

HJ
11
.M64 25a
2000/
2001
Environ-
& Natur-
Resource



990072

MINNESOTA BIENNIAL BUDGET

Environment & Natural Resources 2000-01

Presented by Governor Jesse Ventura
to the 81st Legislature

2000-01 BIENNIAL BUDGET

-INDEX-

ENVIRONMENT AND NATURAL RESOURCES

Bill Summary - Environment and Natural Resources

	<u>Page Number</u>
Academy of Science	D-352
Agriculture, Department of	D-364
Agriculture Utilization Research Institute	D-459
Animal Health, Board of	D-450
Horticultural Society	D-456
Legislative Commission on Minnesota Resources	D-354
MN/WI Boundary Area Commission	D-132
Natural Resources, Department of	D-167
Office of Environmental Assistance	D-103
Pollution Control Agency	D-1
Science Museum of Minnesota	D-350
Voyagers National Park	D-346
Water and Soil Resources, Board of	D-324
Zoological Garden	D-135

The Governor's 2000-01 Biennial Budget can be viewed at
the Department of Finance's web site at;
<http://www.finance.state.mn.us/bis>

RECEIVED
JAN 29 1989
LEGISLATIVE REFERENCE LIBRARY
STATE OFFICE BUILDING
ST. PAUL MN 55851

2000-01 Biennial Budget

Bill Summary: Environment and Natural Resources

The Environment, Natural Resources and Agricultural program area seeks to protect and enhance the quality of Minnesota's environment and natural resources, and improve the quality of life for its citizens. These objectives are accomplished through programs that protect people and the environment, including programs to protect air, water and land. Other programs are directed towards food safety, product labeling, and hazardous chemicals. Natural resource programs serve to increase forest and wildlife productivity, preserve natural resources, and enhance outdoor recreation opportunities. This program area also serves to strengthen the economy, while improving the environment, through programs that identify and develop new products and markets for recycled materials and agricultural commodities.

Env. & Nat. Res. Funding (\$000s)	1998-99 Biennium				2000-01 Biennium			
	General Fund	% of Total	All Funds	% of Total	General Fund	% of Total	All Funds	% of Total
Natural Resources, Department of	263,803	54.22	503,762	48.78	271,327	51.67	532,201	47.22
Pollution Control Agency	27,635	5.68	195,430	18.92	35,131	6.69	241,193	21.42
Agriculture, Department of	94,178	19.36	153,320	14.85	108,057	20.58	164,185	14.58
Environmental Assistance	38,480	7.91	46,347	4.49	41,763	7.95	48,398	4.30
Natural Resources - Revolving	0		44,153	4.28	0		43,624	3.87
Water and Soil Resources Board	34,028	6.99	36,735	3.56	36,616	6.97	40,313	3.58
Zoological Board	12,194	2.51	33,690	3.26	15,378	2.93	35,314	3.14
Agriculture Utilization Research	8,350	1.72	8,750	0.85	8,260	1.57	9,060	0.80
Animal Health Board	4,911	1.01	5,789	0.56	5,774	1.10	6,540	0.58
Science Museum	2,300	0.47	3,300	0.32	2,434	0.46	3,034	0.27
Minn. Resources Legislative Comm.	0		776	0.08	0		1,704	0.15
Minn.-Wis. Boundary Commission	286	0.06	349	0.03	70	0.01	70	0.01
Horticultural Society	164	0.03	164	0.02	164	0.03	164	0.01
Voyageurs National Park	127	0.03	127	0.01	25		25	
Academy of Science	82	0.02	82	0.01	82	0.02	82	0.01
Totals (Direct, Open, and Statutory)	486,538		1,032,774		525,081		1,125,907	

2000-01 Biennial Budget

Bill Summary: Environment and Natural Resources

(Continued)

Base Adjustments by Category	F.Y. 2000		F.Y. 2001	
	General Fund	All Funds	General Fund	All Funds
Attorney General Costs	61	95	122	192
New Programs to Agency Base	658	1,450	591	1,383
Biennial Appropriations	1,046	7,446	1,046	1,046
Capital Project Operating Costs	63	63	188	188
Fund Change/Consolidation	(1,522)	0	(1,522)	0
Receipt Adjustments	0	(213)	0	(243)
Dedicated Receipts Offset	0	85	0	(192)
Leg. Comm. On Minnesota Resources	0	(500)	0	(500)
One-Time Appropriations	(3,218)	(3,970)	(3,848)	(4,600)
Open Appr. Forecast Adj.	-5,922	5,922	2,755	2,755
Doc. Space Rental/Lease	233	285	302	388
Small Agency Operational Expense	2	3	4	6
Statewide Administration System	172	316	172	316
2000-01 Sal. & Ben. Base	2,882	5,222	5,843	10,601
1999 Salary Sup. Transfers	308	449	345	502
Program/Agency Sunset	(1,029)	(1,081)	(1,029)	(1,081)
Transfers Between Agencies	200	200	200	200
Uniform Pension Bill-Red.	(142)	(142)	(142)	(142)
Totals	5,636	15,630	5,027	10,819

Note: Individual base adjustments may be positive or negative depending on the item and adjustment category; all category amounts shown here are net figures.

