to local governments planning to implement policies and standards that support the local livestock industry while minimizing conflicts.

Wheat and Barley Scab Research - General Fund $800,000 $-0-

This will provide needed funding for the University of Minnesota to continue research into developing resistant varieties, developing a sound scab resistant management program and providing information to growers and food processors on the effects of scab impacted grain. Industry will provide match funds of $800,000.

The Governor concurs with the agency forecast for ethanol payments which, on a biennial comparison, almost doubles the Ethanol Producer Payment appropriation from $25 million to over $49 million. Current law states if a plant is not in production by June 30, 2000, it is not eligible for state producer

payments. The Governor recommends the closure date of the program be accelerated to June 30, 1998 because of the early success of the program.

The Governor does not recommend increasing the $25 million appropriation cap for the 1996-97 biennium to fund the projected shortfall. However, if feasible, it is recommended that the shortfall be amortized over the entire 1997 fiscal year, rather than the fourth quarter, to lessen the financial impact of the shortfall on facilities which did not qualify for payments in all four quarters of the year. An appropriation rider is recommended to authorize this one-time exception.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
PROTECTION SERVICE	24,855	24,890	25,774	26,291	27,341	26,049	26,366	26,616
AGRIC MARKETING & DEVELOPMENT	14,543	17,954	27,419	27,846	27,846	28,978	28,942	28,942
ADMIN & FINANCIAL ASSISTANCE	11,977	18,404	16,716	16,703	18,493	16,782	16,767	18,557
TOTAL EXPENDITURES BY PROGRAM	51,375	61,248	69,909	70,840	73,680	71,809	72,075	74,115
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				150	150			
GENERAL	13,712	14,997	14,137	14,163	16,503	14,393	14,419	15,959
MINNESOTA RESOURCES	820	157		350	350			
STATE GOVERNMENT SPECIAL REVENUE	168							
SPECIAL REVENUE	9,095	9,436	9,838	10,243	10,493	9,993	10,233	10,483
ENVIRONMENTAL	230	269	269	269	269	269	269	269
OPEN APPROPRIATIONS:								
GENERAL	10,799	14,201	23,399	23,399	23,399	25,660	25,660	25,660
STATUTORY APPROPRIATIONS:								
PUBLIC FACILITIES AUTHORITY	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000
SPECIAL REVENUE	10,527	9,726	9,132	9,132	9,382	9,138	9,138	9,388
FEDERAL	1,400	1,621	2,252	2,252	2,252	1,489	1,489	1,489
ENVIRONMENTAL	120	234	779	779	779	779	779	779
AGENCY	355	2	2	2	2	2	2	2
GIFT	82	145	101	101	101	86	86	86
TOTAL EXPENDITURES	51,375	61,248	69,909	70,840	73,680	71,809	72,075	74,115
FTE BY EMPLOYMENT TYPE:								
REGULAR	484.7	507.4	508.8	515.2	522.2	508.8	515.1	522.1
TEMP/SEAS/PART_TIME	21.1	11.6	11.3	11.3	11.3	11.1	11.1	11.1
TOTAL FTE	505.8	519.0	520.1	526.5	533.5	519.9	526.2	533.2

1998-99 Biennial Budget
Agency Level Revenue Summary

Agency: Agriculture, Department of

REVENUE SOURCES:

The Department of Agriculture generates dedicated, non-dedicated, and federal revenue. Dedicated and non-dedicated revenue are generated through inspection fees, license fees, application fees, fees for service, interagency agreements for services provided, and interest earnings.

In the 1996-97 biennium, the department generated a total of $73.049 million in revenue. Approximately 10% of these revenues are non-dedicated.

FEE STRUCTURE:

Fees are collected from industries regulated by the agency through the licensure and inspection of food and agricultural products to protect the public health and safety.

The majority of fees collected by the agency are through pesticide regulatory programs. These programs focus on human health and environmental protection -- particularly groundwater protection. Fees are generated through product registration, applicator testing, licensing and facility permitting fees.

The next largest group of fees collected is in the grain inspection program. These fees are collected for grain inspection and weighing services provided by the agency. The agency is the designated Federal Grain Inspection Agent for the state of Minnesota. These inspections allow the state producers to export their grain products.

Another large group of fees collected are in Dairy and Food Inspection Division, which include the Minnesota Consolidated Licensing Law and Dairy Inspection Services. The Minnesota Consolidated Licensing Law assesses fees for food handlers who produce, process, package, label, handle, distribute and/or sell food in the state of Minnesota. The Dairy Inspection Services assesses fees on all participants in the dairy production chain. This includes dairy farmers, dairy haulers and dairy processing plants.

RECENT CHANGES:

None.

FORECAST BASIS:

Overall revenue is expected to remain fairly stable.

DECISION ITEMS:

The agency is requesting fee increases for the following:

Agricultural Liming Materials will be increased $26,000 per year. This increase extends the fee to municipalities that are receiving inspection services. Municipalities produce agricultural liming materials as by-product of their waste water treatment facilities. This is a non-dedicated fee.

Fertilizer Inspection will be increasing fees $213,000 per year. This increases tonnage fees 10 cents a ton. This is needed to finance an increase in fertilizer inspection services.

Grain Buyers License will be increasing fees $90,000 per year. Grain Buyers license fees are based on the volume of grain bought. This increase will recover costs of the program. Eliminate duplicate grain warehouse license fees. This will reduce fees by $5,000 per year.

Dairy Services fees will be increasing $229,000 per year. This fee is adjusting or increasing fees to more evenly distribute fees based on the number of cows in a dairy operation and to recover the cost of the agency decision item to increase the level of dairy services.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998 Forecast	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Forecast	FY 1999 Agency Plan	FY 1999 Governor Recomm.
NON-DEDICATED REVENUE:								
DEPARTMENTAL EARNINGS:								
CAMBRIDGE DEPOSIT FUND	2,935	2,974	2,976	3,002	3,002	2,976	3,002	3,002
OTHER REVENUES:								
GENERAL	13	27	27	27	27	27	27	27
OTHER SOURCES:								
GENERAL	1,010	400	200	200	200	200	200	200
TOTAL NON-DEDICATED RECEIPTS	3,958	3,401	3,203	3,229	3,229	3,203	3,229	3,229
DEDICATED RECEIPTS:								
DEPARTMENTAL EARNINGS:								
SPECIAL REVENUE	16,974	15,975	16,200	16,648	16,648	16,174	16,622	16,622
GRANTS:								
PUBLIC FACILITIES AUTHORITY	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000
SPECIAL REVENUE	33	41	41	41	41	41	41	41
FEDERAL	1,246	1,531	2,234	2,234	2,234	1,459	1,459	1,459
OTHER REVENUES:								
SPECIAL REVENUE	2,045	1,808	1,818	1,818	2,068	1,807	1,807	2,057
ENVIRONMENTAL	105	85	47	47	47	45	45	45
DEBT SERVICE	6	3						
RURAL FINANCE ADMINISTRATION	2,278	2,545	3,120	3,120	3,120	3,851	3,851	3,851
GIFT	102	90	104	104	104	89	89	89
OTHER SOURCES:								
SPECIAL REVENUE	442	484	604	604	604	636	636	636
RURAL FINANCE ADMINISTRATION	2,950	2,418	2,841	2,841	2,841	3,405	3,405	3,405
AGENCY		2	2	2	2	2	2	2
TOTAL DEDICATED RECEIPTS	30,248	35,442	37,011	37,459	37,709	37,509	37,957	38,207
AGENCY TOTAL REVENUES	34,206	38,843	40,214	40,688	40,938	40,712	41,186	41,436

1998-99 Biennial Budget
Federal Funds Summary
($ in Thousands)

Agency: Agriculture, Department of

The agency received $1.4 million in federal funds in F.Y. 1996. This represents about 3% of agency operating funds. The majority of federal funds are received by 2 divisions: Agronomy and Plant Protection Division and Dairy and Food Inspection Division.

The agency participates in cooperative relationships with various federal agencies. This reduces duplication of efforts and establishes good communications between our agency and federal counterparts in several of our programs.

The main change in program funding within the past year was increased funding for the Pesticide Enforcement grant. Several additional small grants were received and several small grants were discontinued.

Areas of future funding risks may be with the Environmental Protection Agency (EPA) grants for Federal Insecticide, Fungicide and Rodenticide Act. EPA is considering changing into state block grants rather than the current agency by agency grants.

The Agricultural Marketing and Development has applied for special smaller grants. However, the sum of these grants is over $700,000. These are one-time grants and will result in a one-year increase of federal funds to the agency. These grants are for sustainable agriculture, market analysis, and market development.

An additional grant that has been applied for is for Pesticide Record Keeping Program.

1998-99 Biennial Budget
Federal Funds Summary
($ in Thousands)

Agency: Agriculture, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Ag Stats - Fed COOP Agreement	No	SO	20	30	30	30
Egg and Egg Products	No	SO	44	49	49	49
Mandatory Egg Products	No	SO	18	18	18	18
Pesticide Enforcement	Yes	SO	422	500	500	500
Food Inspection - Federal	No	SO	31	48	48	48
Medicated Feed Inspection	No	SO	9	12	12	12
Pesticide Applicators	Yes	SO	46	74	74	74
Farmer's Market Nutrition Program	Yes	SO	179	205	205	205
New Legumes for ESAP	No	SO	5	8	8	8
Egg and Poultry Laboratory Analysis	No	SO	124	121	100	100
Plant Pest Survey	Yes	SO	-0-	15	15	15
Lake Harriet - Section 319	Yes	SO	45	50	50	50
FSMIP Meat Marketing	No	SO	-0-	29	29	29
Custom Exempt Meat Inspection	No	SO	96	96	96	96
DHS Marshall County Flood	No	SO	-0-	5	-0-	-0-
Whole Farm Planning	No	SO	0	0	65	0
CCC Warehouse Examination Fee	No	SO	128	128	128	128
Hog Production Options	No	SO	-0-	-0-	15	-0-
Fish and Fish Product Inspection	No	SO	23	50	50	50
Livestock Marketing Options	No	SO	-0-	-0-	70	-0-
Rural Community Development	No	SO	-0-	-0-	75	-0-
Pesticide/Groundwater Grant	Yes	SO	5	5	5	5

1998-99 Biennial Budget
Federal Funds Summary (Cont.)
($ in Thousands)

Agency: Agriculture, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Clean Water PCA Grant	Yes	SO	43	42	42	42
Endangered Species Maps	Yes	SO	8	-0-	-0-	-0-
Karnal Bundt Survey	No	SO	-0-	46	-0-	-0-
Improving Meat Marketing in Minnesota	No	SO	-0-	-0-	80	-0-
Vegetable Diversification	No	SO	-0-	-0-	70	-0-
Consumer Preference for Minnesota Products	No	SO	-0-	-0-	45	-0-
Consumer Demand for Organic Foods	No	SO	-0-	-0-	80	-0-
Pesticide Training - SE Asian Farmers	No	SO	-0-	-0-	30	-0-
Value Added Wild Rice Products	No	SO	-0-	-0-	50	-0-
Developing Biomass Energy in Minnesota	No	SO	-0-	-0-	80	-0-
Increasing Organic Production	No	SO	-0-	-0-	55	-0-
Aquaculture Market Development	No	SO	-0-	-0-	20	-0-
Pesticide Record Keeping Program	Yes	SO	-0-	-0-	40	-0-
Total Federal Direct			1,246	1,531	2,234	1,459
Federal Indirect - Special Revenue			129	204	204	204
Agency Total			1,375	1,735	2,438	1,663

Key:

SO - State Operations
GPS - Grants to Political Subdivisions
GI - Grants to Individuals

PROGRAM: Protection Service
AGENCY: Agriculture, Department of

PROGRAM DESCRIPTION:

The mission of this program is to develop, administer and coordinate regulatory service programs which support and protect producers, processors, distributors and consumers of Minnesota agricultural products. This is accomplished through programs which apply state, federal or local laws and regulations associated with health, safety quality, labeling and environmental protection.

Activities of this program involve four divisions: Agronomy and Plant Protection, Agricultural Certification, Dairy and Food Inspection and Laboratory Services. These divisions regulate and service the diversified industries which produce, process and distribute Minnesota's agricultural products. Through their oversight, analysis and related regulatory activities they provide for the production, processing and distribution of safe, wholesome and properly represented agricultural products produced in a manner that will provide proper environmental protection.

Consumer protection is provided through activities which oversee and audit proper product composition and labeling, prevention and cleanup of environmental problems, analysis of product quality and composition, sanitary inspections of production, processing and distribution facilities and certification of product safety and quality.

These objectives are accomplished through a diversity of programs and activities:

- Cooperation with federal agencies to administer and enforce the Federal Insecticide, Fungicide and Rodenticide Act; Federal Seed Act; Food, Drug and Cosmetics Act; Organic Act; Code of Federal Regulations and numerous other state and federal laws associated with environmental regulation.
- Administration of environmental protection program associated with the proper handling and use of pesticides and fertilizer which range from service oriented activities and training to inspection and enforcement.
- Prevention and control of pests which affect agricultural products and urban environments through monitoring, education and eradication.
- Certification services which provide for the inspection and analysis of agricultural and horticultural commodities and products to assure quality, promote effective marketing and uniform product representation whether in intrastate, interstate or international commerce.
- Provide licensing and inspection programs which will protect the safety of food products, from producer to consumer, by documenting regulatory outcomes and product compliance.
- Document the composition, quality and wholesomeness of agricultural products through product testing and laboratory analysis.
- Provide the product sampling and laboratory analysis as necessary to respond to environmental and product safety emergencies which may impact public health and safety.

The clientele for these activities include farmers, manufacturers, processors, distributors, retailers, exporters and consumers of agricultural products.

PROGRAM STATUS:

The Protection Services program was reorganized to combine Agronomy Services and related activities from Plant Protection to form the new Agronomy and Plant Protection Division. The combining of Food Inspection and the Dairy Inspection portion of Dairy and Livestock formed the new Dairy and Food Inspection Division. A number of similar service and certification programs from Livestock, Plant Protection, Grain Licensing and Auditing, and Grain Inspection were combined to form the new Agricultural Certification Division. Through these changes it is anticipated that department clientele can be served in a more efficient manner. Efficiencies of service will be enhanced through the development and implementation of Project Unity, the computerization project proposed by the department. Programs and opportunities provided by Project Unity will strengthen the department's ability to serve its clientele and to enhance consumer confidence in Minnesota's agricultural products. Reorganized divisions will be better positioned to not only serve their regulatory clientele but to serve the many customers of Minnesota's vast array of agricultural products.

Environmental impacts of nitrogen on ground water quality as well as phosphorus and pesticides impact on surface water present challenges for Minnesota's agriculture and environment which must be continually strengthened and addressed in all areas of this program.

Revenues and expenses associated with grain inspection have been organized so the financing of past deficits can be repaid and future services provided from self-sustaining revenue resources.

The movement to and application of risk-based inspection programs associated with the adoption of Hazard Analysis Critical Control Point (HACCP) systems will be an important step to strengthening consumer confidence as will the adoption and implementation of the Uniform Food Code.

The rapid advance of biotechnology will necessitate activity revisions in many areas of this program to accommodate new products and processes being adopted by agricultural industries.

The Laboratory Services Division currently provides the analytical support services necessary for this program area. Future technological changes and demands will have to be met in order to satisfy changing clientele needs and to document product safety and compliance.

PLANNED RESULTS:

Some adjustments in funding levels in all activities in this program area will have to be made to meet current and anticipated levels of activity. This is especially true for the dairy inspection program which, because of a number of changes in the budget and program responsibilities, will have a significant budget shortage.

The agency budget plan will allow the reported performance measures from the 1996 Annual Performance Report to be accomplished. Key indicators and results that can be accomplished within projected base level funding include:

- Spending for waste pesticide collection will be accelerated in 1998 and 1999 to provide for the collection and disposal of 50% of the waste pesticides identified by the department by 2002.

- Close 70 Voluntary Cleanup Technical Assistance Program (VCTAP) sites by the year 2000.
- Discover, investigate and clean up 130 non-emergency point source sites by the year 2002.
- Increase annually the number of ground water landscapes and streams of primary watersheds monitored for agricultural chemicals.
- Obtain 95% compliance to current good manufacturing practices for all commercial medicated feed manufacturing facilities inspected.
- Treat 100% of all Gypsy moth infestations detected to prevent their establishment in Minnesota.
- Inspect 100% of the nurseries receiving out-of-state stock to prevent the introduction of pests.
- Examine 100% of buy and store grain elevators and 70% of storage warehouses each year to reduce the economic risk to customers using these facilities.
- Monitor at least 90% of the livestock markets each year for compliance with licensing and bonding regulations.
- Provide grain quality reports to grain sellers and buyers by the next business day for at least 95% of the samples received annually.
- Dairy production and processing facility inspections will not exceed 105% of those required and will have an initial compliance rate of at least 95% by the end of 1998.
- At least 95% of all inspected food facilities will receive a passing rating on their initial inspection by the end of F.Y. 1998.

BUDGET AND REVENUE SUMMARY:

This program area generates and receives dedicated and non-dedicated revenue but an important consideration of this program has always been the value of services it provides to all the citizens of Minnesota.

Summary of the agency's plan is as follows with additional details provided at the budget activity level:

- **LCMR project: Nitrate Education and Testing $150,000.** This is an LCMR recommendation from the Environmental Trust Fund to the department to conduct nitrate testing clinics. The LCMR is requiring an agency match of $50,000 which the agency is requesting be appropriated from the Fertilizer Inspection Account.
- **Agricultural Liming Materials Law.** Apply tonnage and licensing fees uniformly to all agricultural lime material producers increasing revenues and expenditure authority by $26,000 annually. A separate legislative initiative has been submitted.
- **Fertilizer Inspection Account.** A proposed increase in fertilizer inspection fees to generate $213,000 additional revenue with an increase in expenditure authority request of $263,000 annually for increased effort on water quality protection. A separate legislative initiative has been submitted.
- **Seed Potato Reduction.** Expenditures related to seed potato inspection will be reduced by $63,000 annually to bring them in line with revenue.
- **Fruit and Vegetable Reduction.** Expenditures related to fruit and vegetable inspection will be reduced by $138,000 annually to bring them in line with revenue.
- **Wholesale Food Processor/manufacturer License Fees.** The license fee schedule for food processors and manufacturers will be adjusted to more fairly distribute costs by adding 1 lower fee bracket and 1 higher fee bracket resulting in a revenue increase of $5,000. A separate legislative initiative will be submitted.
- **Dairy Services Fees.** Fees will be adjusted and increased to more fairly distribute the cost of inspection services based on herd size and type of processing facilities. This change will increase revenue by an estimated $229,000. A separate legislative initiative will be submitted.

GOVERNOR'S RECOMMENDATION:

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

- $500,000 from the Pesticide Regulatory Account to accelerate monitoring of surface and ground water for agricultural chemicals.
- $800,000 from the General Fund to match non-state funding for wheat and barley scab research.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
AGRONOMY & PLANT PROT	9,531	10,275	10,895	11,384	12,434	10,991	11,280	11,530
DAIRY & FOOD INSPECTION	4,619	4,579	4,657	4,886	4,886	4,746	4,975	4,975
LABORATORY SERVICES	3,556	3,767	3,751	3,751	3,751	3,821	3,821	3,821
AGRICULTURAL CERTIFICATION	7,149	6,269	6,471	6,270	6,270	6,491	6,290	6,290
TOTAL EXPENDITURES BY ACTIVITY	24,855	24,890	25,774	26,291	27,341	26,049	26,366	26,616

AGENCY PLAN ITEMS:	FUND					
LCMR NEW ALLOCATIONS	EVT	150				
AGRIC LIMING MATERIALS FEES	GEN	26		26		
DAIRY SERVICES FEE INCREASE	SR	229		229		
SEED POTATO REDUCTION	SR	<63>		<63>		
FRUIT & VEGETABLES REDUCTION	SR	<138>		<138>		
FERTILIZER LCMR MATCH	SR	50				
FERT FEE INC FOR NONPOINT POLLUTION	SR	263		263		
TOTAL AGENCY PLAN ITEMS		517		317		

GOV'S INITIATIVES:	FUND					
(B) WATER MONITORING INITIATIVE	SR		250			250
(B) WHEAT & BARLEY SCAB RESEARCH	GEN		800			
TOTAL GOV'S INITIATIVES			1,050			250

EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				150	150			
GENERAL	6,966	6,685	6,780	6,806	7,606	6,928	6,954	6,954
MINNESOTA RESOURCES	90							
STATE GOVERNMENT SPECIAL REVENUE	168							
SPECIAL REVENUE	8,976	9,295	9,646	9,987	10,237	9,801	10,092	10,342
ENVIRONMENTAL	230	269	269	269	269	269	269	269
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	6,782	7,082	7,070	7,070	7,070	7,070	7,070	7,070
FEDERAL	1,168	1,325	1,230	1,230	1,230	1,202	1,202	1,202
ENVIRONMENTAL	120	234	779	779	779	779	779	779

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
AGENCY	355							
TOTAL EXPENDITURES	24,855	24,890	25,774	26,291	27,341	26,049	26,366	26,616
FTE BY EMPLOYMENT TYPE:								
REGULAR	364.4	385.1	385.8	390.2	393.2	385.8	390.1	393.1
TEMP/SEAS/PART_TIME	18.2	10.8	10.8	10.8	10.8	10.8	10.8	10.8
TOTAL FTE	382.6	395.9	396.6	401.0	404.0	396.6	400.9	403.9

BUDGET ACTIVITY: Agronomy and Plant Protection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of (MDA)

ACTIVITY DESCRIPTION:

The mission of this division is to serve and protect the citizens of Minnesota, and the state's agriculture, environment, and economy through education, technical assistance, certification, and regulation. The mission of this division is expanded as a result of the transfer of the pest management, nursery inspection and phytosanitary certification programs of the former Plant Protection Division to the former Agronomy Services Division.

Statutory authority for regulatory and service functions is found in 9 activity areas: 1) Pesticide; 2) Fertilizer; 3) Agricultural best management practices; 4) Commercial feed; 5) Nursery inspection; 6) Phytosanitary certification; 7) Protection of unwanted plant pests; 8) Seed; and 9) Noxious weed. These programs, largely fee supported, address truth in-labeling consumer protection issues while incorporating enhanced public health and environmental protection efforts. Important program areas include establishing and promoting voluntary measures and enforcing regulations to provide for increased efficiency of agricultural production and environmental protection. Still basic to these functions, however, are educating clientele, facility inspections and product sampling. The federal government delegates to this division authority for administration of the Federal Insecticide, Fungicide, and Rodenticide Act, the Federal Seed Act, the Food, Drug and Cosmetic Act and the Organic Act for Phytosanitary Certification.

The division licenses a variety of pesticide and fertilizer applicators and companies and permits agricultural chemical facilities. 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. Rules for improved bulk fertilizer facilities are currently being updated. 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 dedicated surcharges on pesticide and fertilizer licenses and registrations, provides reimbursement for clean-up costs up to $189,000 per incident. A five member board authorizes reimbursement. Clean-ups are conducted with MDA oversight. Some contaminated sites qualify for use of Minnesota Environmental Response and Liability Act (MERLA) funds.

Programs for the collection of waste pesticide and for pesticide container recycling are in place throughout Minnesota. 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 to reduce potential health or environmental impacts.

The division is charged with the responsibility to protect water resources from agricultural chemical contamination and to strive towards preventing degradation of water resources. 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 are supported by a monitoring program that incorporates an increasing degree of local partnerships. Implementation of programs to address surface and ground water protection from nutrients and pesticides remain a high priority.

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. The division anticipates increased attention of the feed producers to food safety concerns.

The monitoring and management of plant pests is a proactive measure to prevent the establishment of serious pests in Minnesota's environment. Current plant protection programs have effectively addressed proven plant and tree pests in Minnesota, however, very recent monitoring information from Wisconsin indicates that the Gypsy Moth infestation may be accelerating its spread westward. Current Minnesota monitoring and pest management efforts may need to be increased. A national emergency, in the spring of 1996, developed with the introduction of the Karnal Bunt fungal disease on wheat. The division cooperated with wheat producing states and the United States Department of Agriculture (USDA) to monitor and restrict movement of host material of this significant disease into Minnesota.

Programs involving inspection of seed, feed and fertilizer distributors will continue to impact firms for compliance with good manufacturing practices and other requirements. These also involve sampling and analysis of products for quality and verification of claims to assure a fair marketplace and to protect all purchasers. In cooperation with local government, the division administers 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.

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, seed and nursery stock.
- Technical support will remain constant for agricultural emergencies, site remediation, noxious weed regulation, pesticide container recycling and disposal, and Japanese Beetle monitoring and management. Support for Gypsy Moth monitoring and management may need to be increased to protect Minnesota's forest resources.
- Increased activity regarding monitoring of nutrients and pesticides in surface water, promotion of best management practices for nutrients and pesticides, waste pesticide collection, increased and refocused efforts of feed inspections, compliance and increased monitoring of Karnal Bunt fungal disease of wheat. The division anticipates an increase in interstate shipment of nursery stock requiring additional nursery inspections and an ongoing demand for seed laboratory analysis. The division also anticipates an increased level of activity in commodity inspection and issuance of phytosanitary certifications to permit Minnesota's commodities to be exported to domestic and foreign markets. The division will utilize cross training and cost accounting procedures to help meet some of these increased needs.

Agency Decision Items for this activity are:

- **Agricultural Liming Materials Law.** A uniform application of licensing and tonnage inspection fees is requested to support the agricultural liming materials program. Currently, only agricultural lime producers pay tonnage fees and are licensed while municipalities, which receive services, pay only the sample analysis costs. The revenue increase and corresponding expenditure increase is for $26,000 annually. A separate legislative initiative has been submitted.

- **Minnesota Commercial Feed Law.** A significant revision to the Minnesota Commercial Feed Law has been submitted which will modify and modernize the feed program to increase its ability to address feed regulatory concerns. A separate legislative initiative has been submitted.

- **Fertilizer Inspection Account.** An increase in fertilizer inspection fees of $213,000 annually with an increase in expenditures of $263,000 is requested to address water quality related issues. Additionally a one-time $50,000 match for an LCMR nitrate testing clinics grant is requested. A separate legislative initiative has been submitted.

  M.S. Ch. 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 in Minnesota Ground Water Report (MDA/Minnesota Pollution Control Agency) 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 phosphorus contributions from these sources and the degree of the problem is not clearly understood at this time. Many studies have been conducted and, collectively, these studies can help define the statewide nature of the problem.

The division anticipates new, continuing or phase out grant activities in the areas of pesticide enforcement; groundwater, worker and endangered species protection; applicator training and certification; state pesticide management plan; wellhead protection; nutrient management and training; urban chemical use survey, BMPs and education; metropolitan area nutrient use practices and education; medicated feed mill inspection; Karnal Bunt detection and producer pesticide application records requirements; Cannabis sativa detection and control.

- **Wheat and Barley Scab.** These funds will be pass through monies for the University of Minnesota to continue research to find a solution to wheat and barley scab, and elimination of this devastating plant disease. Match funds for this research will be provided by the industry.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES (LCMR) RECOMMENDATIONS:

This appropriation is from the future resources fund to the Department of Agriculture to accelerate knowledge of nitrate levels in private drinking water supplies through development of water testing clinics for rural well owner and education programs. This appropriation must be matched by at least $50,000 from the agriculture fertilizer inspection account.

REVENUE:

This activity generates dedicated and non-dedicated revenues. Dedicated revenues include the following accounts: Seed Inspection, Waste Pesticide Collection, Fertilizer Inspection, Agricultural Chemical Response and Reimbursement Account, Feed Inspection and the Pesticide Regulatory Account. Non-dedicated revenue include lime inspection and nursery inspection and certification, and phytosanitary inspection and certification.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRONOMY & PLANT PROT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	5,110	5,504	5,605	5,887	6,010	5,702	5,881	6,004
OPERATING EXPENSES	4,186	4,701	5,220	5,427	5,549	5,219	5,329	5,451
SUBTOTAL STATE OPERATIONS	9,296	10,205	10,825	11,314	11,559	10,921	11,210	11,455
LOCAL ASSISTANCE	235	70	70	70	875	70	70	75
TOTAL EXPENDITURES	9,531	10,275	10,895	11,384	12,434	10,991	11,280	11,530
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		EVT		150				
AGRIC LIMING MATERIALS FEES		GEN		26			26	
FERTILIZER LCMR MATCH		SR		50				
FERT FEE INC FOR NONPOINT POLLUTION		SR		263			263	
TOTAL AGENCY PLAN ITEMS				489			289	
GOV'S INITIATIVES:		FUND						
(B) WATER MONITORING INITIATIVE		SR			250			250
(B) WHEAT & BARLEY SCAB RESEARCH		GEN			800			
TOTAL GOV'S INITIATIVES					1,050			250
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
ENVIRONMENT & NATURAL RESOURCE				150	150			
GENERAL	1,486	1,400	1,413	1,439	2,239	1,438	1,464	1,464
MINNESOTA RESOURCES	90							
STATE GOVERNMENT SPECIAL REVENUE	168							
SPECIAL REVENUE	4,992	5,082	5,179	5,492	5,742	5,278	5,541	5,791
ENVIRONMENTAL	230	269	269	269	269	269	269	269

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRONOMY & PLANT PROT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,099	2,755	2,742	2,742	2,742	2,742	2,742	2,742
FEDERAL	346	535	513	513	513	485	485	485
ENVIRONMENTAL	120	234	779	779	779	779	779	779
TOTAL EXPENDITURES	9,531	10,275	10,895	11,384	12,434	10,991	11,280	11,530
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	8,957	8,286	8,235	8,454	8,454	8,215	8,434	8,434
FEDERAL	578	729	723	723	723	683	683	683
ENVIRONMENTAL	105	85	47	47	47	45	45	45
GIFT	3	4	3	3	3	3	3	3
NONDEDICATED:								
GENERAL		18	18	18	18	18	18	18
CAMBRIDGE DEPOSIT FUND	520	522	522	548	548	522	548	548
TOTAL REVENUES COLLECTED	10,163	9,644	9,548	9,793	9,793	9,486	9,731	9,731
FTE BY EMPLOYMENT TYPE:								
REGULAR	111.6	113.9	114.6	119.0	122.0	114.6	118.9	121.9
TEMP/SEAS/PART_TIME	9.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0
TOTAL FTE	120.7	122.9	123.6	128.0	131.0	123.6	127.9	130.9

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Protection Service
ACTIVITY: Agronomy and Plant Protection Services

ITEM TITLE: Water Quality Monitoring

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
Special Revenue				
- State Operations	$250	$250	$-0-	$-0-
Revenues: ($000s)				
Special Revenue	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $500,000 from the Pesticide Regulatory Account in the Special Revenue Fund to expand the agency's surface and ground water monitoring for pesticides.

RATIONALE:

Minnesota's multi-billion dollar agricultural and lawn care industries rely on the use of pesticides to maintain peak crop yields, and prevent lawn and garden pest infestations. Family farms rely on crop protection chemicals to provide the profitability necessary to remain solvent in today's agricultural marketplace. Urban, suburban, and rural homeowners rely on pesticides to maintain healthy lawns and productive gardens. Unfortunately, the use of pesticides does not come without a cost. Pesticides can and do impact surface and ground water when used in certain areas of the state. Recent research has shown however that the use of pesticides may be continued with little or no impact if a few changes in chemical management practices are made. In order to properly determine where changes in practices need to be made, the state's water resources need to be adequately and properly monitored. Toward this end the Minnesota Department of Agriculture began monitoring ground water in 1985 and surface water in 1990. The data collected shows pesticide impacts to surface water to be a much larger concern than anticipated, and quite possibly a larger concern than ground water.

The focus of the department's surface water monitoring program is the intensive continuous monitoring of small watersheds. This approach provides the best possible data for making decisions regarding a billion dollar industry but leaves insufficient coverage of the state. An ad-hoc committee developed to assist the department in reviewing pesticide monitoring data and recommend pesticides for common detection status did not feel there was sufficient data to ascertain the areas of greatest concern for pesticide management plan activities or common detection. In particular the Minnesota River Basin, and urban areas are under monitored. Six to 8 more watersheds in the Minnesota River Basin and 2 to 4 more urban watersheds need to be monitored to get adequate data to manage the use of pesticides. In addition, more extensive areal-based grab sampling is needed to facilitate extrapolation of data from the autosampling stations to a broader regional context. To expand the program into the Minnesota Basin, urban areas, and broader areas will require added financial and staff resources. Without the proposed expansion, pesticide and nutrient management will be severely compromised as lab and field capabilities will be lacking.

The focus of the ground water monitoring program is the intensive monitoring of specific land forms of higher sensitivity to pesticide contamination. The department's ground water monitoring program has confirmed suspicions that the central sand plains region has the most pesticide impacted ground water in the state. The sourtheastern karst area of the state has proven to be highly impacted as well. The program has focused on sand plain and karst land forms by monitoring existing drinking water or observation wells. The sampling points available to the program in karst areas are insufficient for the program's management plan effectiveness monitoring. In sand plain regions the design of the network has not been able to be fully realized due to a shortage of adequate monitoring wells. Many of the observation wells currently available are not in appropriate locations, are old, or in a state of disrepair. To help solve this problem, the department has developed local monitoring cooperatives. The northern sand plain has 1 cooperative in Wadena County where new wells have been installed. The Anoka sand plain area is in need of a network of wells for monitoring ag chemical impacts. The department is working on the development of a monitoring well network in the Anoka sand plain to be operated by cooperating state, federal and local entities.

The MDA needs to install additional wells in the Anoka sand plain area but current funds are inadequate for well installation and maintenance. Development of additional local monitoring cooperatives especially for alluvial aquifers in western and southwestern Minnesota, along with training of local staff is also needed; as is continuous maintenance of all the networks and cooperatives. Without the proposed cooperative developments the ability of the department to adequately assess the effectiveness of pesticide and nutrient management plans will be severely limited. Refinement of the program's data bases to allow others to access the pertinent data available from the program is also needed.

PROGRAM OUTCOMES:

This initiative will result in the following outcomes:

1. Expansion of the surface water monitoring program to reflect more of the state's diverse agricultural regions, particularly the Minnesota River Basin. Expansion of urban/suburban surface water monitoring program.

2. Refinement of the ground water monitoring program through local monitoring network cooperatives which will facilitate the assessment of trends and pesticide management plan effectiveness.

3. Development of guidebooks and other training materials and training of county and other interested local staff on pesticide monitoring, sample collection, and data analysis.

The work of the first component will allow the department to gather detailed information on impacts of pesticide use on the Minnesota River Basin. Surface water monitoring stations will be established through development of local surface water monitoring cooperatives. The stations will be set up in small watersheds representative of the basin and will be selected with extensive local input. The stations will be set to monitor storm events on a continuous basis. The first component will also establish up to 4 more sampling stations in urban and suburban watersheds in the state.

AGENCY: Agriculture, Department of
PROGRAM: Protection Service
ACTIVITY: Agronomy and Plant Protection Services

ITEM TITLE: Water Quality Monitoring (Continuation)

As for the Minnesota basin, the urban and suburban watersheds will be selected with strong local input. This expansion will be invaluable in the development, assessment and refinement of pesticide management plans for both urban and rural settings.

The second component will provide for a much better ground water monitoring program through the development of more local monitoring cooperatives and regional or local monitoring well networks. The local networks will allow the department to do a much better job of assessing impacts to ground water from pesticide use and to track the effectiveness of pesticide management plan related activities. Results of the monitoring will be used to refine pesticide management plan components and to determine when water resource protection requirements may be necessary.

The final component will be to develop materials and training necessary to bring local governmental units and cooperators to the same operable level as the MDA for monitoring pesticides in ground and surface water. This portion will provide written guidance where needed, and actual hands on training sessions where and when appropriate for local staff. As an end result those local entities interested in monitoring their water resources for pesticides will be able to do so with less assistance from the department than may otherwise be necessary.

The document will also greatly facilitate the development of the necessary local monitoring cooperatives for protecting the state's water resources from degradation by pesticides.

LONG-TERM IMPACT:

This initiative will:

- Provide the information necessary to determine long-term trends in pesticide impacts to surface and ground water to a much greater part of the state.
- Increase the involvement of local groups in the monitoring and management of their water resources.
- Provide sufficient data and information for making decisions with regard to the management and regulation of pesticide use to protect water quality.
- Ensure continued progress towards maintaining safe drinking water, and swimmable and fishable streams, rivers, and lakes.
- Provide for the training of local organizations in monitoring water quality for pesticides and empowering locals for the protection of their own vital natural resources.
- Provide farmers, pesticide manufacturers, pesticide applicators, and pesticide dealers with the information needed to make wise decisions on pesticide formulation, distribution, and use.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Protection Service
ACTIVITY: Agronomy and Plant Protection Services

ITEM TITLE: Wheat and Barley Scab Research

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- Grants	$800	$-0-	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a $1.6 million wheat and barley scab research initiative comprised of an $800,000 General Fund appropriation matched dollar-for-dollar by non-state funds.

RATIONALE:

Wheat scab or fusarium head blight has caused an immense economic hardship to Minnesota farmers and the state's grain industry in the last 6 years. The cumulative estimated economic impact for Minnesota may be as high as $583 million. Annual breakdown of these estimates are: $88 million in 1991, $280 million in 1993, $150 million in 1994 and $65 million in 1995. Adding a 40% factor to cover estimated related losses to the grain industry, the resulting losses to Minnesota's economy could be as high as $816 million.

Wheat scab research studies have been undertaken sporadically since the 1920's. The disease has continued to appear from time to time causing significant economic losses. In the 1980's, the University of Minnesota, with the support of the Minnesota Wheat Council, again began researching this disease but only on a part-time basis. A scab screening nursery on the St. Paul campus identified the major scab-causing pathogen and studied resistance in literally thousands of wheat lines.

Following the significant economic hardship of 1993 and 1994 and at the urging of the Minnesota Association of Wheat Growers and the Minnesota Barley Council, $477,000 was appropriated by the legislature in 1995, with an additional $1 million for the 1996-97 biennium for scab research at the Agricultural Experiment Station of the University of Minnesota. This long-term effort, to overcome a very complex problem that is not easily solved, involved faculty, staff and graduate students from 5 departments on the St. Paul campus and at the Crookston and Morris Experiment Stations.

In 1994, representatives of the University's departments of Agronomy and Plant Genetics, Bioscience and Agricultural Engineering, Food Science and Nutrition, Plant Pathology and Soil, Water and Climate, the Crookston and Morris Experiment Stations and administrators met and planned a systematic, sustained research effort to overcome the scab problem. Five major projects were undertaken:

1. Accelerated development of scab resistant wheat and barley facilitated by designing and developing effective scab screening nurseries.
2. Studies on the biology, epidemiology and management of head scab.
3. Mycotoxin research and analysis.
4. The effect of scab on processing quality of infected grain.
5. The storability of scab-infected grain.

In addition, a small grains specialist at the Crookston station coordinated educational programs in the area; and a soil scientist studied decomposition of plant residues under various tillage and management methods and to evaluate the inoculum potential of these residues at various stages of decomposition.

The legislative appropriations have advanced the understanding of the disease, accelerated the development of barley and wheat resistant varieties and examined field practices that can minimize the impact of the disease until disease resistant varieties can be released. The multi-discipline approach also involves not only the production aspects of the disease but the storage and food processing effects of the disease on the grain.

The results of Minnesota's research are coordinated with researchers at North Dakota State University, South Dakota State University, the University of Manitoba and others throughout the Midwest. Information is exchanged on a continuing basis to give the states and province maximum return on their research investment. A regional forum at which results of research are formally presented and discussed is held annually. Minnesota is the site for the 1997 forum.

PROGRAM OUTCOMES:

From the work supported by appropriations for scab research since 1994 researchers have gained knowledge about the scab fungus itself and how it interacts with small grains in the field and in the bin. This information is being used in developing resistant varieties, in developing a sound scab resistant management program and providing information to growers and food processors on the effects of scab impacted grain.