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Pollution Control Agency (PCA)

	PAGE
Agency Executive Summary	D-1
Agency Budget Briefs	D-7
Agency Level Revenue Summary	D-15
Federal Funds Summary	D-20
PROGRAMS, BUDGET ACTIVITIES, AND CHANGE ITEMS	
PROTECTING THE WATER	
Assessing Environmental Outcomes	D-23
Change Item - Continuing Research on Minnesota's Malformed Frog Problem	D-28
Change Item - Establishing Total Maximum Daily Load Limits to Protect Water Quality	D-33
Watershed Assistance/Planning and Policy Development	D-34
Change Item - Clean Water Partnership Grant Program	D-35
Reducing Point Source Pollution	D-39
Change Item - Water Quality Wastewater Infrastructure Fund	D-41
Reducing Nonpoint Source Pollution	D-45
Change Item - Feedlots	D-47
	D-51
PROTECTING THE AIR	
Assessing Environmental Outcomes	D-53
Planning and Policy Development	D-57
Change Item - Mercury Reduction	D-61
Reducing Point Source Pollution	D-64
Reducing Nonpoint Source Pollution	D-66
Change Item - Mobile Source Pollution	D-69
	D-72
PROTECTING THE LAND	
Assessing Environmental Outcomes	D-73
Planning and Policy Development	D-77
Change Item - Listed Metals	D-81
Waste Management	D-83A
Waste Cleanup	D-84
Change Item - Closed Landfills and Environmental Assessment of Old Municipal Dumps	D-88
Change Item - Continuation of Leaking Underground Storage Tanks (LUST) Initiative	D-93
Change Item - M.S. 116.073 Field Citation Authority for Small Spills	D-95
	D-96
ADMINISTRATIVE SUPPORT	
IT - Change Item - Information System Optimization	D-97
	D-101

REVISED

2000-01 Biennial Budget Agency Executive Summary

AGENCY: Pollution Control Agency (PCA)

AGENCY MISSION AND VISION:

■ ***Mission:***

To protect Minnesota's air, land, and water from pollution to improve the quality of life for its citizens as provided under M.S. 116.

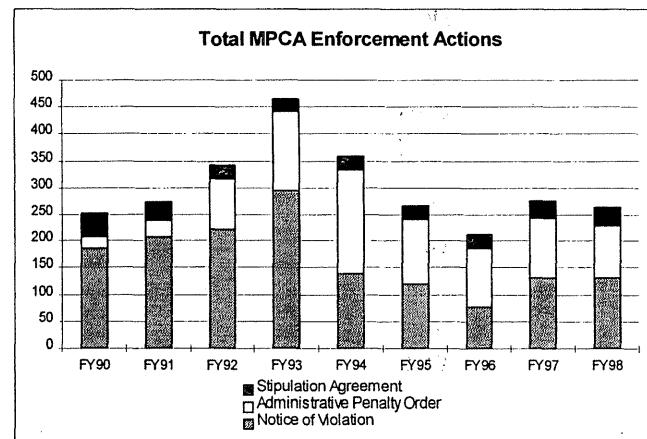
■ ***Vision:***

Clean and clear air; fishable and swimmable lakes and rivers; uncontaminated ground water and land; sustainable ecosystems.

STRATEGIES AND PERFORMANCE:

- Form alliances with regulated parties, environmental partners, and the public (i.e., stakeholders) to achieve shared goals. PCA's role in the alliances varies depending on the requirements, expertise, and resources of other participants.
 - Strengthen and expand successful state/local partnerships such as the Clean Water Partnership, the Citizen Lake Monitoring Program, and the new Citizen Stream Monitoring Program.
- Evaluate the current condition of the state's environment in a local, state, regional, and global context; integrate data and trend analysis into PCA planning and decisions; and measure outcomes.
 - Address water quality on a watershed basis, examining relationships between land and water, point and nonpoint sources and considering each water quality problem not in isolation but as part of interconnected systems. The successful Minnesota River Project has already resulted in significant reductions in pollutant loadings to one of the state's most troubled yet important water resources.
- Develop shared goals with our stakeholders to establish a comprehensive plan of action to protect the environment. Ensure that all stakeholders have access to best available scientific information to effectively participate in managing human health and environmental risks.

- Innovative awareness, education, and assistance efforts in the Lake Superior Basin helped reduce hazardous waste releases to zero.
- Assist in developing solutions to current and future environmental issues by proactively addressing these issues whenever local resource management and planning decisions are under consideration.
 - In Baxter, Minnesota, PCA is sampling and evaluating the risk to ground water and surface water from conventional septic systems in this area. This information can be used by local governments in their land-use planning and zoning decisions.
- Continuously improve processes to measure true environmental outcomes of our activities and use the full range of rewards and penalties to achieve the desired outcomes.
 - PCA's enforcement record remains strong. The number of cases settled and monetary penalties collected has remained relatively steady; in the past 2 years, the 2 largest penalties for environmental violations in Minnesota have been levied.



**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Pollution Control Agency (PCA)
(Continuation)

- Ensure that cleanups and restoration activities return sites and resources to a condition appropriate to the site's present and future use, and are performed efficiently and in a cost effective manner.
- Over 3,000 acres were returned to productive use by our cleanup activities in the last 2 years.

OPERATING ENVIRONMENT:

- PCA was created in 1967 to respond to water and air quality issues caused by point source pollution and solid waste management issues.
- PCA's authorities have been greatly expanded by the Legislature during its 31 year history. Some of the major additions include: hazardous waste program (1974), Superfund (1983), underground storage tanks (1985), water quality nonpoint source program (1987), motor vehicle inspection program (1988) and landfill cleanup program (1994).
- With significant reductions in point sources of pollution and successful clean up programs, the PCA has begun to shift its environmental focus to nonpoint sources of pollution.
- We have moved to a multi-media, geographic-based approach that focuses on identifying and resolving the most critical local environmental problems, rather than narrowly focusing on a single environmental media.

ORGANIZATION/PROGRAM STRUCTURE:

COMMISSIONER'S OFFICE		8.0 FTE
Policy and Planning	110.1 FTE	
Environmental Outcomes	119.7 FTE	
Administrative Services	92.6 FTE	
Fiscal Services	23.8 FTE	
Metro District	225.8 FTE	
North District	150.9 FTE	
South District	130.0 FTE	
F.Y. 1999	Total FTEs:	860.9

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level. In addition, the Governor recommends the change items listed below. These change items are outlined on the following budget brief pages as well as detailed on individual change item pages within this document.

<u>Change Item/Fund</u>	<u>Biennial Total</u>
General Fund	
Feedlots	\$901,000
WQ Wastewater Infrastructure	206,000
Research - Malformed Frogs	800,000
Clean Water Partnership Grants	2,000,000
Mercury Reduction	425,000
Mobile Source Pollution	400,000
Establishing TMDL Limits to Protect WQ	1,500,000
Information System Optimization	700,000
General Fund Total	\$6,932,000
Petroleum Tank Release Cleanup Fund	
Continuation of LUST Initiative	\$1,100,000
Special Revenue Fund	
Mobile Source Pollution (direct)	\$(1,553,000)
Mobile Source Pollution (statutory)	(13,944,000)
Environmental Fund	
Feedlots	\$1,602,000
Information System Optimization	943,000
Listed Metals	(156,000)
Environmental Fund Total	\$2,389,000
Metro Landfill Contingency Fund	
Closed Landfills & Environmental Assess. (direct)	\$(291,000)
Closed Landfills & Environmental Assess. (statutory)	(10,000)
Solid Waste Fund	
Closed Landfills & Environmental Assess. (direct)	\$981,000
Closed Landfills & Environmental Assess. (statutory)	\$5,071,000

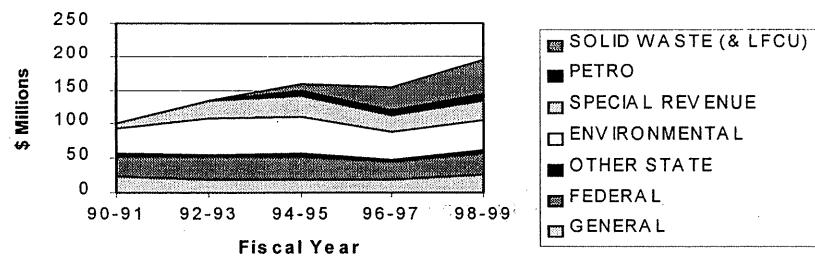
The Governor makes no recommendation regarding the LCMR projects put forward by the Pollution Control Agency.