Researchers involved in the experiment station's various scab related projects have requested $800,000 for each year of 1998-1999 biennium to continue to build on the established research for a long-term solution to the wheat scab problem. Their proposals have been reviewed and endorsed by farmer-members of the Minnesota Wheat and Barley Growers Associations.

LONG-TERM IMPACT:

The long-term impact of this initiative is to minimize and prevent, to the greatest degree possible, adverse economic and agronomic impacts of wheat scab disease. This will be accomplished by development and education of management strategies with the eventual, anticipated development of wheat scab resistant varieties of small grains.

BUDGET ACTIVITY: Dairy and Food Inspection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to administer the dairy and food laws and regulations designed to protect consumers from substandard products and provide for the movement of dairy and food products produced and processed in Minnesota in intrastate, interstate and international commerce.

Dairy inspectors conduct over 23,000 inspections annually of dairy farms, plants and distributors of milk and dairy products as required by federal and state laws and regulations. These inspections are designed to evaluate the sanitary conditions under which milk is produced and processed to assure product safety and proper representation. The Interstate Milk Shipper Certification Program conducted by the division provides for the unrestricted movement of Grade A milk products in interstate commerce in accordance with Food and Drug Administration (FDA) requirements.

Food inspectors conduct over 19,000 inspections annually to evaluate facilities, sample products and review processes to assure food products are processed and distributed in accordance with federal, state and local laws and regulations. These inspections are conducted in all state licensed food, meat, fish, poultry and beverage establishments, including warehouses and retail food markets. Some of these inspections are conducted under federal contracts on behalf of the United States Department of Agriculture (USDA), FDA and United States Department of Commerce (USDC). The division also reviews retail food store designs and plans to assure proper compliance with construction requirements associated with protecting the safety of retail food products.

Over 10,000 dairy and food samples are taken each year and analyzed for composition and safety in the department laboratory. Consumer complaints and concerns relating to quality, condition, safety, advertising or other potential problems with dairy or other food products are investigated and acted on in an appropriate and timely manner. Matters related to food safety which could or do impact the public health are responded to immediately and all responsibilities are coordinated with the appropriate federal and state agencies, counties and municipalities through contracts and cooperative agreements.

Customers of this activity are dairy farmers and plants, retail and wholesale food handlers, food processors, federal, state and local regulatory agencies and the general public.

Authority for this activity is found in M.S. Chapters 17, 28, 28A, 29, 30, 31, 31A, 32, 33 and 34.

BUDGET ISSUES:

This activity is responsible for protecting the public health through state and federal laws and regulations related to dairy and food sanitation and safety. The following are issues which will result in budget impacts:

- The new Food Code and Hazard Analysis Critical Control Point (HACCP) programs will need to be incorporated into the programs of this activity. This will involve training activities, plan reviews, increased industry cooperation, coordination with other agencies and computerization of the division and its programs through IPO Project Unity.
- To increase the effectiveness of food safety programs more products will need to be sampled and analyzed for microbial and chemical safety and compliance. This will mean an increase of 25% over the 10,000 dairy and food samples currently being analyzed.
- It is likely the federal government will continue to move inspection and product safety responsibilities back to state agencies with little or no funding support.
- Food processing and distribution facilities are becoming larger which will increase inspection costs and related food safety activities.
- The number of dairy farms is dropping by 700-800 per year, however cattle and production numbers remain fairly steady. Farms are becoming larger and more technologically advanced which requires increased inspection time, therefore fee schedules need to be revised to address this industry trend.

Agency Decision Items:

- Retail Food Handlers Manager Certification Legislation. The commissioner may require the certification of retail food handlers under the program of the Department of Health established in section 157.011, subd. 2. Funding will be provided through an agreement with the Department of Health and dependent on the services provided by the Department of Agriculture.
- Dairy Services Fee Increases. A fee adjustment and increase has been proposed in order to more fairly distribute the cost of services between producers and processors. Farm inspection fees will be based on herd size, manufacturing plants will have an inspection fee, laboratories will pay fees based on criteria performed and frozen dairy foods sold in Minnesota will be assessed a fee. These increases will raise revenue and expenditures by an estimated $229,000 annually.
- Wholesale Food Processor/Manufacturer License Fee Increase. One lower fee bracket (less than $125,000 annual sales) and 1 higher fee bracket (over $10,000,000 annual sales) will be added to license fees to more fairly distribute the cost of inspection. This change will increase revenue by $5,000 annually.

REVENUE

This activity generates non-dedicated revenue from licensing retail, wholesale, processing food handlers and dairy plants. Dedicated revenue is received from dairy farms, plants, pasteurization units and tank truck inspection fees as well as Grade A processor fees based on the instate sale of selected dairy products. Federal contracts generate dedicated revenue from inspection of poultry and eggs, meat, fish, wholesale warehouses and processors, beverage plants, canning plants and retail plan reviews. The dedicated accounts are as follows: Milk Inspection Services, Food Handler Plan Review, Beverage Inspection Fund, Egg Law Inspection Fund and Commercial Canneries Inspection.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: DAIRY & FOOD INSPECTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,706	3,796	3,879	4,081	4,081	3,965	4,167	4,167
OPERATING EXPENSES	913	783	778	805	805	781	808	808
SUBTOTAL STATE OPERATIONS	4,619	4,579	4,657	4,886	4,886	4,746	4,975	4,975
TOTAL EXPENDITURES	4,619	4,579	4,657	4,886	4,886	4,746	4,975	4,975
AGENCY PLAN ITEMS:		FUND						
DAIRY SERVICES FEE INCREASE		SR		229			229	
TOTAL AGENCY PLAN ITEMS				229			229	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,617	2,675	2,725	2,725	2,725	2,786	2,786	2,786
SPECIAL REVENUE	1,533	1,476	1,502	1,731	1,731	1,530	1,759	1,759
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	156	168	169	169	169	169	169	169
FEDERAL	313	260	261	261	261	261	261	261
TOTAL EXPENDITURES	4,619	4,579	4,657	4,886	4,886	4,746	4,975	4,975
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	1,689	1,739	1,927	2,156	2,156	1,927	2,156	2,156
FEDERAL	212	261	261	261	261	261	261	261
NONDEDICATED:								
CAMBRIDGE DEPOSIT FUND	2,090	2,159	2,159	2,159	2,159	2,159	2,159	2,159
TOTAL REVENUES COLLECTED	3,991	4,159	4,347	4,576	4,576	4,347	4,576	4,576

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: DAIRY & FOOD INSPECTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	84.9	79.5	79.5	79.5	79.5	79.5	79.5	79.5
TEMP/SEAS/PART_TIME	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
TOTAL FTE	86.0	80.6	80.6	80.6	80.6	80.6	80.6	80.6

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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. 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.

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 United States Department of Agriculture (USDA), Food and Drug Administration (FDA), Environmental Protection Agency (EPA) and other federal and state agencies. These cooperations with other state and federal agencies ensure a broad based national coverage of environmental and food safety analytical needs while avoiding redundant use of laboratory resources.

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 clientele for the services of the laboratory include the Dairy and Food Inspection and Agronomy and Plant Protection regulatory divisions within the department, other state and federal agencies, and the public-at-large. The laboratory maintains a technically competent staff through professional development and provides scientific laboratory expertise and technical knowledge for the department as a whole.

BUDGET ISSUES:

Increased federal, state and judicial 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 shifting to more difficult and time consuming types of tests requiring extensive method development and analyst training.

The agency budget plan calls for a comprehensive information resource management initiative (Project Unity). This initiative will significantly improve efficiency and performance of the laboratory's extensive computerized information systems by standardizing the computer platforms and combining over 20 separate databases that are currently used to manage laboratory operations and customer data exchange.

REVENUE:

Revenue that the Laboratory receives comes from fees for services performed under cooperative agreements with the USDA and the Department of Natural Resources (DNR). Additionally, fees are generated by work performed on limited non agency service samples and as a means of recapturing reimbursable expenses associated with superfund cleanup analytical activities of the department.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: LABORATORY SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,093	2,351	2,394	2,394	2,394	2,444	2,444	2,444
OPERATING EXPENSES	1,463	1,416	1,357	1,357	1,357	1,377	1,377	1,377
SUBTOTAL STATE OPERATIONS	3,556	3,767	3,751	3,751	3,751	3,821	3,821	3,821
TOTAL EXPENDITURES	3,556	3,767	3,751	3,751	3,751	3,821	3,821	3,821
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,844	1,864	1,894	1,894	1,894	1,939	1,939	1,939
SPECIAL REVENUE	1,244	1,382	1,407	1,407	1,407	1,432	1,432	1,432
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	100	140	140	140	140	140	140	140
FEDERAL	368	381	310	310	310	310	310	310
TOTAL EXPENDITURES	3,556	3,767	3,751	3,751	3,751	3,821	3,821	3,821
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	121	141	141	141	141	141	141	141
FEDERAL	124	121	100	100	100	100	100	100
NONDEDICATED:								
CAMBRIDGE DEPOSIT FUND	3	4	4	4	4	4	4	4
TOTAL REVENUES COLLECTED	248	266	245	245	245	245	245	245
FTE BY EMPLOYMENT TYPE:								
REGULAR	54.6	53.5	53.5	53.5	53.5	53.5	53.5	53.5
TEMP/SEAS/PART_TIME	.9	.7	.7	.7	.7	.7	.7	.7
TOTAL FTE	55.5	54.2	54.2	54.2	54.2	54.2	54.2	54.2

BUDGET ACTIVITY: Agricultural Certification
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of this activity is to reduce marketing risks for buyers and sellers of agricultural products through inspection, licensing and bonding, and weighing services. This activity provides inspection and certification services for: grain, seed potatoes, fresh fruit and vegetables, and honey bee colonies. This activity licenses and requires bonds from: grain buyers; grain storage elevators; wholesale produce dealers; general merchandise warehouses; and livestock dealers, markets and agents. This activity provides official weighing services for: outbound grain shipments from grain elevators into interstate, intrastate, and international commerce; and livestock sold and delivered to packing plants.

Customers for this activity include the grain industry (producers, elevator operators, buyers, traders, exporters, processors), fruit and vegetable industry (producers, wholesalers, retailers), beekeepers, dairy industry (processors, wholesalers, retailers), general merchandise warehouse operators, livestock industry (producers, processors, markets, dealers, agents), the federal government and the general public.

This activity's grain inspectors, fruit and vegetable inspectors, seed potato inspectors and livestock weighers have licenses issued by, and operate under, standards established by the United States Department of Agriculture (USDA). This activity performs inspections and examinations of grain, grain warehouses and fruit and vegetables for USDA under cooperative agreements. Other duties of this activity include inspecting and certifying honey bee colonies; inspection and licensing of general merchandise storage warehouses; and administration of the Dairy Trade Practices Act. An additional duty is to compensate livestock producers for losses of livestock destroyed or injured by an animal classified as endangered under the federal Endangered Species Act of 1973.

Authority for this activity is found in M.S. Chapters 3, 17A, 17B, 19, 21, 27, 32, 223, 231, 232 and 236.

BUDGET ISSUES:

The Department reorganization of November 1995 brought to this activity programs with differing levels of self-sufficiency. The following are budget issues that reflect the diversity of these programs:

- With 90% of its revenue from requested services, the Grain Inspection revenue volume is highly influenced by variables in the grain industry. The fees for grain inspection services are subject to approval by the United States Department of Agriculture. The grain inspection program of this activity experienced a return to self-sufficiency with high levels of activity during all of F.Y. 1996. By *Laws of Minnesota for 1995*, Chapter 220, Section 7, Subdivision 4, The Grain Inspection and Weighing Fund was provided an $800,000 loan from the General Fund to be repaid by 6-30-97. In June, 1996, the fund repaid $400,000 of this loan, and the remaining $400,000 will be repaid during F.Y. 1997. Account balance reserves are expected to continue to increase through F.Y. 1999.

- With 96% of its revenue coming from per acre charges for acres enrolled in the summer field inspection and winter growth-test programs, the seed potato certification program faces the problem that the acreage enrolled in these programs is unpredictable. While the number of seed potato growers and the acreage enrolled has decreased over time, the acreage enrolled is predicated as much on the profitability of the seed and table stock potato markets (as well as spring planting weather conditions) as it is on the number of seed potato growers. At current funding levels this program is not recovering costs. An appropriation reduction of $126,000 for the biennium is requested.

- A consolidation in the wholesale produce industry reduced competition between vendors. This lessening of competition has resulted in fewer calls for inspections to determine if produce delivered by a seller meets the contract specifications of a buyer. The revenue for the terminal market section of the fruit and vegetable inspection program comes from fees charged for inspections. At current funding levels this program is not recovering costs. Many of the fees charged in this area are set by USDA. An appropriation reduction of $276,000 for the biennium is requested.

- The Fruit and Vegetable Inspection, Shipping Point program (a general fund program), is required for Minnesota producers of produce and seed potatoes to participate in markets outside of Minnesota. The fee for this service is set at levels complementary to the levels of fees charged in surrounding states. The revenues generated do not recover costs and the costs of operating this program exceed the funds appropriated to fund it.

REVENUE:

This activity generates dedicated and non-dedicated revenues. The dedicated revenues come from fees for inspecting grain, fruit and vegetables, and seed potato fields; licensing and examination fees; and fees for weighing grain and livestock. This activity also receives a portion of the dairy processors fee to fund administration of the Dairy Trade Practices Act.

The seed potato inspection and fruit and vegetable inspection dedicated account areas have not been recovering costs. The division is determining to what extent fees should and can be raised. Some fees in this area are set by USDA.

The grain licensing activities are funded through fees collected from licensees as well as from reimbursements for services performed under contract for the United States Department of Agriculture (USDA). Fees from some licenses have not been recovering costs, therefore fee changes are anticipated. Contract payments from USDA are being scaled back as government owned inventories are sold off. Cost saving measures are being implemented.

Non-dedicated revenue is generated from fees for livestock dealer licensing, apiary inspection and certification, wholesale produce dealer licensing, and fruit and vegetable shipping point inspections.

The dedicated revenue is deposited in the following accounts: Grain Inspection and Weighing; Fruit and Vegetable Inspection; Seed Potato Inspection and Certification; Grain Buyers and Storage; Livestock Weighing; and Milk Inspection Services.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRICULTURAL CERTIFICATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	4,899	4,395	4,604	4,456	4,456	4,624	4,476	4,476
OPERATING EXPENSES	2,250	1,874	1,867	1,814	1,814	1,867	1,814	1,814
SUBTOTAL STATE OPERATIONS	7,149	6,269	6,471	6,270	6,270	6,491	6,290	6,290
TOTAL EXPENDITURES	7,149	6,269	6,471	6,270	6,270	6,491	6,290	6,290
AGENCY PLAN ITEMS:		FUND						
SEED POTATO REDUCTION		SR		<63>			<63>	
FRUIT & VEGETABLES REDUCTION		SR		<138>			<138>	
TOTAL AGENCY PLAN ITEMS				<201>			<201>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,019	746	748	748	748	765	765	765
SPECIAL REVENUE	1,207	1,355	1,558	1,357	1,357	1,561	1,360	1,360
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	4,427	4,019	4,019	4,019	4,019	4,019	4,019	4,019
FEDERAL	141	149	146	146	146	146	146	146
AGENCY	355							
TOTAL EXPENDITURES	7,149	6,269	6,471	6,270	6,270	6,491	6,290	6,290
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	5,965	5,608	5,693	5,693	5,693	5,693	5,693	5,693
FEDERAL	128	128	128	128	128	128	128	128
NONDEDICATED:								
CAMBRIDGE DEPOSIT FUND	264	258	258	258	258	258	258	258

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: PROTECTION SERVICE
ACTIVITY: AGRICULTURAL CERTIFICATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
TOTAL REVENUES COLLECTED	6,357	5,994	6,079	6,079	6,079	6,079	6,079	6,079
FTE BY EMPLOYMENT TYPE:								
REGULAR	113.3	138.2	138.2	138.2	138.2	138.2	138.2	138.2
TEMP/SEAS/PART_TIME	7.1							
TOTAL FTE	120.4	138.2	138.2	138.2	138.2	138.2	138.2	138.2

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PROGRAM: Agricultural Marketing and Development
AGENCY: Agriculture, Department of

PROGRAM DESCRIPTION:

The mission of this program is to work toward the sustainable use and development of Minnesota's agricultural resources; strive to identify, develop and expand markets for new and existing products of Minnesota agriculture; increase public awareness of the social, economic and cultural contributions of Minnesota agriculture; identify and help develop ways to diversify agriculture as well as the production and marketing of non-traditional agricultural products; work towards the protection and maintenance of agricultural land resources; identify, develop and transmit sustainable agricultural and pest management technologies to producers; and identify research and development needed to preserve and develop the state's agricultural resources.

This program includes the following functions: market development and promotion; agricultural development; and agricultural data collection.

The major state policy goals that this program addresses include the following:

- Increase the state's economic vitality through the strong and sustained growth of the agricultural industry in a manner consistent with environmental protection.
- Help make rural areas, small cities and urban neighborhoods throughout the state economically and environmentally viable places for people to live and work.
- Help producers exercise their stewardship responsibility while maintaining the financial viability of their operation and protecting the environment.
- Design and deliver marketing and agricultural development services which reflect and are accountable to the needs of the people who use them.

Clientele include individual producers/firms, associations of producers/manufacturers, processors, and distributors/retailers/exporters; educators, school districts, and higher education; and state, federal, and local governments, development agencies and ultimately all consumers of agricultural products. Services are delivered through a variety of technical assistance, information and educational programs, grants, loans and contracts; and partnerships with local governments and institutions of higher education.

Market development and promotion emphasizes 3 areas to broaden and diversify the base of Minnesota agriculture by developing new crops, products, and markets. These areas are the Market Opportunity Research, Minnesota Grown and Aquaculture programs.

Value-added processing efforts create markets for the state's raw products and commodities, simultaneously increasing industry investment and employment. The role of this activity is to assist producer/processors in identifying consumer demand prior to product development, and in increasing sales of the products through consumer education, marketer education, trade shows, and trade lead referrals. Examples include the Ethanol and Processed Food Promotion programs.

Public education efforts create awareness of the economic and social importance of agriculture to the state, and contribute to a climate conducive to expansion of this industry. The 2 main programs in this area are the Ag in the Classroom program and the work of the agricultural Promotion Councils.

The Agricultural Development function identifies and analyzes development issues affecting agriculture; studies research and development needs; works to develop a framework for agricultural development; and regulates the release of genetically engineered organisms. There are 3 programmatic areas.

The Agricultural Land Use/Local Government Technical Assistance unit encourages and assists in local feedlot and agricultural land preservation planning. This unit also conducts Agriculture Environmental Outreach to link agricultural producers, agencies of government and other groups working, such as the Minnesota River Joint Powers Board.

The Energy and Sustainable Agriculture Program (ESAP) encourages the adoption of sustainable practices and systems; serves as state lead for Integrated Pest Management (IMP) and sustainable agriculture activities; awards and administers sustainable agriculture low-interest loans and demonstration grants. The ESAP also has a Whole Farm Planning Program and analyzes, identifies and communicates information about lands enrolled in the federal Conservation Reserve Program (CRP) relative to nonpoint source pollution.

The Plant Pest Survey/Biocontrol unit conducts surveys of growing field crops to find and promptly reports the presence of plant pests; coordinates statewide agricultural Plant Pest surveys; publishes a plant pest bulletin and protects Minnesota agriculture from the introduction and establishment of plant pests. The Biocontrol unit identifies pests which can be controlled through biological methods, defines biocontrol methods, conducts trials and releases control organisms to establish or increase base populations.

The Minnesota Agricultural Statistics Service conducts agricultural data collection. 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.

PROGRAM STATUS:

As part of the departmental reorganization, the budget activities of Agricultural Planning and Development and Marketing and Agricultural Promotion were merged into this program. The Plant Pest Survey and Biological Control program were also transferred from the Plant Protection activity to the Agricultural Development section. The Sustainable Agriculture Loan Program was reorganized, and responsibilities are now shared by the Agricultural Marketing and Development and Agricultural Finance activities.

The reorganization consolidates and integrates all non-regulatory administrative or programmatic elements which deal with developing, marketing or protecting Minnesota agricultural resources and products. The new division will help focus efforts regarding the following major departmental objectives: identify and link agricultural development and marketing needs to resources; promote the sustainable development of Minnesota agriculture; assist development agencies at levels to integrate agriculture into their planning; help Minnesota agriculture capitalize on the projected growth in domestic and international trade; and work with producers to diversify farming operations and advance production and marketing of non-traditional agricultural products.

PLANNED RESULTS:

Same funding levels allow current levels of activity to continue. The agency budget plan will allow the reported performance measures from the 1996 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 and specialty livestock products.

- Maintaining modest growth for participants in the Minnesota Food Expo and other food shows.
- Providing basic levels of information and education on sustainable agriculture, IPM and whole farm planning.
- Providing agriculture land use technical assistance to local governments.
- Continuing full implementation of Agricultural Best Management Practices Loan Program.
- Providing Minnesota agriculture with environmental, production and economic data.
- Reviewing, monitoring and regulating agricultural biotechnology.

BUDGET ISSUES:

The Agency Budget Plan will result in the following:

- **Small scale value-added.** The consumer trend toward linking purchasing decisions with locally grown or processed commodities will increase the need for assistance to producers and community groups to take advantage of this trend.
- **Lands Emerging from CRP.** As old CRP contracts expire and new contracts are written, an effort is needed to update contract location data and monitor the impact of those actions on water quality.
- **Controlling Plant Pests.** Producers need timely information to control plant pests while protecting yields.
- **Expansion of Minnesota's Ethanol Industry.** Several new production facilities will result in dramatic production increases. Projected production in F.Y. 1997 and 1999 is expected to be 2 and 3 times greater, respectively, than in 1995. For the F.Y. 1998-99 biennium, an increase of $24,059,000 is needed. These production increases may require an increase in payments from the fund in the 2000-2001 biennium. Thereafter, the demand for payments will decline until the program sunsets 6-30-2010. In the current biennium, the unexpended balance of the $25 million appropriation cap is projected to be deficient by $2 million for F.Y. 1997 producer payments. This will require the fourth quarter payments to be prorated as provided in Laws of Minnesota for 1995, Chapter 220, Sec. 7, Subd. 3.
- **Agricultural Land Preservation.** Nonfarm development consumes Minnesota farmland at the rate of about a township each year, increasing public service costs and resulting in the loss of prime farm land. Local feedlot siting controversies create a difficult environment for producers to make investment decisions. With existing resources, the department provides technical assistance to local units of government, and reports on the status of the program to the legislature. These resources are not sufficient to conduct an exhaustive analysis of behavioral, tax or fiscal impacts of alternative approaches or modifications to the existing program, or to do several representative "cost of sprawl" studies across the state in order to educate local government officials on the hard fiscal costs of inefficient land use management (similar to the one done by the department in 1989).

GRANTS:

Title: Sustainable Agriculture Grant Program

Statutory Authority: M.S. 17.116. Purpose: To demonstrate and publicize agricultural practices that are economically and energy efficient and protect the environment. Recipients: Farmers, educational institutions, or non-profit organizations. Eligibility Criteria: On-farm demonstrations that show how to reduce off-farm inputs, use energy more efficiently, or produce usable on-farm energy. Awards may not exceed $50,000. Project costs above $25,000 must be cost-shared at a ratio of 1 to 1.

REVENUE:

This program generates revenue in the form of dedicated receipts, federal grants and gifts for special projects. Dedicated receipts include advertising revenue used to publish direct marketing booklets; payments for booth rental at MDA sponsored food or trade shows; license fees or gifts regarding the MN Grown Promotion program; receipts for services to Commodity Research and Promotion Councils; and payments for assisting with agricultural surveys. The major proportion of revenue involves potential federal grants for plant pest survey activities, market research and/or promotion and sustainable agriculture. The department anticipates some gift revenue to conduct market research and certain biological control projects.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES (LCMR) RECOMMENDATIONS:

REINVENTING THE AGRICULTURAL LAND PRESERVATION PROGRAM $100,000. This appropriation is from the Future Resources Fund to the Department of Agriculture to evaluate effectiveness of Minnesota's agricultural land preservation programs, identify and quantify fiscal impacts of rural sprawl. This appropriation must be matched by at least $100,000 of nonstate money or from the Minnesota Conservation Fund. ($100,000)

REDUCING MINNESOTA RIVER POLLUTION FROM LACUSTRINE SOILS. This appropriation is from the Future Resources Fund to the Department of Agriculture in cooperation with the University of Minnesota to research the impact of farming systems utilizing crop residue for sediment control on lacustrine landscapes in the Minnesota River Basin. ($250,000)

BUDGET AND REVENUE SUMMARY:

The agency budget plan for this program is as follows:

- Increase the Ethanol Producer payments by $24,059,000 for the biennium.
- Reallocation of funds from the Family Farm Security Program to the Agricultural Statistics Service and the Agriculture in the Classroom program.
- A reduction of $51,000 per year for promotion councils because the current level of funding is above projected needs.
- Flexibility to use a portion of the Sustainable Agriculture grants to assist with the development of small-scale value added processing facilities.

LCMR Project: Reinventing the Ag-Land Preservation Program:

- This is an LCMR recommendation to spend $100,000 from the Future Resources Fund and $115,000 from the Minnesota Conservation Fund to improve the effectiveness of the Agricultural Land Preservation program.

LCMR Project: MN River Pollution from Lacustrine Soils:

- This is an LCMR recommendation for $250,000 from the Future Resources Fund to reduce Minnesota River pollution from lacustrine soils.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: AGRIC MARKETING & DEVELOPMENT
ACTIVITY: AGRIC MARKETING & DEVELOPMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,761	1,918	2,351	2,300	2,300	2,061	2,010	2,010
OPERATING EXPENSES	1,127	1,470	1,509	1,987	1,987	1,097	1,112	1,112
SUBTOTAL STATE OPERATIONS	2,888	3,388	3,860	4,287	4,287	3,158	3,122	3,122
PAYMENTS TO INDIVIDUALS	38	160	160	160	160	160	160	160
LOCAL ASSISTANCE	11,617	14,406	23,399	23,399	23,399	25,660	25,660	25,660
TOTAL EXPENDITURES	14,543	17,954	27,419	27,846	27,846	28,978	28,942	28,942

AGENCY PLAN ITEMS:	FUND	FY 1998	FY 1999
LCMR NEW ALLOCATIONS	MNR	350	
AGRIC STATISTICS	GEN	8	10
AGRIC IN THE CLASSROOM	GEN	5	5
PROMOTION COUNCILS REDUCTION	SR	<51>	<51>
AGRIC LAND PRESERVATION LCMR MATCH	SR	115	
TOTAL AGENCY PLAN ITEMS		427	<36>

EXPENDITURES BY FUND:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
DIRECT APPROPRIATIONS:								
GENERAL	2,732	3,235	2,906	2,919	2,919	2,954	2,969	2,969
MINNESOTA RESOURCES	730	157		350	350			
SPECIAL REVENUE	119	141	192	256	256	192	141	141
OPEN APPROPRIATIONS:								
GENERAL	10,799	14,201	23,399	23,399	23,399	25,660	25,660	25,660
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	87	89	54	54	54	54	54	54
FEDERAL	53	82	817	817	817	82	82	82
GIFT	23	49	51	51	51	36	36	36
TOTAL EXPENDITURES	14,543	17,954	27,419	27,846	27,846	28,978	28,942	28,942

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: AGRIC MARKETING & DEVELOPMENT
ACTIVITY: AGRIC MARKETING & DEVELOPMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	173	165	158	158	158	158	158	158
FEDERAL	25	82	817	817	817	82	82	82
GIFT	49	36	51	51	51	36	36	36
TOTAL REVENUES COLLECTED	247	283	1,026	1,026	1,026	276	276	276
FTE BY EMPLOYMENT TYPE:								
REGULAR	45.0	43.9	43.9	43.9	43.9	43.9	43.9	43.9
TEMP/SEAS/PART_TIME	2.7	.8	.5	.5	.5	.3	.3	.3
TOTAL FTE	47.7	44.7	44.4	44.4	44.4	44.2	44.2	44.2

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Agricultural Marketing and Development

ITEM TITLE: Ethanol Industry Development Appropriation Forecast

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund - Statutory Appropriation - Grants	$23,399	$25,660	$26,530	$23,193
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes X **No** ____

If yes, statutes(s) affected: M.S. 41A.09

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the statutory appropriation from the General Fund for Ethanol Producer Payments be capped at $49,059,000 for the biennium. This represents an increase of $24,059,000 over the current biennium. Rider language capping the appropriation will be included in the Governor's appropriation bill. The appropriation is available in either year of the biennium.

Although no statutory changes are required to authorize funding, current Statute states that if a plant is not in production by 6-30-2000 it is not eligible to receive state producer payments. Due to the early success of the program, the Governor recommends moving the plant start up deadline date to 6-30-1998. This change will allow ample time for projects now under way to complete their development plans while bringing appropriate closure to the state's role in the development process. In addition, the department will clarify the statute to avoid confusion and ensure that an orderly and predictable phase down of payments will occur after 6-30-2000.

In the current biennium, the Governor does not recommend increasing the $25 million appropriation cap for the 1996-97 biennium to fund the projected shortfall. However, if feasible, it is recommended that the shortfall be amortized over the entire 1997 fiscal year, rather than the fourth quarter, to lessen the financial impact of the shortfall on facilities which did not qualify for payments in all four quarters of the year. An appropriation rider is recommended to authorize this one-time exception.

RATIONALE:

In 1990 Minnesota imported $1 billion in petroleum products for gasoline while two-thirds of the state's corn crop was 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 no further violations to date. Though market conditions could change, ethanol use is expected to grow. In F.Y. 1996 the state used 145 million gallons of ethanol. Due to an existing statute requiring statewide oxygenate use, this figure should reach 200 million gallons by the year 2000.

Minnesota farmers and businessmen have invested well over $150 million in the state's ethanol industry since August of 1993. Today 8 plants are in production and 3 others are under construction. Minnesota's production capacity increased to over 90 million gallons in F.Y. 1996 and is expected to exceed 178 million by the year 2000. Each year, the industry will double the value of over 100 million bushels of the state's corn crop by converting it into value added products including ethanol, industrial starch, sweeteners, carbon dioxide, corn germ and livestock feed. The Minnesota ethanol program is on the verge of accomplishing a statutory goal to replace 10% of the state's imported gasoline with renewable ethanol from Minnesota crops and food waste products.

A dependable producer incentive program was and is necessary to complete the development and ensure that this new industry can compete for market share with a well established petroleum industry and large ethanol producers outside the state.

The extraordinary investments by the state, Minnesota farmers and businesses and the financial community have resulted in a rapid expansion of the industry. Projected production in F.Y. 1997 and 1999 is expected to be 2 and 3 times greater, respectively, than in F.Y. 1995. For the F.Y. 1998-99 biennium, an increase of $24,059,000 is needed for ethanol producer payments. These production increases may also require a increase in payments from the fund in the 2000-2001 biennium. Thereafter the demand for payments will decline until the program sunsets 6-30-2010. This appropriation provides support for the 8 existing plants and 3 plants now under construction. Projections for F.Y. 2000 and 2001 reflect the level of funding required when these same plants reach their full capacity. In addition, there are three other Minnesota communities the department is aware of which are now in the process of raising capitol for ethanol projects of 14 million gallons or more. Under the existing statute and considering the planned startups and expansions mentioned above, no more than 15 million additional gallons will qualify for state producer payments in the future. Regardless of how many other plants start production the payments will not exceed the statutory $30 million limit and the reduction of the payments will begin immediately on 6-30-2000.

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 and related corn products will double the value of 10% (70 million bushels) of the state's corn crop. Petroleum imports will be reduced by $100 million each year. This initiative will result in over 3,800 new jobs being created while generating $90 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 it will be completely eliminated by 10-1-1997. 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 experience ethanol blends. It now appears that ethanol can maintain market share in competition with petroleum oxygenates. The focus of this provision was to shift state resources away from building market share toward incentives that would result in additional production capacity in the state.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Agricultural Marketing and Development

ITEM TITLE: Ethanol Industry Development Appropriation Cap (Continuation)

LONG-TERM IMPACT:

By the year 2000 Minnesota corn plants will process at least 110 million bushels of corn (15% of the state's crop) into ethanol, industrial starch, sweeteners, carbon dioxide and a variety of livestock feed products. In 1986 little corn was being processed and 2/3 of the state's annual corn crop was exported with the Minnesota crop consistently receiving the lowest prices in the nation. Over 7,000 Minnesota farmer investors will now profit from the processing and marketing of their own 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 export commodity prices, lost farms and local businesses, and continued migration of rural residents to urban centers where infrastructure and environment are already overloaded.

The expanded use of ethanol in gasoline will reduce carbon monoxide and toxic aromatic hydrocarbons in the environment while the state's petroleum import payments will shrink by $100 million per year. As agricultural biotechnology advances the future holds great promise for the expansion of ethanol production utilizing a variety of food processing and municipal waste in addition to various energy crops that will be raised by the Minnesota farmers and processed in the same plants that have been built for corn processing. The department is collaborating with other state agencies and members of the private sector to develop production systems that will provide large quantities of agricultural biomass for conversion into ethanol and other forms of domestic renewable energy.

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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 financial assistance programs, and to provide support services for the department.

The budget activities of this program include the following functions: Financial and personnel support services, agricultural best management practices as it relates to agricultural nonpoint source pollution, information services, administering agricultural loan programs and providing administrative support from the Commissioner's Office.

The objectives for this program are to:

- Meet administrative challenges to fulfill statutory mandates within budgetary limits.
- Assist departmental activities regarding administration, information services, planning, personnel, employee safety, office management, and accounting.
- Promote programs that encourage agriculture land preservation.
- Encourage the adoption of sustainable farming practices and systems.
- Administer grants to agricultural societies and associations.
- Provide affordable financing to beginning farmers as well as assist existing farmers to improve or expand their operations.
- Provide affordable financing for ethanol and other value-added processing facilities.
- Provide services directly to family farms through the Farm Advocate Program.
- Administer Women, Infant and Children (WIC) Program.

The internal clientele for these activities include managers, supervisors and employees of the agency. The external clientele for these activities include farmers, the public-at-large, producers, associations of producers and manufacturers, educators and school districts, state, federal and local governments and other interested public parties including the Agricultural Utilization Research Institute (AURI), and the University of Minnesota.

These activities are carried out under the following budget activities: Administrative Services, Agricultural Nonpoint Source Pollution, Information Services, Agricultural Finance and the Commissioner's Office.

PROGRAM STATUS:

As part of the department's reorganization, the former budget activities of Financial Administration and Personnel, Safety and Office Management Divisions were merged into the Administrative Services Division. In addition, the Women, Infant and Children (WIC) and planning functions were transferred to the Commissioner's Office. This resulted in a flattening of the organization which will provide for the consolidation of like functions, as well as creating a more efficient operation.

This program contributes to the realization of the following goals:

- Enable managers and employees to perform their jobs in a more efficient manner through decentralized accounting/purchasing functions within the Department of Agriculture.
- Promote Best Management Practices within the state of Minnesota.
- Develop an information resource system so that the department has Internet technology for the 21st century.
- Work to diversify agricultural products and markets.
- Facilitate the competitive and orderly marketing of Minnesota farm products.
- Provide financial assistance to farmers to encourage extending of credit on real estate and to help farmers purchase land, improve facilities and restructure debt.

PLANNED RESULTS:

The agency budget plan will allow the budget activities within the administration and financial assistance program to accomplish their stated objectives:

- Provide department wide support services including administration, personnel, office management, information services, accounting and planning.
- Project Unity will re-engineer processes, model and build new shareable data bases and software applications, upgrade desktop, network and information exchange technology, provide information access to field staff clients and stakeholders, and establish a program to maintain necessary user and support skills and knowledge.
- Continue working toward stabilizing and expanding Minnesota's livestock industry with emphasis on the dairy industry.
- Continue facilitating the competitive and orderly marketing of Minnesota farm products.

BUDGET AND REVENUE SUMMARY:

The agency plan for this program is:

The agency will reallocate $170,000 in F.Y. 1998 and $186,000 in F.Y. 1999 of funds from the Family Farm Program to fund:

	F.Y. 1998	F.Y. 1999
Dairy Development & Enhancements	$102,000	$106,000
International Trade Opportunities	$5,000	$5,000
Ag in the Classroom	$5,000	$5,000
Agricultural Statistics	$8,000	$10,000
Affirmative Action Officer	$50,000	$50,000
Agricultural Finance	$-0-	$10,000

These reallocations will enable the agency to establish a Dairy Development and Enhancement Program, increase International Trade Opportunities for Minnesota, increase funding for Ag in the Classroom (Agricultural Marketing and Development Program), increase funding for printing in Agricultural Statistics (Agricultural Marketing and Development Program), hire an Affirmative Action Officer for the agency, and fund technical support costs in the Aggie Bond Program in Agricultural Finance.

GOVERNOR'S RECOMMENDATION:

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

- $2,500,000 from the General Fund for Project Unity to modernize the agency's information management systems. Up to $500,000 from special revenue dedicated funds is also recommended for Project Unity. (This funding does not require a direct appropriation as it will be funded from the agency's dedicated, indirect cost account).
- $580,000 from the General Fund for an alternate Waste/Feedlot initiative to determine problems, trends and effective solutions to feedlot issues.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
ADMINISTRATIVE SERVICES	1,935	2,048	1,953	1,953	1,953	1,966	1,966	1,966
AG NONPNT SOURCE POLLUTION	4,872	11,504	10,938	10,938	11,228	10,953	10,953	11,243
INFORMATION SERVICES	732	792	770	770	770	780	780	780
AGRICULTURAL FINANCE	2,632	1,702	1,138	968	968	1,156	980	980
COMMISSIONERS OFFICE	1,806	2,358	1,917	2,074	3,574	1,927	2,088	3,588
TOTAL EXPENDITURES BY ACTIVITY	11,977	18,404	16,716	16,703	18,493	16,782	16,767	18,557
AGENCY PLAN ITEMS:		FUND						
FAMILY FARM PAYMENT ADJUSTMENT		GEN		<170>			<186>	
DAIRY DEVELOPMENT & ENHANCEMENT		GEN		102			106	
INTERNATIONAL TRADE OPPORTUNITIES		GEN		5			5	
AGRIC BOND PROGRAM		GEN					10	
AFFIRMATIVE ACTION OFFICER		GEN		50			50	
TOTAL AGENCY PLAN ITEMS				<13>			<15>	
GOV'S INITIATIVES:		FUND						
(B) PROJECT UNITY		GEN			1,250			1,250
(B) PROJECT UNITY		SR			250			250
(B) ALTERNATE WASTE/FEEDLOT PACKAGE		GEN			290			290
TOTAL GOV'S INITIATIVES					1,790			1,790
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	4,014	5,077	4,451	4,438	5,978	4,511	4,496	6,036
STATUTORY APPROPRIATIONS:								
PUBLIC FACILITIES AUTHORITY	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000
SPECIAL REVENUE	3,658	2,555	2,008	2,008	2,258	2,014	2,014	2,264
FEDERAL	179	214	205	205	205	205	205	205
AGENCY		2	2	2	2	2	2	2
GIFT	59	96	50	50	50	50	50	50
TOTAL EXPENDITURES	11,977	18,404	16,716	16,703	18,493	16,782	16,767	18,557

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	75.3	78.4	79.1	81.1	85.1	79.1	81.1	85.1
TEMP/SEAS/PART_TIME	.2							
TOTAL FTE	75.5	78.4	79.1	81.1	85.1	79.1	81.1	85.1

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BUDGET ACTIVITY: Administrative Services
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:
The mission of this division is to provide financial, budgeting, auditing, personnel, internal office management and safety services to the department.