**2000-01 Biennial Budget
Agency Executive Summary**

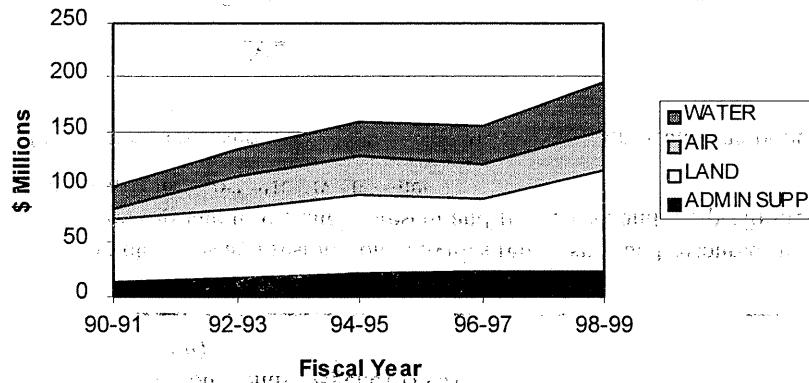
AGENCY: Pollution Control Agency (PCA)
(Continuation)

TRENDS AND PERSPECTIVE:

Agency Trend By Fund

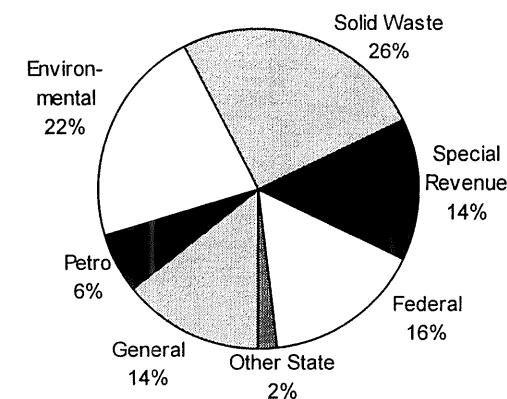


Agency Trend by Program



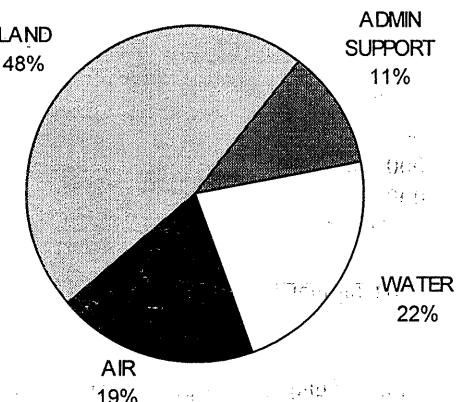
F.Y. 1998-99 Expenditures by Fund

Total: \$195 Million



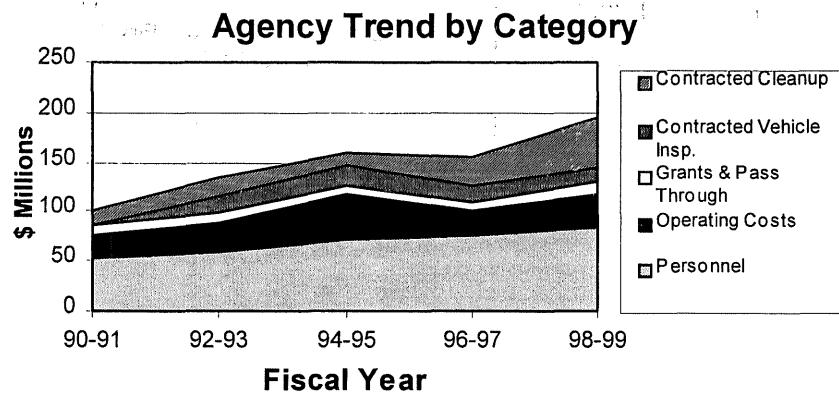
F.Y. 1998-99 Expenditures by Program

Total: \$195 Million

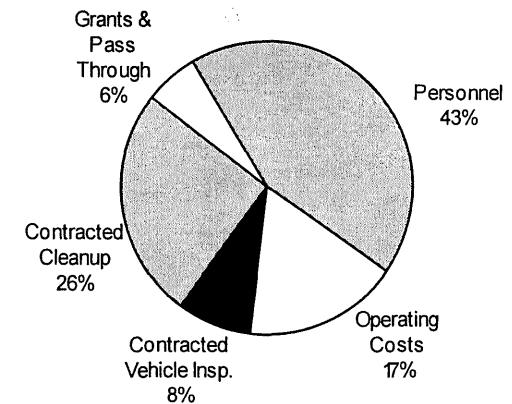


**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Pollution Control Agency (PCA)
(Continuation)



**F.Y. 1998-99 Expenditures
by Category**
Total: \$195 Million



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
PROTECTING THE WATER	16,713	19,477	23,796	23,099	26,746	22,283	26,705	10,178	23.5%
PROTECTING THE AIR	16,899	17,785	19,121	18,322	11,310	18,000	10,340	(15,256)	-41.3%
PROTECTING THE LAND	34,440	35,598	57,139	77,683	80,965	56,465	59,978	48,206	52.0%
ADMINISTRATIVE SUPPORT	10,497	11,124	11,253	11,479	11,829	11,252	12,545	1,997	8.9%
Total Expenditures	78,549	83,984	111,309	130,583	130,850	108,000	109,568	45,125	23.1%

FINANCING BY FUND:									
CARRY FORWARD:									
ENVIRONMENTAL	56	0	0	20	20	38	38		
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	111	463	665	122	652	0	530		
GENERAL	10,366	12,111	15,524	14,078	17,482	14,121	17,649		
MINNESOTA RESOURCES	757	853	0	0	100	0	0		
PETROLEUM TANK RELEASE CLEANUP	3,076	2,801	3,603	2,783	3,333	2,843	3,393		
STATE GOVERNMENT SPECIAL REVENUE	59	26	59	44	44	45	45		
SPECIAL REVENUE	599	599	556	769	0	784	0		
ENVIRONMENTAL	20,165	16,771	20,745	26,540	26,957	20,569	22,541		
METRO LANDFILL CONTINGENCY	185	130	141	144	0	147	0		
SOLID WASTE	6,388	5,357	6,847	6,282	6,772	6,438	6,929		
STATUTORY APPROPRIATIONS:									
PUBLIC FACILITIES AUTHORITY	595	678	785	785	785	785	785		
PETROLEUM TANK RELEASE CLEANUP	1,338	1,585	3,758	2,000	2,000	2,000	2,000		
STATE GOVERNMENT SPECIAL REVENUE	0	1	1	1	1	1	1		
SPECIAL REVENUE	10,237	13,718	12,511	11,993	5,317	12,070	4,802		
FEDERAL	11,677	13,499	17,651	26,749	26,749	16,986	16,986		
ENVIRONMENTAL	1,116	2,304	3,624	3,782	3,782	3,482	3,482		
METRO LANDFILL CONTINGENCY	5	5	5	5	0	5	0		
SOLID WASTE	11,771	13,075	24,834	34,486	36,856	27,686	30,387		
GIFT	48	8	0	0	0	0	0		
Total Financing	78,549	83,984	111,309	130,583	130,850	108,000	109,568		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	764.2	748.9	851.9	821.1	851.7	810.1	839.7
PART-TIME, SEASONAL, LABOR SER	39.2	31.8	8.6	5.7	5.7	5.6	5.6
OVERTIME PAY	1.2	1.5	0.4	0.4	0.4	1.4	1.4
Total Full-Time Equivalent	804.6	782.2	860.9	827.2	857.8	817.1	846.7

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$13,504	\$13,504	\$27,008
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	20	40	60
Biennial Appropriations	973	973	1,946
One-Time Appropriations	(816)	(996)	(1,812)
2000-01 Salary & Benefit Base	196	399	595
Transfers Between Agencies	200	200	400
Statewide Administration Systems	11	11	22
Uniform Pension Bill Reduction	(10)	(10)	(20)
<u>BASE LEVEL (for 2000 and 2001)</u>	\$14,078	\$14,121	\$28,199
<u>CHANGE ITEMS</u>			
Feedlots	265	636	901
WQ Wastewater Infrastructure Fund	206	-0-	206
Continuing Research - Malformed Frogs	400	400	800
Mobile Source Pollution	200	200	400
Clean Water Partnership Grant Program	1,000	1,000	2,000
Mercury Reduction	233	192	425
Establishing TMDL Limits to Protect WQ	750	750	1,500
Information System Optimization	350	350	700
GOVERNOR'S RECOMMENDATION	\$17,482	\$17,649	\$35,131

Brief Explanation of Budget Decisions:

- There is a base adjustment allowed to partner agencies to cover increased costs of Attorney General services.
- There is a base adjustment of \$973,000 in both fiscal years for Clean Water Partnership Grants. The agency requests that if the appropriation for either year is insufficient, the appropriation for the other year should be made available for it.
- There is a base adjustment (reduction) in both fiscal years reducing or removing one-time appropriations from the base. These are for Water Quality Fee Bridge Funding, Bioaccumulative Residue Research, Cost Benefit Model, Accelerated Amphibian Research, Benton County Grant, and the Minnesota Frog Investigation.

- There is a base adjustment for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001.
- There is a base adjustment to reflect a transfer from the Department of Trade and Economic Development.
- There is a base adjustment to partially cover the costs related to the operation of statewide administrative systems.
- The final base adjustment is a reduction to reflect the reduced costs of pensions at the lower level of state support.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency base level funding and the following change items.

- Support feedlot activities and to provide technical and financial assistance to counties to address feedlot issues. This change item also has an Environmental Fund component.
- Continuation of funding for the administration of the Wastewater Infrastructure Fund (WIF) program at the PCA.
- Continuation of funding to further pursue research on Minnesota's malformed frog problem.
- An alternative to the annual vehicle emission inspection in the Twin Cities, contingent on EPA approval of the carbon monoxide redesignation. This change item also has a special revenue component.
- Supplement the Clean Water Partnership Grant Program to ensure a sustainable future for Minnesota's water resources.
- Funding to implement or complete program development for selected mercury contamination reduction strategies.
- Funding to perform Total Maximum Daily Load (TMDL) allocation studies to improve water quality. This change item also has a special revenue component.
- Information system optimization which will allow for a percentage of the personal computing platform (life cycle) to be routinely upgraded to meet business requirements, optical imaging capabilities to distribute paper files quickly to staff and stakeholders in areas outside of the metro area, improve quality of the environmental databases and enhance remote conferencing capabilities. This change item also has Environmental Fund component.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Petroleum Tank Release Cleanup