This division distributes state funds to county and district agricultural societies and associations and makes grant payments as provided by law or contract. This division 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; deposits and records all revenue received by the agency from all sources; and assists with the license renewal functions for the divisions using the department's computer licensing system.

In addition, this division 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 division also administers an employee safety program and provides mail distribution, central supplies, messenger service, clerical overload, space allocation and OSHA reporting for the department.

The clientele for the division are the employees, administrators and supervisors of the department. In addition, this division also provides services to the general public, county agricultural societies, poultry associations and other agricultural associations as authorized by law.

This division complies with various statutes and union contracts which govern state operations.

BUDGET ISSUES:
The agency budget plan will allow the department to maintain services at the current level, but does not provide for any MAPS and SEMA4 enhancements that may be required or necessary with any system expansion or changes.

REVENUE:
This activity generates dedicated and non-dedicated revenues. The dedicated account is for indirect costs which provide funding for this activity.

GRANTS:

1. Grants to Agricultural Societies and Associations:
   Statutory Reference: M.S. Sections 17.07 and 38.02.

   Grants are made to county and district agricultural societies and associations to promote agricultural development and pay premium cash awards to exhibitors for meritorious exhibits of livestock products, grains, fruits, flowers, vegetables, articles of domestic science, handicrafts, hobbies, fine arts, and articles made by school pupils. Cash awards are paid to the merit winner of events such as 4-H Club or Future 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.

	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
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			
Grants By Fund:	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General	$385	$385	$385	$385

2. 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.

	Dollars in Thousands				
Grants By Fund:	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General	$70	$70	$70	$70	$70

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: ADMINISTRATIVE SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,144	1,132	1,182	1,182	1,182	1,195	1,195	1,195
OPERATING EXPENSES	338	461	316	316	316	316	316	316
SUBTOTAL STATE OPERATIONS	1,482	1,593	1,498	1,498	1,498	1,511	1,511	1,511
LOCAL ASSISTANCE	453	455	455	455	455	455	455	455
TOTAL EXPENDITURES	1,935	2,048	1,953	1,953	1,953	1,966	1,966	1,966
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,253	1,318	1,225	1,225	1,225	1,242	1,242	1,242
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	682	730	728	728	728	724	724	724
TOTAL EXPENDITURES	1,935	2,048	1,953	1,953	1,953	1,966	1,966	1,966
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	1,708	1,573	1,573	1,573	1,823	1,573	1,573	1,823
DEBT SERVICE	2	3						
NONDEDICATED:								
GENERAL	3	9	9	9	9	9	9	9
TOTAL REVENUES COLLECTED	1,713	1,585	1,582	1,582	1,832	1,582	1,582	1,832
FTE BY EMPLOYMENT TYPE:								
REGULAR	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0
TOTAL FTE	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0

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 producers implement practices that protect environmental quality while helping them remain economically viable. The activity develops and communicates manure best management practices; conducts outreach to involve producers in environmental policy and program development; provides low interest loans to producers through counties and local lenders; and establishes baseline data for policy and program development. These activities are preventative, supportive and facilitative in nature, and protect the environment while maintaining agricultural producers' financial well being.

Customers include producers; the University of Minnesota; local, state and federal governments; rural land owners; agri-supply businesses; and the general public. Services are delivered through a variety of research, informational, facilitative, technical and financial assistance activities. These are delivered directly or through partnerships. The services provide information, technical and financial assistance directly to local units of government, agricultural producers and other citizens.

This activity is delivered through the Agronomy and Plant Protection, Agricultural Marketing and Development and Agricultural Finance budget activities. Agronomy and Plant Protection develops and promotes Best Management Practices (BMPs) for manure utilization; assesses and analyzes current management practices; and evaluates changes that occur based on education and information efforts. The delivery and promotion of these BMPs are accomplished directly through the Minnesota Extension Service or 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.

Agricultural Marketing and Development (AMD) assists livestock producers participate in state policy and program development regarding nonpoint pollution and livestock and feedlot related matters; conducts customer research to inventory needs regarding basic and applied research on animal waste systems, and management practices; and provides information or educational materials for producers on topics such as feedlot and manure management, resources available, and nutrient management guides. The major vehicle is the Feedlot and Manure Management Advisory Committee (FMMAC). In addition, AMD provides local governments with technical assistance and advice on how to integrate livestock facilities into development plans; and facilitates research to meet needs of livestock producers regarding odor control, bio-filters as odor suppressants; and dead animal disposal methods.

Agricultural Marketing and Development and Agricultural Finance share responsibility for the Agricultural Best Management Practices Loan Program (Ag BMP Loan Program). Agricultural Marketing and Development conducts overall program implementation, accepts applications and reviews and ranks applications according to eligibility criteria. Ag Finance carries out loan processing and disburses funds. Individual credit decisions are made at the local level. The program was established in 1994 to provide zero interest loans to local governments to implement local water planning priorities as these pertain to agriculture. The funds are made available from the State Water Pollution Control Fund, which is financed by federal funds under the Clean Water Act. The loans are available 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.

BUDGET ISSUES:

Livestock Manure BMPs. These must be developed in recognition of the variations in Minnesota's diverse climate and regional landscapes, animal species and soil types. BMPs should reflect the variation in livestock enterprises, manure management systems, landscapes and climates that exist in Minnesota. This program will also continue to develop BMPs as well as deliver training regarding manure management and utilization as a nutrient through the Minnesota Extension Service.

Educational and Support Materials. Agricultural producers need information on feedlot and manure management and utilization issues. This activity continues to develop and refine an inventory of needs regarding basic and applied research on animal waste systems and management practices. The FMMAC has also established an odor subcommittee to develop recommendations regarding the research, management and regulation of feedlot odors. A collaborative effort with the Minnesota Pork Producers Association, the Agricultural Utilization Research Institute (AURI) and the Minnesota Board of Animal Health is establishing 4 on-farm animal mortality composting demonstration sites. However, additional research and development activities are needed to fully address livestock manure management issues while balancing economic vitality and environmental protection.

Livestock Management. There is a basic need to establish a scientific data base regarding odor by type and size of operation, along with the preparation of management information for producers. This involves conducting research as well as demonstrating the use of bio-filters as odor suppressants and composting of dead animals. Another challenge is evaluating the potential survival and transmission of pathogens in manure for possible health or food safety reasons.

Agriculture Best Management Practices Loan Program. Seventy-four counties either are receiving funds or approved to receive funds under the program to implement local water plan priorities by providing low interest loans for agricultural practices that will reduce nonpoint source pollution or otherwise improve water quality. Some counties have expressed a desire to see the program expanded to provide for additional funding for septic systems on a broader scale. Also, the loan demand has been more than double the amount of funds available, and the need appears to be increasing. However, the federal funding which finances the program is expected to decrease from current levels.

REVENUE:

This activity generates revenues in the form of anticipated transfers of federal funds from the Public Facilities Authority to the department for funding for the Agricultural Best Management Loan Program.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: AG NONPNT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	394	585	598	598	618	613	613	633
OPERATING EXPENSES	361	409	290	290	560	290	290	560
SUBTOTAL STATE OPERATIONS	755	994	888	888	1,178	903	903	1,193
PAYMENTS TO INDIVIDUALS	18							
LOCAL ASSISTANCE	32	50	50	50	50	50	50	50
OTHER EXPENSES	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	4,872	11,504	10,938	10,938	11,228	10,953	10,953	11,243
GOV'S INITIATIVES:		FUND						
(B) ALTERNATE WASTE/FEEDLOT PACKAGE		GEN			290			290
TOTAL GOV'S INITIATIVES					290			290
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	805	1,044	938	938	1,228	953	953	1,243
STATUTORY APPROPRIATIONS:								
PUBLIC FACILITIES AUTHORITY	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	4,872	11,504	10,938	10,938	11,228	10,953	10,953	11,243
REVENUE COLLECTED:								
DEDICATED:								
PUBLIC FACILITIES AUTHORITY	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000
TOTAL REVENUES COLLECTED	4,067	10,460	10,000	10,000	10,000	10,000	10,000	10,000

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: AG NONPNT SOURCE POLLUTION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	10.2	13.0	13.0	13.0	13.5	13.0	13.0	13.5
TEMP/SEAS/PART_TIME	.2							
TOTAL FTE	10.4	13.0	13.0	13.0	13.5	13.0	13.0	13.5

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration & Financial Assistance
ACTIVITY: Agricultural Nonpoint Source Pollution

ITEM TITLE: Alternate Waste/Feedlot Package

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund				
- State Operations	$290	$290	$-0-	$-0-
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends $580,000 from the General Fund to provide information needed by researchers, agricultural professionals and producers to be able to manage manure in an environmentally responsible and scientifically-based manner, and to provide information for evaluation of odor management systems.

RATIONALE:

The livestock industry must address several challenges if it is to remain profitable and environmentally sustainable while maintaining its economic and social importance for Minnesota. The livestock industry, in particular, is important to Minnesota's economy. Livestock farm cash receipts totaled about $3.7 billion in 1994, or about 53% of total farm cash receipts. Moreover, livestock production continues to be the most important form of value-added activity in Minnesota agriculture. The livestock and related industries are responsible for approximately 285,000 jobs, over ten percent of all employment in the state. Animal manure is also an important source of nutrients for the production of other agricultural commodities, and its use decreases the amount of commercial fertilizer that must be imported.

Many of the major issues that the industry faces have to do with the management of production by-products. Producers of livestock, their neighbors, the processing industry and the general public have substantial concerns over these issues. The concerns include: environmental (air quality) and aesthetic concerns over odor dispersion from feedlots; the lack of facilities or technologies to safely dispose of dead animals; lack of scientific information on the effectiveness of odor suppression and management technologies; need to reevaluate potential pathogen survival or transmission, given new methods and technologies of production; and the development and evaluation of models to predict the effectiveness of best management practices designed to control water quality impacts of runoff to tile lines from fields where manure has been applied. This initiative focuses on addressing these challenges in order to strengthen the sector and encourage investments by producers and processors.

PROGRAM OUTCOMES:

This initiative will result in the following 4 outcomes:

- Quantification of the odor issue. A scientific data base on odor by type and size of operation will be developed.
- Research data on and demonstrations of technologies for composting of animal mortalities and the use of biofilters as odor suppressants.
- An evaluation of tile inlet technologies (buffer strips/slotted pipes/French drain systems) through laboratory modeling to quantify effectiveness, cost, and maintenance problems.
- Conduct an extensive literature review and limited testing to determine pathogen survival and transmission in manure by various management approaches for the collection, storing, or use of manure.

The first component will establish a scientific odor database by type and size of livestock operation. A representative profile of livestock operations will be established. On-farm monitoring will identify and quantify odor and hydrogen sulfide emissions, if any, and evaluate how facility design and management impact emissions. This database can be used by researchers and producers to determine which systems or practices work best. The research will also be useful in developing odor dispersion models and local land use policies.

Another component of this initiative is research on and demonstration of composting of animal mortalities and the use of bio-filters as odor suppressants. Poultry, and more recently, swine and sheep mortality composting is a practice approved by the Board of Animal Health. Composting cattle, however, is not yet an approved practice. This initiative will establish cattle composting sites for gathering the data necessary to assess this technology. In addition, this initiative will establish 8-10 strategically-located, on-farm demonstration sites to increase producer awareness of the effectiveness of composting animal mortalities. Research will also be conducted to analyze bacterial odor suppression.

The third component is to evaluate the environmental and economic viability of field drainage technologies through laboratory modeling of the various options. The laboratory setting will enable researchers to model several years of inflow events quickly. This is critical to evaluating the long-term effectiveness of the technologies. The research will result in information for farmers, designers, and agricultural professionals to evaluate the effectiveness of tile inlet designs for reducing sediment and nutrient loading from surface tile inlets, as well as provide the basis for developing improved systems.

The final component will evaluate potential pathogen survival and transmission in manure by various management approaches in collecting, storing and using manure. Because of new production technologies or methods, producers and others feel an assessment and limited testing is warranted to determine if a need exists for further analysis.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration & Financial Assistance
ACTIVITY: Agricultural Nonpoint Source Pollution

ITEM TITLE: Alternate Waste/Feed Lot Package (Continuation)

LONG-TERM IMPACT:

This initiative will:

- Provide information to researchers, agricultural professionals and producers to assist them in managing manure in an environmentally-responsible and scientifically-based manner.
- Provide a baseline of data for livestock odor policy and development.
- Provide valuable information to be used in the evaluation and selection of odor management systems.
- Decrease local controversy by providing information to assist local governments, and others in planning and implementing policies and standards that will maintain and support the local livestock industry while minimizing conflicts.
- Ensure the continued safety and quality of food and other products produced by the livestock industry.
- Encourage and help support long-term investment in quality livestock operations.
- Help support an industry that is vital to the economy and well-being of this state.

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BUDGET ACTIVITY: Information Services
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

The mission of the Information Services Division (ISD) is to provide information and technological support and services to the divisions and staff of the department and its clients.

This activity exists to improve the efficiency and effectiveness of the department by managing information resource development projects, dissemination of information to the public, and providing services and support to other divisions through duplicating, word processing and graphics services, and computer services such as programming, data security and local and wide area network support and administration.

BUDGET ISSUES:

A key component to carrying out this mission is the Project Unity budget initiative. To improve the performance of the department as indicated in the Program measures, this activity will reengineer existing processes to make them more efficient and effective, build databases to be shared with clients and other stakeholders, develop new software applications, install state-of-the-art technology, ensure that ISD and end users acquire and maintain necessary skills, and develop a geographical information systems capability.

1. The Department of Agriculture recognizes that the agricultural industry is undergoing significant and rapid change. With increased public and private concern and demand for attention in the areas of the environment, public health, and consumer protection - and recognizing the trend of diminishing public resources to address these concerns - the Department of Agriculture places the highest priority on information resources that provide the flexibility to respond to public needs and demands within the context of its mission. Well-designed, customer-focused information resources that are sharable and reusable across functions within the department and with other state, local and federal agencies is critical to meeting its mission.

2. The Department of Agriculture's current information resources are based on technology that is becoming outdated and, in some cases, may not be supported by vendors in the near future. Most software applications are in need of replacement and most inspection/regulatory functions in the field are not supported by information technology. Since much of the department's customer contact is done in the field, this function is in need of technology to improve customer services. Furthermore, the licensing function will be integrated with other data and applications to provide important data to field staff and stakeholders. The laboratory/testing function is at a critical point and needs its information resources replaced as soon as possible.

REVENUE:

This activity generates dedicated revenue. The dedicated accounts are for publication fees.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: INFORMATION SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	529	620	628	628	628	637	637	637
OPERATING EXPENSES	203	172	142	142	142	143	143	143
SUBTOTAL STATE OPERATIONS	732	792	770	770	770	780	780	780
TOTAL EXPENDITURES	732	792	770	770	770	780	780	780
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	417	498	476	476	476	486	486	486
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	315	294	294	294	294	294	294	294
TOTAL EXPENDITURES	732	792	770	770	770	780	780	780
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	12	10	10	10	10	10	10	10
TOTAL REVENUES COLLECTED	12	10	10	10	10	10	10	10
FTE BY EMPLOYMENT TYPE:								
REGULAR	13.3	13.3	13.5	13.5	13.5	13.5	13.5	13.5
TOTAL FTE	13.3	13.3	13.5	13.5	13.5	13.5	13.5	13.5

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BUDGET ACTIVITY: Agricultural Finance
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

ACTIVITY DESCRIPTION:

Programs administered by the Agricultural Finance Division are designed to enhance Minnesota's agricultural production and processing capacity. Four Management activities are administered within the setting of agricultural finance.

- The Rural Finance Authority (RFA)
- The Sustainable Agriculture Loan Program (SALP)
- The Agricultural Best Management Loan Program (AgBMP)
- The Family Farm Security Loan Program (FFSP)

The mission of the Rural Finance Authority (M.S. Chapter 41B and 41C) is to enhance Minnesota agricultural production and processing capacity by creating programs that provide financial assistance to farmers and agricultural resource businesses.

The Rural Finance Authority was established in 1986 to institute a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of Article XI, Section 5, Clause (h) of the Minnesota Constitution, to develop the state's agricultural resource by extending credit on real estate security. The initial program was designed to help lenders and borrowers restructure farm real estate loans that had become undersecured. The 1986 Minnesota Legislature authorized the sale of $50 million in general obligation bonds to fund the initiative.

Since 1986 the RFA has grown to include a variety of programs, including the Beginning Farmer and Seller Assisted Programs to help new farmers purchase ag land; the Agricultural Improvement Loan Program for any farm-related purpose; the Livestock Expansion Loan Program for state of the art improvements of livestock facilities, and the Restructure II Loan Program to help farmers reorganize their debt.

The Rural Finance Authority will purchase a participation interest in a financial institution's first mortgage when the loan is being made to an eligible farmer. The RFA will purchase a 45% interest in the lender's first mortgage (up to $100,000). A participation in the Livestock Expansion Loan Program may be up to $250,000. This participation interest is set up on a reduced interest rate to improve the farmer's cash flow. The RFA and lender become partners and each owns a pro-rata share of the mortgage.

Other programs administered by the RFA include:

Agricultural Development Bond (Aggie Bond): This program creates a federal tax exemption for banks, and a federal and state tax exemption on interest income to an individual seller in exchange for offering below market interest rates to the buyer. No state funds go into these loans.

Value Added Stock Loan: This program provides financing for farmers with limited capital who want to buy stock in a cooperative proposing to build or purchase and operate an agricultural product processing facility in Minnesota. The RFA will participate on 45% of a loan to a maximum of $24,000.

Ethanol Facilities Loan: The RFA may provide up to $500,000 loan for the construction or expansion of an ethanol facility in Minnesota. Interest rate is currently 6%. The 1993 Minnesota legislature appropriated $1 million for an ethanol production facility loan program. An additional $1.475 million was appropriated in 1994 and $350,000 in 1995. This is a revolving loan program.

In the decade since its inception, the RFA has enabled over 1,200 Minnesota farmers to purchase farms, improve them, or add efficient, up-to-date livestock facilities. To date the RFA has purchased more than $50 million in loan participations. The 1996 Minnesota Legislature passed, and Governor Arne Carlson signed, a bill authorizing the sale of an additional $41 million in general obligation bonds.

The Sustainable Agriculture Program (M.S. 17.115) was initiated in 1987 with EXXON oil overcharge funds. In 1988, The Minnesota legislature established the Shared Savings Loan program. The loan program consists of a $1 million revolving fund. The loan program is designed 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. Loan applicants 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.

The Agricultural Best Management Program (M.S. 17.117) program was created by the 1994 legislature to provide low interest financing to farmers, agribusinesses and rural landowners for the implementation of agricultural best management practices that reduce or treat run-off from farm yards and fields. The program is directed to projects that prevent or mitigate nonpoint source pollution and that are identified as priorities in local county water plans. The program assists an eligible borrower through low interest (3%) loans.

The Family Farm Security Program (M.S. Chapter 41) was directed 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. This payment is handled as an interest free loan. The state is to be repaid within 1 year after maturity of the guaranteed loan. No new applications have been taken since December of 1985.

BUDGET ISSUES:

The agency budget plan provides for similar loan activity in the RFA participation programs to that of the 1996-97 biennium.

F.Y. 1996 General Fund budget for FFSP was $508,000. Of this amount, $285,000 was specifically for the purpose of making interest adjustment payments. This is a line item and cannot be used for other purposes. There was $25,000 budgeted for income tax refunds with the balance of $198,000 for salaries and other administrative activities, including the Corporate and Alien Farm Law.

Budget requirements for interest adjustment payments and income tax refunds will continue to decline as participants graduate, withdraw or report a net worth of more than $135,000, which is the maximum for continued eligibility for the interest adjustment payment. Interest adjustment payments are estimated at $136,000 in F.Y. 1997, $115,000 in F.Y. 1998, and $99,000 in F.Y. 1999.

Repayment of the interest adjustment payments for FFSP is a non-dedicated receipt that is deposited directly to the General Fund. Collection of repayments should be completed sometime by the end of C.Y. 2006.