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>	<u>GOVERNOR'S RECOMMENDATION(S):</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)	\$3,227	\$3,227	\$6,454	The Governor recommends the agency base level funding and the following change item.
<u>BASE ADJUSTMENT</u>				
Attorney General Costs	6	12	18	■ Continue the one-time Leasing Underground Storage Tank appropriation from the last biennial budget and allow it as an ongoing base until F.Y. 2003.
One-Time Appropriations	(502)	(502)	(1,004)	
2000-01 Salary & Benefit Base	<u>52</u>	<u>106</u>	<u>158</u>	
<u>BASE LEVEL (for 2000 and 2001)</u>	\$2,783	\$2,843	\$5,626	
<u>CHANGE ITEMS</u>				
Continuation of LUST Initiative	<u>550</u>	<u>550</u>	<u>1,100</u>	
GOVERNOR'S RECOMMENDATION	\$3,333	\$3,393	\$6,726	

Brief Explanation of Budget Decisions:

- There is a base adjustment allowed to partner agencies to cover the increased costs of Attorney General services.
- The second base adjustment is to remove the amounts for the Leaking Underground Storage Tanks (LUST) funding initiative from the last biennial budget. However, there is a need to continue this program. As a result this funding is being requested in a change item for the F.Y. 2000-01 biennium.
- There is a base adjustment for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: State Government Special Revenue

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$43	\$43	\$86
<u>BASE ADJUSTMENT</u>			
2000-01 Salary & Benefit Base	<u>1</u>	<u>2</u>	<u>3</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$44	\$45	\$89
GOVERNOR'S RECOMMENDATION	\$44	\$45	\$89

Brief Explanation of Budget Decisions:

- The only base adjustment is for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001 in wastewater operator certification program.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency's base budget.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Special Revenue

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	Biennium
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$755	\$755	\$1,510
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	-0-	1	1
2000-01 Salary & Benefit Base	<u>14</u>	<u>28</u>	<u>42</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$769	\$784	\$1,553
<u>CHANGE ITEMS</u>			
Mobile Source Pollution	(769)	(784)	(1,553)
GOVERNOR'S RECOMMENDATION	\$-0-	\$-0-	\$-0-

Brief Explanation of Budget Decisions:

- This fund supports the Inspection and Maintenance (IM) program. Vehicles registered in the 7-county metropolitan area which were built after 1976 and are more than 5 years old require an annual inspection, which costs the vehicle owners \$8. This fee is collected by the Department of Safety. Of the \$8 collected, less than \$1 is transferred to this fund to support public education, customer service, assistance to the auto repair industry, contract oversight, and other administrative costs of the IM program. Revenue has decreased by approximately one-third since 1996 legislation which eliminated annual testing for cars less than 5 years old.
- There is a base adjustment allowed to partner agencies to cover increased costs of Attorney General services.
- There is a base adjustment for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001 in the vehicle emission inspections program. This will be offset by dedicated receipts.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency base level funding and the following change item.

- End the requirement for the annual vehicle emission inspections in the Twin Cities, contingent on EPA approval of the carbon monoxide redesignation request. An alternative to the vehicle emission testing program is recommended as a change item in the General Fund.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Environmental

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$19,705	\$19,705	\$39,410
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	21	43	64
2000-01 Salary & Benefit Base	393	800	1,193
Statewide Administration Systems	21	21	42
Biennial Appropriation	<u>6,400</u>	<u>-0-</u>	<u>6,400</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$26,540	\$20,569	\$47,109
<u>CHANGE ITEMS</u>			
Feedlots	\$496	\$1,106	\$1,602
M.S. 116.073 Field Citation Authority	-0-	-0-	-0-
Information System Optimization	-0-	943	943
Listed Metals	(79)	(77)	(156)
GOVERNOR'S RECOMMENDATION	\$26,957	\$22,541	\$49,498

Brief Explanation of Budget Decisions:

- There is a base adjustment allowed to partner agencies to cover increased costs of Attorney General services.
- There is a base adjustment for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001. This will be offset in receipt earning areas by dedicated receipts.
- There is a base adjustment to partially cover the costs related to the operation of statewide administrative systems.
- There is a \$6.4 million base adjustment from the Motor Vehicle Transfer Account required to comply with the mandate in Laws of 1997, Ch.246, sect.4, subd.3. Once appropriated, it is transferred to MERLA (the state superfund) for cleanup.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency base level funding and the following change items.