BUDGET ACTIVITY: Agricultural Finance
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of
(Continuation)

The Agency Decision Item for this budget activity is to reduce Family Farm Program expenditures in F.Y. 1998 by $170,000 and in F.Y. 1999 by $186,000. The agency will reallocate funds to Agricultural Marketing and Development Program for Ag in the Classroom ($5,000 each year) and Agricultural Statistics ($8,000 in F.Y. 1998 and $10,000 in F.Y. 1999). The remainder of the reallocations are within the Administration and Financial Assistance Program for establishment of a Dairy Development and Enhancement Program, hiring of an Affirmative Action Officer, increasing International Trade Opportunities, and fund increasing administrative technical support costs for Aggie Bond in Agricultural Finance.

REVENUE:

The Agricultural Development Bond Program generates non-dedicated revenue. The RFA collects a $50 application fee and a 1.5% loan origination fee under the Aggie Bond Program. These receipts go to the general fund. Dedicated revenues are generated from interest charges and principal repayment on loans, loan application and loan origination fees for the various participation programs, and on Agricultural Development Bond Program volume cap allocation fees.

In 1988, the Minnesota Legislature appropriated $1 million to the SALP and established a revolving loan account to make loans and administer the loan program. M.S. 17.115, subd. 4 states "The interest on the money in the revolving loan account and the interest on loans repaid to the state may be spent by the commissioner for administrative expenses."

Funding for the AgBMP loan program originates through federal appropriation from the Environmental Protection Agency. The Minnesota Department of Agriculture receives its allocation from the Public Facilities Authority (PFA) at the Department of Trade and Economic Development. PFA administers the State Revolving Fund (SRF). Twenty million has been allocated to the Minnesota Department of Agriculture from SRF funds for the loan program.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: AGRICULTURAL FINANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	342	358	381	381	381	389	389	389
OPERATING EXPENSES	73	187	90	90	90	90	100	100
CAPITAL OUTLAY		2	2	2	2	2	2	2
SUBTOTAL STATE OPERATIONS	415	547	473	473	473	481	491	491
LOCAL ASSISTANCE		50	50	50	50	50	50	50
OTHER EXPENSES	2,217	1,105	615	445	445	625	439	439
TOTAL EXPENDITURES	2,632	1,702	1,138	968	968	1,156	980	980
AGENCY PLAN ITEMS:		FUND						
FAMILY FARM PAYMENT ADJUSTMENT		GEN		<170>			<186>	
AGRIC BOND PROGRAM		GEN					10	
TOTAL AGENCY PLAN ITEMS				<170>			<176>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	539	742	723	553	553	731	555	555
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,093	958	413	413	413	423	423	423
AGENCY		2	2	2	2	2	2	2
TOTAL EXPENDITURES	2,632	1,702	1,138	968	968	1,156	980	980
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	867	786	926	926	926	941	941	941
DEBT SERVICE	4							
RURAL FINANCE ADMINISTRATION	5,228	4,963	5,961	5,961	5,961	7,256	7,256	7,256

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: AGRICULTURAL FINANCE

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
AGENCY		2	2	2	2	2	2	2
NONDEDICATED:								
GENERAL	1,020	400	200	200	200	200	200	200
CAMBRIDGE DEPOSIT FUND	57	30	32	32	32	32	32	32
TOTAL REVENUES COLLECTED	7,176	6,181	7,121	7,121	7,121	8,431	8,431	8,431
FTE BY EMPLOYMENT TYPE:								
REGULAR	6.2	6.5	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL FTE	6.2	6.5	7.0	7.0	7.0	7.0	7.0	7.0

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BUDGET ACTIVITY: Commissioner's Office
PROGRAM: Administration and Financial Assistance
AGENCY: Agriculture, Department of

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; and department communications that inform 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 M.S. 1986, Ch. 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:

- **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 same level of effort during the 1998-99 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 Development and Enhancement Specialist recently established at the department to help assist dairy producers in Minnesota.

The agency budget plan calls for spending $50,000 in F.Y. 1998 and $50,000 in F.Y. 1999 for dairy policy issues and supporting legal challenges to the current federal milk marketing order system. Federal Milk Marketing Orders were not addressed in the recent farm bill, and continued efforts will be made by the department to ensure fair treatment for Minnesota dairy producers.

The Agency Decision Items and Budget Initiatives for this budget activity are:

- Reallocation of funds from the Family Farm Program will allow the establishment of a Dairy Enhancement and Development Specialist position. This position will provide Minnesota's dairy farmers with needed information on how to increase the profitability of their operations.

- Reallocations of funds from the Family Farm Program will allow the agency to increase support for International Trade Opportunities for Minnesota.

- Reallocations of funds from the Family Farm Program will allow the agency to create and fill an Affirmative Action Officer position.

REVENUE:

This activity generates dedicated and non-dedicated revenues. The dedicated account is for indirect costs which provide funding for this activity.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: COMMISSIONERS OFFICE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	849	926	927	1,043	1,268	935	1,053	1,278
OPERATING EXPENSES	449	771	479	520	1,795	481	524	1,799
SUBTOTAL STATE OPERATIONS	1,298	1,697	1,406	1,563	3,063	1,416	1,577	3,077
PAYMENTS TO INDIVIDUALS	243	246	246	246	246	246	246	246
LOCAL ASSISTANCE	265	415	265	265	265	265	265	265
TOTAL EXPENDITURES	1,806	2,358	1,917	2,074	3,574	1,927	2,088	3,588
AGENCY PLAN ITEMS:		FUND						
DAIRY DEVELOPMENT & ENHANCEMENT		GEN		102			106	
INTERNATIONAL TRADE OPPORTUNITIES		GEN		5			5	
AFFIRMATIVE ACTION OFFICER		GEN		50			50	
TOTAL AGENCY PLAN ITEMS				157			161	
GOV'S INITIATIVES:		FUND						
(B) PROJECT UNITY		GEN			1,250			1,250
(B) PROJECT UNITY		SR			250			250
TOTAL GOV'S INITIATIVES					1,500			1,500
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,000	1,475	1,089	1,246	2,496	1,099	1,260	2,510
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	568	573	573	573	823	573	573	823
FEDERAL	179	214	205	205	205	205	205	205
GIFT	59	96	50	50	50	50	50	50
TOTAL EXPENDITURES	1,806	2,358	1,917	2,074	3,574	1,927	2,088	3,588

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE DEPT
PROGRAM: ADMIN & FINANCIAL ASSISTANCE
ACTIVITY: COMMISSIONERS OFFICE

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	2							
FEDERAL	179	210	205	205	205	205	205	205
GIFT	50	50	50	50	50	50	50	50
NONDEDICATED:								
CAMBRIDGE DEPOSIT FUND	1	1	1	1	1	1	1	1
TOTAL REVENUES COLLECTED	232	261	256	256	256	256	256	256
FTE BY EMPLOYMENT TYPE:								
REGULAR	17.6	17.6	17.6	19.6	23.1	17.6	19.6	23.1
TOTAL FTE	17.6	17.6	17.6	19.6	23.1	17.6	19.6	23.1

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Assistance
ACTIVITY: Commissioner's Office

ITEM TITLE: Project Unity - Electronic Information Management System

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: ($000s)				
General Fund	$1,250	$1,250	$1,250	$1,250
Special Revenue/Statutory	$250	$250	$250	$250
Revenues: ($000s)				
General Fund	$-0-	$-0-	$-0-	$-0-

Statutory Change? Yes ____ No _X_

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends General Funds of $1,250,000 per year for Project Unity. The agency may include a line item for Project Unity on their agency indirect cost plan of up to $250,000 per year. This line item will be waived for any accounts where this would result in a fee increase.

RATIONALE:

Project Unity will modernize the Minnesota Department of Agriculture's electronic information management system to address the department's responsibilities in the rapidly changing environment of agricultural marketing, regulation and policy. The department's mission of promotion and regulation is challenged by the increasing need for precise information on a timely basis and the need to develop linkage with complex external data systems. The department serves a diverse group of clientele in greater Minnesota and urban Minnesota. Additionally, the department needs to interface and adapt to the fast changing business-client computer technology used by external clients on statewide, national, and international basis. To fulfill its mission and serve its diverse client base in the twenty-first century, the department needs to gather, store, and maintain a vast amount of information that is readily accessible to its employees and external clients. Project Unity is the department's proposal to meet these needs.

The current internal business needs of the department as well as requests from outside clients have increased demands for detailed and extensive information. To meet these demands and provide improved customer service, the department needs to dramatically add to its ability to supply timely, accurate and understandable information. Currently, a relatively small percentage of the data and information is stored electronically on existing systems which were designed "ad-hoc" in response to the needs of the time. These systems have limited or non-existent capabilities to talk to each other; while the department is still dependent on a considerable amount of additional data that exists in the traditional paper copy method which is even less efficient .

Project Unity's focus is to modernize the electronic information system to improve the quality of information maintained by the department. This effort will initially review network and information management processes resulting in the development of a central computer system which will standardize data, storage, and retrieval information. This integrated computer based system, designed by identifying and documenting client, staff, legal and policy needs, will greatly contribute to improvements in process efficiencies to meet department, division, and program responsibilities.

PROGRAM OUTCOMES:

The department will use integrated computer technology, in conjunction with existing and traditional managerial approaches, to achieve the following outcomes:

1. Establish department wide standards for storage of data.
2. Improve internal and external response times through enhanced information analysis and management.
3. Develop centralized geographic information systems (GIS) capabilities.
4. Provide faster, more precise response and analysis to information requests.
5. Improve response and consistency in compliance assistance and enforcement of regulations.
6. Establish and improve computer linkage among field staff, and between field staff and St. Paul office.
7. Use advanced information technology to assist in making effective policy decisions.

Project Unity results will improve department wide accessibility to data for cross program utilization, policy development, and evaluation. It will reduce duplication of data entry from various divisions, and eliminate discrepancies in important data which would otherwise be kept in two or more unrelated databases. The information contained in the integrated system would provide for multi-division reports, compliance history, geographic information, and create public assess to MDA's information repository.

Another component of Project Unity will include bringing computer technology to the department's 125 field staff who at this time rely on either non-existent or limited electronic technology to support them in their various compliance assistance and regulatory roles. Efforts will include breaking barriers which create limited and cumbersome access to central office data base information from greater Minnesota employees.

LONG-TERM IMPACT:

Project Unity is of vital importance and the highest priority for the F.Y. 98-99 biennium. The department recognizes the changing environment and economy of the agriculture sector; and Project Unity, with staff and client participation, will enable the department to identify computer technology to help achieve the desired improvements requested by its clients.

This initiative will enable the department to improve its ability to meet the demands of a changing vital agriculture community and general public in the 21st century. It will further increase the availability of department wide data for management and oversight information to direct program activities and make policy decision. Project Unity will also provide easier access to department information regarding regulatory, environmental protection programs, outreach and education work, promotion and marketing efforts, and provide improvements across all divisions.

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AGENCY: Animal Health, Board of

AGENCY DESCRIPTION:

b14-agy.wat

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, bison, cervidae, llamas, ostriches, 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.

REVENUES:

This activity generates dedicated and non-dedicated revenue. 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, institutions housing dogs, cats and horses, fees for registering horse and cattle brands; penalties levied by the board for violations of rules and statute. The amounts of fees and the maximum amount of penalties are set in statute.

ISSUES AFFECTING AGENCY'S 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.

Control projects are in effect for rabies, anaplasmosis, pseudorabies, equine infectious anemia, avian influenza, salmonella pullorum, salmonella typhimurium, salmonella enteridities, mycoplasmas, paratuberculosis and cattle scabies. Eradication projects continue 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 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.

The testing of poultry flocks for salmonellae, avian influenza and mycoplasmas, has produced solid results by allowing the board to identify infected flocks, thus reducing the spread of disease to clean flocks. The Salmonella Reduction Pilot Project is designed to eliminate from the flocks the major salmonellae species affecting humans.

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.
- To continue the pseudorabies eradication program in Minnesota and progress to stage 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 the introduction of foreign animal diseases such as foot and mouth disease in cattle and hog cholera in swine into Minnesota from other countries.
- 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 have been tested since inception of the project;
- 12,500 swine herds are monitored annually;
- Over 70% reduction in number of infected swine herds;
- 82 of Minnesota's 87 counties are in Stage III status (free of disease or less than 1% of the herds infected);
  - 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
- 35,000 milk samples tested annually.

Poultry and Companion Animals:

- 300,000 poultry samples tested annually;
- Average of 150 rabies cases investigated annually;
- 175 annual inspections of dog pounds; and
- All rendering facilities and trucks inspected annually.

EXPLANATION OF AGENCY'S BUDGET PLAN:

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 and cooperative agreements, the agency is able to meet its management and administrative demands, while reducing the work force by over 10% during the last 6 years.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan for expenditures. However, with the review of fee supported activities, the Governor recommends that the agency's fees for brand registrations (M.S.35.824), kennel licenses (M.S.347.33), dealer licenses (347.33), and institution licenses (M.S.35.71) be increased to recover costs as reported in the 1998-99 Departmental Earnings Report. Proposed statutory amendments will be included in the Governor's Omnibus Appropriations bill.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ANIMAL HEALTH BOARD
PROGRAM: LIVESTOCK AND POULTRY HEALTH
ACTIVITY: DISEASE REGULATION AND CONTROL

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,594	1,676	1,712	1,712	1,712	1,756	1,756	1,756
OPERATING EXPENSES	888	1,115	930	930	930	930	930	930
SUBTOTAL STATE OPERATIONS	2,482	2,791	2,642	2,642	2,642	2,686	2,686	2,686
TOTAL EXPENDITURES	2,482	2,791	2,642	2,642	2,642	2,686	2,686	2,686
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,155	2,227	2,259	2,259	2,259	2,303	2,303	2,303
STATUTORY APPROPRIATIONS:								
FEDERAL	327	564	383	383	383	383	383	383
TOTAL EXPENDITURES	2,482	2,791	2,642	2,642	2,642	2,686	2,686	2,686
REVENUE COLLECTED:								
DEDICATED:								
FEDERAL	313	455	383	383	383	383	383	383
NONDEDICATED:								
CAMBRIDGE DEPOSIT FUND	2	8	8	8	25	8	8	25
TOTAL REVENUES COLLECTED	315	463	391	391	408	391	391	408
FTE BY EMPLOYMENT TYPE:								
REGULAR	32.8	33.0	33.0	33.0	33.0	33.0	33.0	33.0
OVERTIME	.1							
TOTAL FTE	32.9	33.0	33.0	33.0	33.0	33.0	33.0	33.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
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BY SEC SEQ

AGENCY: ANIMAL HEALTH BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	2,600	2,600	2,217	2,217			383	383
BASE ADJUSTMENTS								
1998-99 COMPENSATION INFLATIO	42	86	42	86				
SUBTOTAL BASE ADJ.	42	86	42	86				
BASE LEVEL	2,642	2,686	2,259	2,303			383	383

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AGENCY: Minnesota-Wisconsin Boundary Area Commission

AGENCY DESCRIPTION:
The commission, created in 1965 by the governors and legislature of both states through an interstate compact, is an independent interstate agency "for the purpose of present and future protections, 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 4 standing committees for purposes of program formulation, issue evaluation, and implementation of work plan priorities. Staff support for the commission is provided by 4.5 FTE full-time staff, part-time clerical staff and interns.

ISSUES AFFECTING AGENCY'S OPERATIONS:
The commission holds an annual strategic planning workshop to review its programs, identify and prioritize issues, and develop an annual work plan. In F.Y. 1996-97 the commission developed a 5 year strategic business plan and information technology plan. The latter was prepared to enable the commission to obtain funding from Wisconsin for computer hardware and software including a local area network for the commission office, as well as the necessary training on the equipment and software. The vision statement in the strategic business plan cites the following challenges for the commission in the next 5 to 10 years:

Upper Mississippi River (UMR)

A spirit of cooperation and mutual trust exists between various river interests as well as an impetus toward achieving concrete results. We can expect growing public dismay if this spirit of cooperation does not yield visible results.

Expanding grain exports is putting pressure to upgrade the existing lock and dam system; increased barge traffic will further stress the river's ecosystem.

Zebra mussels are prolific in the UMR and, along with other exotic species, are expected to wreck institutional and biological havoc.

Biological degradation from impoundment is the most significant threat to the life of the UMR. Impoundment continues to create sediment build-up behind the locks and dams and in the backwaters. To reverse or abate river ecosystem degradation, we will need cooperative river management practices such as drawdowns and backwater restoration projects.

St. Croix River (SCR)

Zebra mussels, which are present but not reproducing in the SCR, pose a serious threat to the river's economic and biological health.

Landowners and local units of government, within and adjacent to the riverway, need to be more involved as partners in stewardship and management.

Urban growth, outward from the metro area, is putting pressure on governments to build more bridges and utility corridors across the SCR.

Urban growth is threatening farmers and farming as a way of life. Further, urbanization is degrading and fragmenting natural habitats within the watershed.

Upper Mississippi and St. Croix Rivers

Population growth in river communities, blufflands and within the watersheds will continue to challenge land use planners to find new ways to meet residents' needs while maintaining, or improving, water quality, biological integrity and diversity.

Recreational use of both rivers has expanded, with an increase in the use of higher powered watercraft and personal watercraft. This is creating user conflicts, challenges to safety and increased threats to the biological vitality.

There is growing dissatisfaction with government regulation as the means of achieving stewardship, a growing sensitivity to landowner rights, and an emerging sentiment that locally designated stewardship is better stewardship.

GOALS AND OBJECTIVES:
In the commission's service area the Mississippi and St. Croix Rivers fall 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:

- Continue to represent the public interests of both sponsor states in shaping recommendations and subsequent multi-purpose use policies and programs being developed in support of commercial navigation, recreation and natural resource protection on the Upper Mississippi River.
- Continue to provide direct assistance as a partner with the National Park Service and the Minnesota and Wisconsin Departments of Natural Resources in our joint management of the Upper and Lower St. Croix National Scenic Riverways.
- Serve as a link between local units of government, non profit groups and others interested in urbanization, land use planning and greenway development on the St. Croix and Mississippi Rivers.
- Develop the commission's capacity to better manage information internally, and to provide efficient and effective service to its sponsor states and others.

EXPLANATION OF AGENCY'S BUDGET PLAN:
In compliance with the state of Minnesota budget instructions, the commission is requesting an appropriation of $141,000 from the General Fund and $31,000 from the Natural Resources fund in F.Y. 1998, and $145,000 from the General Fund and $32,000 from the Natural Resources fund in F.Y. 1999. The commission requests equitable funding from each state and abides by the budgeting process for each state. The requested budget plan provides for the same level continuation of existing programs and does not include new program initiatives. (Note: Figures shown are only the Minnesota budget request, which is 50% of agency operations.)

- Continue employment of 4 full-time staff and 1 half-time clerical staff in the first year of biennium. Convert 1 half-time clerical to full-time in F.Y. 1999. Provide for 2% salary increase in F.Y. 1998 (+$2,000 in F.Y. 1998 and +$5,000 in F.Y. 1999)

- Retain existing office space and provide for a potential rent and normal operations increase due to inflation (+$1,000 in F.Y. 1998 and +$2,000 in F.Y. 1999)

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MINN-WISCONSIN BOUNDARY COMM
PROGRAM: MN/WISC BOUND AREA CO
ACTIVITY: MN/WISC BOUND AREA CO

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES	17	3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	17	3	3	3	3	3	3	3
LOCAL ASSISTANCE	147	165	169	169	169	174	174	174
TOTAL EXPENDITURES	164	168	172	172	172	177	177	177
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	134	138	141	141	141	145	145	145
NATURAL RESOURCES	30	30	31	31	31	32	32	32
TOTAL EXPENDITURES	164	168	172	172	172	177	177	177
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

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BY SEC SEQ

AGENCY: MINN-WISCONSIN BOUNDARY COMM

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	168	168	138	138	30	30		
BASE ADJUSTMENTS								
SMALL AGENCY S & E INFLATION	4	9	3	7	1	2		
SUBTOTAL BASE ADJ.	4	9	3	7	1	2		
BASE LEVEL	172	177	141	145	31	32		

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AGENCY: Citizens' Council on Voyageurs' National Park

AGENCY DESCRIPTION:

The Citizens' Council on Voyageurs' National Park is made up of 17 members: 2 state senators, 2 state representatives and 13 members selected from the Minnesota citizenry, 4 of whom must be residents of Koochiching County and 4 of whom must be residents of Saint Louis County.