- Address growing industry and public concerns that are being caused by changes in growth in the animal agriculture industry. The initiative would provide for an increased level of effort at the PCA subdistrict offices located in greater Minnesota. This initiative would also increase the level of effort at the county level to address feedlot issues. This change item also has a General Fund component.
- Expansion of the M.S. 116.073 authority for PCA staff to issue Field Citations when necessary to spur responsible parties to action and/or to establish an enforcement history to use in subsequent failures. Revenue generated is projected to be \$5,000 in F.Y. 2000 and \$25,000 in F.Y. 2001. There are no additional expenditures.
- Information system optimization which will allow for a percentage of the personal computing platform (life cycle) to be routinely upgraded to meet business requirements, optical imaging capabilities to distribute paper files quickly to staff and stakeholders in areas outside of the metro area, improve data quality of the environmental databases, and enhance remote conferencing capabilities. This change item also has a General Fund component.
- Reduction in administrative expenditures for the agency's activities relating to administration of the listed metals program. In addition, increase the annual product review report fee from \$295 to \$750 and transfer \$75,000 each year from the Motor Vehicle Transfer Account to the Listed Metals Account for administrative expenses.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Metro Landfill Contingency

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$140	\$140	\$280
<u>BASE ADJUSTMENT</u>			
2000-01 Salary & Benefit Base	4	7	11
<u>BASE LEVEL (for 2000 and 2001)</u>	\$144	\$147	\$291
<u>CHANGE ITEMS</u>			
Closed Landfills and Environ. Assessments	(144)	(147)	(291)
GOVERNOR'S RECOMMENDATION	\$-0-	\$-0-	\$-0-

Brief Explanation of Budget Decisions:

- The only base adjustment is for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level funding and the following change item:

- The closed landfills change item for the Solid Waste Fund shifts administrative costs from the Metro Landfill Contingency Fund to the Solid Waste Fund.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Solid Waste

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>	<u>GOVERNOR'S RECOMMENDATION(S):</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)	\$6,183	\$6,183	\$12,366	The Governor recommends the agency base level funding and the following change item:
<u>BASE ADJUSTMENT</u>				
Attorney General Costs	7	14	21	■ Allow additional solid waste disposal facilities to be included in the closed landfill cleanup program and to perform an environmental assessment of a limited number of closed dumps. Administrative expenditures relating to solid waste disposal facilities and dumps are shifted from the Metro Landfill Contingency Fund to the Solid Waste Fund.
2000-01 Salary & Benefit Base	144	293	437	
Program/Agency Sunset	(52)	(52)	(104)	
<u>BASE LEVEL (for 2000 and 2001)</u>	\$6,282	\$6,438	\$12,720	
<u>CHANGE ITEMS</u>				
Closed Landfills & Environ Assessments	<u>490</u>	<u>491</u>	<u>981</u>	
GOVERNOR'S RECOMMENDATION	\$6,772	\$6,929	\$13,701	

Brief Explanation of Budget Decisions:

- There is a base adjustment allowed to partner agencies to cover increased costs of Attorney General services.
- There is a base adjustment for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001.
- There is a base adjustment to partially recover the costs related to the operation of statewide administrative systems.
- The final base adjustment eliminates funding for Department of Revenue's administrative activities relating to the Solid Waste Assessment Fee, which has sunset (January 1998).

This page intentionally left blank.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

Agency: Pollution Control Agency (PCA)

REVENUE SOURCES:

The PCA collects both dedicated and non-dedicated revenue. Non-dedicated revenue is generated primarily through fees paid by the regulated community for air, water, and hazardous waste permits. In the 1998-99 biennium, fees deposited to the environment funds comprise 85% of all non-dedicated revenue. In addition, a solid waste tax is paid by households and businesses. Other non-dedicated receipts are generated from penalties, restitutions, and interest earned on specific accounts. Non-dedicated revenue is projected to remain fairly steady.

In the 1998-99 biennium, federal funds comprise 66% of all dedicated revenue. Another 14% 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 increase by about 31%.

FEES STRUCTURE:

The PCA collects water, air, and hazardous waste generator fees from municipalities and industries regulated by the PCA. In order to protect and improve Minnesota's water, air, and land, the PCA issues permits to parties who are emitting pollutants harmful to the environment. The fees paid for the permits are used to provide programs to set standards, determine pollutant loadings, assist fee payers with compliance, and provide enforcement.

It is important to note that not all revenue to fund PCA programs is collected by the PCA. The Department of Revenue collects taxes paid by residents and businesses to waste haulers which support landfill cleanup, ground water monitoring, 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 wholesale level to support the Petroleum Cleanup Fund. 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 discharges from municipal and industrial facilities based on flow, storm water fees, feedlot permits fees, and licenses for individual sewage treatment system professionals. These are all non-dedicated fees. Wastewater operators also pay a certification fee which is deposited to the state government special revenue fund. Other than the license and certification fees, water fees are set by rule.