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.

GOALS AND OBJECTIVES:

The council's primary goals for the biennium include the following:

1. Provide a forum for citizen input on the policies and practices of the National Park Service as they relate to the Voyageurs' National Park.

2. Provide information and feedback to the National Park Service related to federal rules, regulations, policies, and legislative initiatives and associated implementation plans regarding the use of Voyageurs' National Park to ensure consideration of citizens' interests.

3. Inform state citizens of the special nature of Voyageurs' National Park so citizens understand the unique role the park plays in the federal park system and how it complements the state's recreational facilities.

4. Inform the public about the availability of this unique resource so that residents and visitors increase their use of the park -- within the capacity of the park to accommodate such levels of use -- and provide economic development in the areas surrounding the park.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The council's funding request will be used on the following activities:

1. Maintain an office near the Voyageurs' National Park to be responsive to citizen input and concerns.

2. Hold quarterly meetings to receive formal input from the citizens of the state of Minnesota and to discuss and advise the National Park Service regarding citizen input and other concerns on the operating policies and procedures of the National Park Service.

3. Participate in federal mediation, a new council activity, in the attempt to find a working relationship with the National Park Service which will enhance the likelihood of successful resolution of issues before they become policy.

4. Provide input to the Minnesota Congressional delegation as it relates to recommendations for change in the management practices and policies regarding the Voyageurs' National Park.

5. Develop public relations tools that will better inform the public regarding issues and uses relating to Voyageurs' National Park. More specifically we will use devices such as the Internet to get the message of the availability of the Voyageurs' National Park and its unique character out to the world.

6. Improve communication devices with minimal upgrades of our data processing and communication technologies to better facilitate our capacity to effectively disseminate information at lower costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VOYAGEURS NATIONAL PARK
PROGRAM: VOYAGEURS NATL PK COMM
ACTIVITY: VOYAGEURS NATL PK COMM

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	24	35	34	34	34	35	35	35
OPERATING EXPENSES	28	34	29	29	29	29	29	29
SUBTOTAL STATE OPERATIONS	52	69	63	63	63	64	64	64
TOTAL EXPENDITURES	52	69	63	63	63	64	64	64
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	52	69	63	63	63	64	64	64
TOTAL EXPENDITURES	52	69	63	63	63	64	64	64
FTE BY EMPLOYMENT TYPE:								
REGULAR	.6	.6	.6	.6	.6	.6	.6	.6
TOTAL FTE	.6	.6	.6	.6	.6	.6	.6	.6

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

AGENCY: VOYAGEURS NATIONAL PARK

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	60	60	60	60				
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	1	1	1	1				
1998-99 COMPENSATION INFLATIO	1	2	1	2				
SMALL AGENCY S & E INFLATION	1	1	1	1				
SUBTOTAL BASE ADJ.	3	4	3	4				
BASE LEVEL	63	64	63	64				

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 families, school children, teachers, youth and adults by preserving and studying collections and by developing 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 hands-on activity-centered approaches of a science and technology center. As a unique educational resource, SMM supports public and private schools across the state and Upper Midwest and community learning programs across the country.

Through this range of programs SMM's goals are:

- to provide school and community-based educational programs that engage the curiosity of young people and their families;
- 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.

PROGRAMS

In F.Y. 1995-96 SMM served 1.1 million people:

- 777,323 adults, students, families, and organized groups of all ages visited the museum;
- SMM reached 193,624 students in their own school districts, including 2,067 educators who participated in conferences and training workshops;
- 49,184 participants of all ages were served in continuing education programs;
- Warner Nature Center reached almost 17,000 school children, families and adults; and
- 75,000 people were reached at special events throughout the metro area.

SMM is best known for the public programs at its headquarters facility located in downtown Saint Paul. The public museum attracts approximately 800,000 people per year from across the state and surrounding region. SMM is the most popular field trip destination among Minnesota museums. SMM offers permanent and changing exhibits in physical sciences, anthropology, paleontology, Minnesota geography and the environment, as well as a changing program of large format films in the Omnitheater, demonstrations and theater programs.

Less well-known is the extensive range of SMM's ongoing programs in education, film and exhibit production and distribution, research and collections, and a nature center and research station which SMM operates in neighboring Washington County.

- **Education.** SMM's education programs are among the most diverse museum-based programs in the country, involving programs for K-12 schools and teachers; an extensive state-wide outreach program; a magnet school for grades K-8 operated in partnership with the city of Saint Paul; and continuing education programs ranging from computer classes for adults and children to overnight science "camp-ins" to community outreach programs across the metro area.
- **Film and Exhibit Production and Distribution.** SMM develops and produces all of its own permanent exhibits as well as traveling shows that reach a large national audience, such as *Hunters of the Sky* which premiered in Saint Paul in late 1994. SMM has achieved a national reputation for the excellence of its exhibit development program, which is based on the philosophy that the best way to learn about science is by doing science. SMM is also a leading producer/distributor of OMNIMAX/IMAX films. SMM is in production with its 9th film, to be called *Greatest Places*, which will take is viewers on an armchair tour of 7 different geographically diverse land forms around the world. SMM always develops supplementary education programs and materials in conjunction with its exhibits and films.
- **Research and Collections.** SMM is one of the Midwest's largest and most active repositories for natural history and anthropology objects. The collections now total more than 1.75 million objects and artifacts, the bulk of which are of scientific and research value. About 30,000 objects are on exhibit at SMM at any given time. SMM conducts basic research in paleontology, biology and archaeology in sites across the state and Upper Midwest.
- **Related Facilities.** Since 1989 SMM has operated the *St. Croix Watershed Research Station*, a 442-acre site in Washington County, devoted to the study of river ecology at the watershed scale. The station sponsors research and collects, stores and makes available information to scientists, managers, educators and the public, through exhibits and programs at the Saint Paul museum. SMM also operates the *Lee and Rose Warner Nature Center*, nearly 700 acres of woodland, lakes, ponds, meadows and bog in the Saint Croix Valley region. The nature center serves primarily organized groups of school children with camps and school group activities.

OTHER OUTCOMES

- **Expanded Local Accessibility.** The Science Museum is committed to ensuring the broadest possible access to its range of programs, both through its metro and state-wide outreach programs but also through special accessibility initiatives to reach groups who may not otherwise be able to participate:
  - **State-wide Outreach Program** (called "Museum on the Move TM"). SMM currently serves virtually every county in the state through outreach programs for students and teachers which are marketed to every school in the state. Museum policy is to charge schools in Greater Minnesota 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 prohibit many schools from participating because the costs would be beyond their reach.

- **School Ticket Subsidies.** SMM currently provides a deep discount of 30% to 50% off general admission prices to school groups participating in field trips. This discount is subsidized by a combination of public and private support and keeps the museum accessible to a cross-section of Minnesota students.

- **Fall Fare for Low Income Schools.** SMM is expanding state-wide in Fall 1996 a program piloted in the metro area last year. Schools in which 80% or more of the students receive free or reduced rate lunches may buy reduced rate tickets of $2 for both the Omni and exhibits or $1 for exhibit-only admissions. These rates are 50% less than the already reduced rates offered to every school in the state.

- **Special Group Rate Admissions.** SMM operates 3 programs with metro area public and private agencies which offer reduced admission to low income families--through area parks and recreation centers; Ramsey and Hennepin County Human Services Department; and area community service organizations with a majority of clients served by one or more public assistance programs (GA, AFDC, WIC, SSI, food stamps or Medicaid).

- **Youth Initiatives.** The museum has developed a range of classes and camps and paid and volunteer programs to reach out to urban youth. With funding from the National Science Foundation, Bush Foundation, and other national foundations and corporations, SMM is developing new ways for youth to be involved in and to contribute to the museum. Programs such as Lab Partners (8th graders who are paid explainers in the *Experiment Gallery*) and Projects Club (high school students who volunteer to develop exhibits in *Our Minnesota*) are prototypes for the Youth Science Center which will be part of the new riverfront Science Museum of Minnesota in late 1999. SMM has also begun expanding the number of scholarships available for classes and camps by raising restricted funds from private sources.

- **Local Support.** SMM has one of the largest memberships bases of any science center in the country with 24,696 households, representing more than 100,000 individuals. SMM received approximately $2 million last year in annual operating support from a broad-base of approximately 40,000 individuals, corporations, and foundations, exclusive of the museum members.

- **National and International Audiences.** Science Museum programs, exhibits and Omnifilms reach beyond state lines across the region, the nation and to international locations. In F.Y. 1996 millions of people:

  - learned from SMM internationally-leased Omnifilms such as *Ring of Fire, Seasons, Tropical Rainforest,* and *Sharks* (over the years 50 million people have viewed SMM produced Omnifilms);

  - viewed national traveling exhibits such as *Bears, Antarctica,* and *Hunters of the Sky*;

- **Tourism.** SMM is one of the top tourist destinations in the state. It generates an overall impact of $55 million annually to the regional economy through direct, indirect and ancillary visitor spending.

- **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 193,624 in F.Y. 1996--an increase of 630% in 7 years.

ISSUES AFFECTING AGENCY'S OPERATIONS:

New Building Plans: Thanks to the $30 million commitment in state bond funds authorized by the Legislature and the Governor in the 1996 session, substantial progress can be reported on SMM's plans for a new riverfront science museum. As of 9-30-96 the private sector fund raising campaign has generated $25,200,000 in pledges for the project and another $1,000,000 in endowment contributions which will help sustain important programs. SMM, the city and state are near to completing the legal documents which will enable the drawdown on the state's commitment early in 1997. The construction financing package is being developed. Design development drawings have been completed, and it is anticipated that construction drawings will be complete and ready for bidding the project early in 1997, with an expected construction start in March 1997. Planning of the new exhibits and other public programs will advance significantly in 1997.

EXPLANATION OF AGENCY'S BUDGET PLAN:

SMM has a long track record of balanced budgets thanks to a diverse and stable funding base and careful fiscal management. In F.Y. 1996, SMM generated 55% of its revenues from earned income (admissions, memberships, store sales, class fees, etc.). Private support generated 25% of income and 16% came from public sources, both for special projects (from federal sources) and general operating support (state and county). The balance of 4% came from endowment and investment income.

State operating support is a critical financial foundation which SMM leverages many times over by raising private funds and earning a significant share of operating revenues. State support has remained steady at $1,108,000 per year since 1991 while the cost of doing business, as measured by the CPI, has increased an average of 3.4% each year. As a result, the purchasing power of the grant is substantially less than it was in 1991.

LCMR RECOMMENDATION:

Watershed Science: Integrated Research and Education Program. Funding for this project will be used to develop a program, integrating the Internet with hands-on learning, and the training of teachers, students and local government officials on watershed science. Supported by the scientific research of the museum's St. Croix Watershed Research Station, this project will help Minnesotans to better understand watersheds and to ensure their long-term preservation.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SCIENCE MUSEUM
PROGRAM: SCIENCE MUSEUM OF MINN
ACTIVITY: SCIENCE MUSEUM OF MINN

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
LOCAL ASSISTANCE	1,483	1,483	1,108	1,636	1,636	1,108	1,164	1,164
TOTAL EXPENDITURES	1,483	1,483	1,108	1,636	1,636	1,108	1,164	1,164
AGENCY PLAN ITEMS:		FUND						
LCMR NEW ALLOCATIONS		MNR		500				
1998-99 INFLATION		GEN		28			56	
TOTAL AGENCY PLAN ITEMS				528			56	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,108	1,108	1,108	1,136	1,136	1,108	1,164	1,164
MINNESOTA RESOURCES	375	375		500	500			
TOTAL EXPENDITURES	1,483	1,483	1,108	1,636	1,636	1,108	1,164	1,164
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

AGENCY: Minnesota Academy of Science

AGENCY DESCRIPTION:

The Minnesota Academy of Science is an organization of scientists and engineers from industry, government and academia with the goal to stimulate interest and nurture involvement in science, engineering and technology among Minnesota students.

The mission is to foster enthusiasm for, support of, and participation in science activities by promoting interaction between students, parents, teachers, scientists and organizations that work with young people.

GOALS AND OBJECTIVES:

- To provide learning experiences in science where the emphasis is on process, rather than on 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.

REVENUES:

None.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The Academy of Science is requesting the same level of funding from the state for the 1998-99 biennium. The 1996 MAS sources of revenue were about 23% from the state, 52% from MAS membership and program fees and 25% from corporations and grants.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: ACADEMY OF SCIENCE
PROGRAM: ACADEMY OF SCIENCE
ACTIVITY: ACADEMY OF SCIENCE

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
LOCAL ASSISTANCE	36	36	36	36	36	36	36	36
TOTAL EXPENDITURES	36	36	36	36	36	36	36	36
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	36	36	36	36	36	36	36	36
TOTAL EXPENDITURES	36	36	36	36	36	36	36	36
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

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 is the largest organization of its kind in the nation, with more than 17,000 members statewide. Outreach increases the organization's audience to more than 50,000 each year. BENEFITS: MSHS promotes horticulture for the improvement and development of home, community and state. MSHS provides information and technical assistance to enhance the quality of life in Minnesota, benefiting both rural and urban communities. MSHS translates technical research into useful information for home and community use in a variety of program offerings. MSHS links personal actions to environmental impact, both local and global, through gardening. MSHS translates technical research into useful information for home and community use in a variety of program offerings, providing needed after-purchase information for the commercial horticulture industry's sales to the public.

REVENUES:
The Horticultural Society has no revenues that it deposits in the state treasury since it is not a state agency. It does; however, rely heavily on non-state revenue sources for funding its programs.

The state legislative appropriation request represents approximately 10% of MSHS projected $700,000 income. Over the past 10 years, MSHS has been able to leverage increasing revenues from the stable base provided by this appropriation. (Example: MSHS' 1990 appropriation of $67,000 yearly represented 20% of the $340,000 budget; membership at that time was 12,000.)

Paid memberships will comprise approximately 50% of gross revenues in the next biennium. 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. Other revenue sources include donations of about 4% not including capital donations for 100% of the current building project, and building lease income will be 6%.

ISSUES AFFECTING AGENCY'S OPERATIONS:

1. **Building Operations** - Physical plant operations account for more than $100,000 each year. These added basic expenses began in 1993 when MSHS left offices at the University of Minnesota.

   Capital fundraising efforts are centered on eliminating building debt; the mortgage balance in August 1996 is less than $80,000. (More than $600,000 has been raised from private sources for the purchase of MSHS' headquarters; with no state funding provided for the purchase.)

2. **Financial Stability** - Because building expenses represent a large portion of MSHS' budget, certain program and outreach assistance were reduced in 1993, and computer information systems were not updated.

   Grant funds assisted with computer upgrades in 1996 to increase efficiency and effectiveness of customer service. Staffing remains at minimal levels; more volunteers assist with program delivery and administration.

3. **Horticultural & Environmental Outreach** - The public is learning the importance of their environment to quality of life. Commercial horticulture is the fastest-growing segment of Minnesota agriculture, yet accompanying consumer education has not kept pace with the increase in consumer buying. MSHS is in an excellent position to meet needs of environmentally-related gardening outreach with new public facilities and a statewide network, to provide needed consumer education on growing plant materials in the harsh northern climate through:

   a. 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;
   b. *Minnesota Horticulturist* magazine provides timely information on horticulture for homeowners;
   c. MSHS disseminates information through library materials and educational sessions on topics which offer specific ways to sustain and enhance our living world; and
   d. Public events, such as the Minnesota State Fair and seasonal Home & Garden Shows, offer informal learning opportunities.

GOALS AND OBJECTIVES:
Through the implementation of a long-range plan developed in 1996, MSHS expects to assist 10% more persons yearly. The demand for services is greater than current or planned operations can deliver, especially with the increased visibility gained by MSHS new headquarters.

1. Expand outreach to 5,000 new citizens in each upcoming year through opportunities generated through the Center for Northern Gardening and statewide volunteer resources. Increase membership by 10% each year; emphasize members' relationship with MSHS.
2. Maintain self-sufficiency through careful budget management, increased membership marketing, program fees, partnerships with other organizations, and cost-saving methods.
3. Reduce building debt through fundraising efforts to gain long-term financial stability.
4. Increase volunteer involvement by 10% each year. Determine dollar value of volunteered labor and services.
5. Evaluate current and future partnerships to offer additional education for the public in the area of horticulture linked with environmental needs. Continue statewide program offerings to at least 6 areas of the state each year.
6. Focus the work of staff and volunteers in highest priority areas of outreach, programs and services. Seek resources to increase horticultural information services throughout the state.

EXPLANATION OF AGENCY'S BUDGET PLAN:
As in previous years, funding will be used for general operating expenses, and for partial production costs of *Minnesota Horticulturist* magazine.

Funding assists MSHS to support Minnesota's commercial horticulture industry to grow, by providing needed information to their customers, who are residents of Minnesota. Outreach enhances the state's unique environment for tourism, through technical assistance to over 200 volunteer-based groups which develop and maintain public plantings and clean-up throughout the state. Environmental improvement is an overall result of MSHS' work.

GOVERNOR'S RECOMMENDATION:
The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HORTICULTURAL SOCIETY
PROGRAM: HORTICULTURAL SOCIETY
ACTIVITY: HORTICULTURAL SOCIETY

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
LOCAL ASSISTANCE	72	72	72	72	72	72	72	72
TOTAL EXPENDITURES	72	72	72	72	72	72	72	72
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	72	72	72	72	72	72	72	72
TOTAL EXPENDITURES	72	72	72	72	72	72	72	72
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

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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 agricultural economy by developing value-added uses and new and expanded markets for Minnesota farm products and commodities. AURI builds public-private partnerships with farmers, entrepreneurs and business innovators, and provides a comprehensive menu of business and technical services that increases the probability of new venture success.

AURI programs and services include:

- Market Development Initiatives - assist commodity groups, farm organizations and industry organizations identify opportunities to add value to agricultural commodities and develop new markets or expand existing markets;
- Initial Product Assessments - offer support for short-term projects (not more than $15,000) 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 loans;
- 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 oilseeds products, new meat and dairy products and processes, 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.
- *AG Innovation News* is a quarterly newspaper published by AURI to inform the food, agriculture and business communities and the general public about developments in new agricultural-based products. The publication has a circulation of over 12,000, and is sent to 43 states and 9 foreign countries.

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. Laboratory and pilot plant facilities in Crookston and Marshall assist clients with bench top research, formulation, testing and analysis and product scale-up. These unique and valuable resources integrated with business and marketing services enable rural innovators to access new product research and development technologies. The St. Paul AURI office helps link markets and businesses with rural clients and AURI services; administers PRO; and serves as a liaison to state agencies and university services. With the exception of PRO and Market Development Initiatives, 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 include 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 others. 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:

The agency has the following revenue sources:

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Operating Revenue:					
State Appropriation	$3,930	$3,930	$3,930	$3,930	$3,930
State Pesticide Regulatory Account	200	200	200	200	200
Hybrid Poplar Appropriation	-0-	200	200	-0-	-0-
Loan Repayments	169	562	450	450	550
Interest	180	125	125	175	175
Federal & Other	312	460	1,423	1,585	1,565
Total Revenue	$4,719	$5,477	$6,328	$6,340	$6,420

EXPENDITURES:

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures:					
Product/Markets/ Business Dev	$3,163	$3,311	$3,117	$3,120	$3,200
Applied Research	1,103	851	1,331	1,335	1,335
Pilot Plant	198	220	209	210	210
Engineering/Informational Services	555	519	537	545	545
Administrative Services	785	708	1,134	1,130	1,130
Total Expenditures	$5,804	$5,609	$6,328	$6,340	$6,420

ISSUES AFFECTING AGENCY'S OPERATION:

- The identification of both domestic and international market opportunities and the development of new technologies and value-added products to meet customer specifications are essential to future economic success for Minnesota-based companies and agricultural enterprises.
- Federal farm legislation will reduce federal farm price supports on raw commodities and encourage a market-driven agriculture. This will place pressure on Minnesota agriculture and increase the need to discover and develop new value-added opportunities.
- Consumer preference for safe foods, clean air and water, and product performance have propelled new federal regulations and present challenges and opportunities to Minnesota-based companies.
- Due to patent development by both AURI scientists and companies or universities under AURI projects, there will be greater emphasis on intellectual property issues.

WORKLOAD/EFFICIENCY MEASUREMENTS:

From 1989 to 1995, in its first 6 years of operation, AURI assisted in the development of 190 new products, the commercialization of 122 new products, the startup of 93 new businesses and the construction of 104 new facilities.

In F.Y. 1995, AURI funded $2.26 million in projects, leveraged by $6.88 million in private sector and other matching funds. This represents a 3:1 leverage of state investment.

■ Partnerships	$1.37 million
■ Initial Product Assessments	$312,914
■ New Markets	$305,350
■ Applied Tech. Development	$61,500
■ Pesticide Reduction Options	$180,060

In F.Y. 1996, AURI will have funded $1.32 million in projects, leveraged by $7.05 million in private sector and other matching funds. This represents a 5:1 leverage of state investment.

F.Y. 1996 Grants and Loans:

■ Partnerships	$924,000
■ Initial Product Assessments	$131,210
■ New Markets	$ 22,169
■ Applied Tech. Development	$ 65,498
■ Pesticide Reduction Options	$179,673

In addition, AURI engaged in numerous technology development and marketing initiatives, including:

- A leadership role in food safety, helping small meat poultry plants adopt Hazard Analysis and Critical Control Points (HACCP) as mandated by USDA through training and technical assistance in collaboration with the University of Minnesota, Minnesota departments of Agriculture and Health, Minnesota Technology, Inc., and the Minnesota livestock industry.
- Alfalfa product research and development with specially dedicated state funds as part of a collaborative effort with the University of Minnesota, private industry and the Minnesota Department of Agriculture, which will eventually result in a national biomass to energy plant and expanded feed and food product opportunities for Minnesota producers.
- Hybrid poplar research utilizing specially dedicated state funds to transfer technology and collaborate with the paper industry to expand markets for an alternative agricultural crop.
- Ten completed research and demonstration projects funded under AURI's Pesticide Reduction Options (PRO) program are projected to yield $7 million in annual cost savings to Minnesota farmers. Another 14 projects are still underway.
- New products and cutting edge technologies to add value and utilize Minnesota grains, including quick frozen microwaveable wild rice and new wheat and dry edible bean products. In conjunction with commodity groups and the University of Minnesota, AURI is using state of the art grain milling technology to develop new food and non-food products.
- Biofuels and alternative fuel applications. AURI is a leader in a small engine initiative geared to expand the manufacture and use of agricultural-based alternative fuels and associated end use products in Minnesota and the Upper Midwest.
- Innovative technologies to transform waste liabilities into economic assets, including hog odor reduction, food waste recycling, organic fertilizers, land application of sweet corn waste, and composting of dead livestock.
- The award of a U.S. patent for a process to derive specialty chemicals from fats and oils.

EXPLANATION OF AGENCY'S BUDGET PLAN:

- AURI will place increased emphasis on market development, including the identification of broad market opportunities and market feasibility of products.

- The development and commercialization of products with short-to-medium term return on investment to the Minnesota economy will continue to receive major emphasis by the institute.

- Applied research, pilot plant services and engineering will be organized into teams emphasizing 4 focus areas with medium- and long-term opportunity for return on investment to the Minnesota economy:
  - **Biomass,** including **energy** from alfalfa, **fiber** for paper and building materials from cornstalks and hybrid poplars, feeds and co-products;
  - **Proteins,** including aquaculture, meats, dairy, grains and oilseeds, **food safety and quality,** and feed products;
  - **Fats and Oils,** including animal products, grains and oilseeds, **renewable chemicals and fuels,** food ingredients and feed products;
  - **Alternative crops,** including fruits, vegetables, herbs, food products, nutritional supplements and pharmaceuticals.

- In addition, the following key areas will be integrated with all 4 focus areas:
  - **Waste Utilization**
  - **Pesticide Reduction**

GOVERNOR'S RECOMMENDATION:

The Governor recommends a yearly General Fund grant of $2,930,000 rather than the amount requested by the agency. The Governor recommends that beginning with F.Y. 1998, AURI should rely more on return of capital and interest from its business ventures to support its programs and activities. The amount of funding reduced from AURI's budget for the 1998-99 biennium has been added to the Governor's recommendation for the Minnesota Technology, Inc.s' (MTI) Technology Partnership Fund.

In addition to the General Fund appropriation, the Governor recommends the same level of funding from the Department of Agriculture's Special Revenue Pesticide Regulatory Account for cooperative research for pesticide use reduction, evaluation and demonstration of best management practices, and other pesticide related activities as directed by ML 1993, chapter 367, section 39.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: AGRICULTURE UTILIZATION RESRCH
PROGRAM: AG UTILIZATION RESEARCH INST
ACTIVITY: AG UTILIZATION RESEARCH INST

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998 Base Level	FY 1998 Agency Plan	FY 1998 Governor Recomm.	FY 1999 Base Level	FY 1999 Agency Plan	FY 1999 Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
LOCAL ASSISTANCE	4,330	4,330	4,130	4,130	3,130	4,130	4,130	3,130
TOTAL EXPENDITURES	4,330	4,330	4,130	4,130	3,130	4,130	4,130	3,130
GOV'S INITIATIVES:		FUND						
(B) REDIRECTING RESOURCES TO TECH PARTNER FD		GEN			<1,000>			<1,000>
TOTAL GOV'S INITIATIVES					<1,000>			<1,000>
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	4,130	4,130	3,930	3,930	2,930	3,930	3,930	2,930
SPECIAL REVENUE	200	200	200	200	200	200	200	200
TOTAL EXPENDITURES	4,330	4,330	4,130	4,130	3,130	4,130	4,130	3,130
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

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

AGENCY: AGRICULTURE UTILIZATION RESRCH

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	4,330	4,330	4,130	4,130	200	200		
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<200>	<200>	<200>	<200>				
SUBTOTAL BASE ADJ.	<200>	<200>	<200>	<200>				
BASE LEVEL	4,130	4,130	3,930	3,930	200	200		

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. Commission members elect the 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 viewpoints regarding natural resources. In addition to these activities, the commission is advised by a Citizens Advisory Committee regarding priorities for expenditures from the Environment and Natural Resources Trust Fund.

Every 2 years, the commission adopts a comprehensive strategic plan and issues a request for proposal (RFP), a process that is open to everyone to apply. The projects that are selected will be funded from the Future Resources Fund, the Environment and Natural Resources Trust Fund and the Great Lakes Protection Account. In past biennia the commission also recommended expenditures from federal Oil Overcharge Money.

In the 1997 Strategic Plan the commission adopted 16 priorities for funding. In addition to the 16 priority strategies, the LCMR announced in the RFP their intention to recommend money for a Local Initiatives Grants Program and for State and Metro Parks, Recreation Areas and Trails.

In response to the most recent RFP for projects beginning 7-1-97, 441 proposals were received and the total of requested funding was $190,000,000. The commission evaluated the project proposals based on the criteria and priority strategies set forth in a strategic plan (updated biennially) and in the RFP. 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 that best fit the priority strategies and criteria from among all proposals, 157 project managers were invited to present their project proposals before commission members at a series of hearings. Additionally, all proposed research projects selected for funding recommendation undergo a scientific peer review.

Commission Challenges:

- *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 builds a spending plan from the ground up every 2 years; it's not 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 provides an opportunity for small yet significant projects that may not compete successfully in the rest of this budget process to be addressed.

- *Ensure a statewide perspective on natural resource needs.* 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 reach 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.

- *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 funding sources in an attempt to gain real progress for Minnesota's natural resources.

- *Initiate and accelerate.* Support innovative ideas and accelerate funding in selected areas of high priority for the future.

- *Institutionalize success.* The LCMR evaluates the wisdom of incorporating 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 executive agencies.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The commission's budget plan does not have direct long-range financial implications; a new set of allocation recommendations is prepared 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).

The following is the LCMR's estimate of available resources. The LCMR will adjust its spending recommendations to equal the February 1997 revenue forecast.

Estimate of Available Resources F.Y. 1998-99

Environment and Natural Resources Trust Fund (Fund 030)	$20,950,000
Minnesota Future Resources Fund (Fund 130)	15,656,000
Great Lakes Protection Account (included in Fund 200)	50,000
TOTAL	$36,656,000

The final LCMR recommendation includes 101 specific projects to recommend for funding to the 1997 legislature. The funding source, project title, requesting organization and state agency receiving the appropriation are itemized in the table that follows.

AGENCY: Legislative Commission on Minnesota Resources (LCMR) (Continuation)

Fund	Project Title	Requestor	Agency	Alloc. ($000)
030	LCMR Administration		LCMR	$470
130	LCMR Administration		LCMR	330
Recreation				
030	Metropolitan Regional Park System	Met Council	DNR	3,500
030	State Park and Rec. Area Acquisition, Development, Betterment and Rehab.	DNR	DNR	1,000
030	State Park and Rec. Area Acquisition, Development, Betterment and Rehab.	MN Parks and Trails Council	DNR	2,500
130	Local Grants Program	DNR	DNR	2,900
Historic Sites				
130	White Oak Learning Center	White Oak Society	DNR	125
030	Ft. Snelling State Park Upper Bluff	DNR	DNR	250
030	Protecting Rural Historic Landscapes	MHS	MHS	80
030	Jeffers Petroglyphs Assessment	MHS	MHS	125
130	Mill Ruins Park Archaeological Study	Mpls Park and Recreation Brd	MHS	75
030	Assessing Small Historic Sites	MHS	MHS	200
130	Lake Vermillion Indian Museum	Bois Forte Reservation	MHS	100
130	North American Perspective of Historic North Shore	Sugarloaf Interpretive Center	MHS	60
030	Birch Coulee Historic Site	MHS	MHS	270
130	Grimm Farm Restoration	Hennepin Cty Parks	MHS	200
130	Soudan Underground Physics Lab	UM	UM	400
130	Judy Garland Children's Museum	Judy Garland Museum Assoc.	DNR	200
Water Resources				
130	On-Site Sewage Treatment Alternatives	PCA	PCA	500
030	Nitrate Education and Testing	Agric	Agric	150
130	Snake River Watershed BMPs	Joint Powers Brd	BWSR	100
130	MN Watershed Districts Evaluation	MN Assoc of Watershed Districts	BWSR	150
030	Red River Valley Planning and Mgmt	PCA	PCA	375
030	Sustainable Lake Plans	MN Lakes Assoc	BWSR	270
030	Mpls Lakeshore Restoration	Mpls Park and Recreation Brd	DNR	300
030	Atmospheric and Nonpoint Pollution Trends in Lakes	PCA	PCA	325
Agricultural Practices				
030	Biological Control of Urban and Agricultural Pests	UM	UM	200
030	Crop Mgmt to Minimize Pesticide Use	UM	UM	300
130	Prairie Grassland Landscapes	DNR	DNR	125
130	Sustainable Farming Systems	UM	UM	560
130	MN River Pollution from Lacustrine Soils	Agric	Agric	250
Pollution Prevention				
130	Toxics from Fire Department Training	FIRE/EMS Center Metro State Univ	MnSCU	65
130	Pollution Prevention Training	Citizens for a Better Environment	OEA	250
Impacts on Natural Resources				
130	Grants to Local Government to Assist Decision Making	BWSR	BWSR	150
130	Evaluation of Urban Growth	Minnesotans for Energy Efficiency	Planning	275
130	Reinventing the Ag Land Preservation Program	Agric	Agric	100
030	Models for Land Use Planning	Land Stewardship Project	DNR	530

AGENCY: Legislative Commission on Minnesota Resources (LCMR) (Continuation)

130	North Minneapolis Upper River Plan	Mpls Park and Recreation Brd	DNR	300
130	Preventing Stormwater Runoff through Watershed Land Design	UM	UM	250
030	Miller Creek Watershed Mgmt Plan	NRRI	BWSR	100
Decision Making Tools				
130	Risk of Multiple Chemical Exposure	Health	Health	150
030	Metro Groundwater Model to Predict Contaminant Movement	PCA	PCA	300
130	Wolf Management Plan	DNR	DNR	100
030	MN River Natural Resource Data	MN River Joint Powers Board	BWSR	250
030	Land Use Development and Natural Resource Protection Plan	City of Winona	DNR	400
130	Digital Soil Database	BWSR	BWSR	145
Public Access to Natural Resource Data				
030	Access to Environmental Information	LMIC	Planning	600
030	Electronic Access to Registry Historic Places	MHS	MHS	150
030	Access to Archaeological Knowledge	Institute for MN Archaeology	MHS	200
030	Search and Retrieval System for Natural Resource Data	Izaak Walton League	DNR	50
Sustainable Development				
130	Sustainable Development Assistance for Municipalities thru Electric Utilities	MN Municipal Utilities Assoc	Admin	250
030	Renewable Energy Demo in State Parks	Center for Energy and the Environment	DNR	230
130	Alfalfa Biomass Production	UM	UM	200
130	Wind Energy on Family Farms	Sustainable Resources Center	Admin	200
030	Connections through Yellow Bikes	St. Paul and Ramsey County Parks and Trails	OEA	75
130	Sustainable Gardening for Homes and Communities	Sustainable Resources Center	DNR	400
030	Re-establishing Riparian Forests along the Minnesota River	MN River Basin Joint Powers Board	BWSR	300
130	Economics for Lasting Progress	EQB	Planning	250
Environmental Education				
030	School Nature Area Project	St. Olaf College	DNR	250
130	Watershed Science Integrated Research	Science Museum	Sci Mus	500
030	Minnesota Frog Watch	Hamline Univ	DNR	300
130	Environmental Service Learning in Minneapolis Schools	Eco Education	DNR	100
030	Partners in Accessible Recreation	Wilderness Inquiry	DNR	550
030	Environmental Service Learning	Stowe Envir Elem	DNR	100
130	Public Discussion of Wolf Mgmt	International Wolf Ctr	DNR	100
130	Catch and Release	Rainy Lake Sportsmen	DNR	20
Benchmarks and Indicators				
030	Environmental Indicators Initiative	DNR	DNR	250
030	Forest Bird Diversity	DNR	DNR	350
030	Water Quality Indicators of Endocrine Disrupting Chemicals	PCA	PCA	250
030	Stream Habitat Protection	DNR	DNR	225
130	Wetland Ecosystems Monitoring	UM	UM	160
030	Loons as Indicators of Mercury	UM	UM	230
200	Lake Superior Research Vessel	UM	UM	50
030	Lake Superior Research Vessel	UM	UM	200

AGENCY: Legislative Commission on Minnesota Resources (LCMR) (Continuation)

Native Fish Species				
130	Walleye Stocking and Special Regulations	UM	UM	200
130	Rare Mussel Conservation	UM	UM	86
Land Acquisition in High Growth Areas				
030	Sand Dunes State Forest Acquisition	DNR	DNR	400
130	Arboretum Land Acquisition	UM	UM	450
Critical Lands or Habitats				
130	Sustainable Woodlands on Private Lands	MN Forestry Association	DNR	875
130	Cannon River Watershed Mgmt Plan	Cannon River Watershed Partnership	BWSR	350
130	Prairie Heritage Fund	Pheasants Forever	DNR	500
030	Phalen Wetland Restoration	City of St. Paul	DNR	400
130	Point Douglas Bluffland Acquisition	Carpenter St. Croix Valley Nature Center	DNR	525
130	MN Point Protection	Park Point Community	DNR	75
130	Savanna Restoration for Grouse	Sharp-tailed Grouse Society	DNR	30
030	RIM Critical Habitat Acquisition	DNR	DNR	400
030	RIM Wildlife Habitat Stewardship	DNR	DNR	400
030	RIM Scientific and Natural Area	DNR	DNR	200
030	RIM Wildlife Acquisition	DNR	DNR	500
030	RIM Accelerate Fisheries Acquisition	DNR	DNR	500
030	MN County Biological Survey	DNR	DNR	1,170
130	Peatland Restoration	UM	UM	275
030	Fishing Pier and Shore Access	DNR	DNR	355
030	Public Boat Access	DNR	DNR	350
030	Fisheries Hatchery Rehabilitation	DNR	DNR	400
Wildlife or Trail Corridors				
130	Mesabi Trail Land Acquisition and Development	St. Louis and Lake Cnty Regional Rail Auth	DNR	600
130	Chippewa Cty Regional Trail	City of Montevideo	DNR	400
Native Species Planting				
130	Releaf Tree Planting and Preservation	DNR	DNR	300
130	Prairie and Oak Savanna Restoration	Audubon Society	DNR	50
030	Restoring White Pine in the Landscape	UM	UM	120
Exotic Species				
130	Ballast Water Technology Demo	Duluth Port Auth	DNR	200
030	Biological Control of Eurasian Milfoil and Purple Loosestrife	DNR	DNR	150
130	Weed Control in Native Wild Rice	Bois Forte Reservation	DNR	100

Environment and Natural Resources Trust Fund (030)	20,950
Minnesota Future Resources Fund (130)	15,656
Great Lakes Protection Account (200)	50
GRAND TOTAL PROJECT ALLOCATIONS	$36,565

GOVERNOR'S RECOMMENDATION:

1996-97 Biennium
Projected Future Resources Fund Deficit

The fund balance for the Future Resources Fund, prepared in conjunction with the November 1996 forecast, projects a deficit of $2.472 million at the end of F.Y. 1997.

Legislative appropriations from the fund for 1996 and 1997 equaled available resources for the 1996-97 biennium as originally projected. However, a $2.1 million error in the distribution of cigarette tax receipts was discovered in F.Y. 1996. In addition the Department of Finance has determined that projected expenditures for F.Y. 1996-97 had been understated in previous fund statements by about $500,000. Correcting these two items results in a projected fund balance deficit of $2.472 million for F.Y. 1997.

To address the projected deficit the Governor recommends two actions. First, repeal of the $1.46 million transfer from the Future Resources Fund to the General Fund authorized by Laws of 1995, Chapter 220, section 21.

Second, as required by MS 16A.152, subd 4c, the commissioner of Finance will unallot appropriations in the accounting system as necessary to ensure that the fund remains balanced. Based on a review of unobligated balances in the accounting system and the status of workplans approved by the LCMR, the commissioner of Finance will, prior to 6-30-97, unallot from the following appropriations:

Laws of 1996, Chapter 407, section 8, subd 3(a) Metro Regional Park System	$1,000,000
Laws of 1995, Chapter 220, section 19, subd 4 (e)(3) Local Grants	$12,000

These actions will balance the fund for the F.Y. 1996-97 biennium:

Projected fund deficit	($2,472)
Repeal transfer to General Fund	1,460
Unallotments	
Metro regional parks	1,000
Local grants	12
Projected fund balance on June 30, 1997	$-0-

The commissioner will re-establish the allotments for the metro regional parks and for the local grants appropriations on 7-1-97.

1998-99 Biennium

Budget development policies for the 1998-99 biennium instructed agencies to include the allocations recommended by the LCMR for the Environmental and Natural Resources Trust Fund and the Future Resources Fund as agency plan items. The total allocations recommended by LCMR for the two funds now exceed projected fund resources for the 1998-99 biennium.

Future Resources Fund. The Governor recommends that total appropriations from the Future Resources Fund for F.Y. 1998-99 not exceed $14,362,000. This will require a reduction of $1,294,000 from the current LCMR recommendations.

Environmental and Natural Resources Fund. The Governor further recommends that the total appropriations from the Environmental and Natural Resources Trust Fund not exceed $20,342,000. This will require a reduction of $608,000 from the current LCMR recommendations.