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

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

The PCA 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. Additional funds collected are deposited to the Cambridge Deposit Fund.

RECENT CHANGES:

Fee revenues fluctuate from year to year depending on permitting cycles. Based on analysis of anticipated revenues, the Water Quality Fee Program anticipates a \$162,000 deficit in F.Y. 1999. Anticipated revenues in future years will eliminate the deficit.

Based on an analysis of anticipated revenues from 1997 to 1999, the PCA will reimburse the \$120,000 appropriation from the environmental fund for the Individual Sewage Treatment System (ISTS) program by 6-30-99 as required by state law.

Due to recent large environmental enforcement cases, an 611% increase in revenues was deposited to the Cambridge Deposit Fund in F.Y. 1998 compared to F.Y. 1997.

The listed metals product review fee was intended to recover the costs of operating the listed metals advisory council, administration by the PCA and technical assistance from the office of environmental assistance over the life of the program (8 years). As a result of several factors, the activity has collected 15% of the revenue expected, but has also reduced the duration of the council's work to less than half of that expected. The PCA and the interested parties have discussed how to resolve this funding shortfall by 2002 and a budget change item is proposed.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Pollution Control Agency (PCA)
(Continuation)

FORECAST BASIS:

Overall revenue is expected to remain fairly stable. In F.Y. 2000, federal revenues increase mainly due to anticipated Superfund cleanup activities for 2 existing sites in the Superfund program and Brownfields cleanup.

CHANGE ITEMS:

There is a change item to end the requirement for the annual vehicle emission inspections in the Twin Cities, contingent on EPA approval of the carbon monoxide redesignation request. An alternative to the vehicle emission testing program is requested as a change item from the General Fund for a voluntary clean fuels program and to establish a public/private task force to evaluate options for reducing pollution from motor vehicles.

There is a change item to reduce administrative expenditures for the agency's activities relating to administration of the listed metals program. In addition, increase the annual product review report fee from \$295 to \$750 and transfer \$75,000 each year from the Motor Vehicle Transfer Account to the Listed Metals Accounts for administrative expenses.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
<u>NON-DEDICATED REVENUE:</u>									
DEPARTMENTAL EARNINGS (INTER-AGENCY):									
ENVIRONMENTAL	89	0	0	0	0	0	0	0	0
DEPARTMENTAL EARNINGS:									
PETROLEUM TANK RELEASE CLEANUP	8	9	8	8	8	8	8	(1)	-5.9%
STATE GOVERNMENT SPECIAL REVENUE	33	36	34	36	36	38	38	4	5.7%
CAMBRIDGE DEPOSIT FUND	11	9	8	8	8	8	8	(1)	-5.9%
ENVIRONMENTAL	13,226	13,375	13,873	14,977	15,077	16,207	16,258	4,087	15.0%
OTHER REVENUES:									
GENERAL	23	7	10	10	10	10	10	3	17.6%
PETROLEUM TANK RELEASE CLEANUP	10	309	285	285	285	285	285	(24)	-4.0%
CAMBRIDGE DEPOSIT FUND	156	1,011	250	250	250	250	250	(761)	-60.3%
ENVIRONMENTAL	589	649	615	615	620	615	640	(4)	-.3%
METRO LANDFILL CONTINGENCY	31	53	25	25	25	25	25	(28)	-35.9%
SOLID WASTE	1,384	1,850	1,200	700	4,700	700	4,747	6,397	209.7%
TAXES:									
GENERAL	0	0	1	1	1	1	1	1	100.0%
Total Non-Dedicated Receipts	15,560	17,308	16,309	16,915	21,020	18,147	22,270	9,673	28.8%

DEDICATED RECEIPTS:									
DEPARTMENTAL EARNINGS:									
SPECIAL REVENUE	732	494	447	270	205	270	205	(531)	-56.4%
ENVIRONMENTAL	75	69	56	47	47	39	39	(39)	-31.2%
GRANTS:									
SPECIAL REVENUE	4,229	1,502	2,500	2,500	2,500	2,500	2,500	998	24.9%
FEDERAL	12,334	13,094	17,645	28,637	28,637	17,031	17,031	14,929	48.6%
OTHER REVENUES:									
GENERAL	7	77	52	0	0	0	0	(129)	-100.0%
SPECIAL REVENUE	1,282	1,434	1,868	1,841	1,766	1,864	1,789	253	7.7%
FEDERAL	46	39	5	5	5	5	5	(34)	-77.3%
ENVIRONMENTAL	2,569	4,101	2,936	2,954	2,954	2,956	2,956	(1,127)	-16.0%

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent			
<u>DEDICATED RECEIPTS:</u>												
OTHER SOURCES:												
FEDERAL ENVIRONMENTAL	(11) 35	0 60	0 120	0 125	0 125	0 146	0 146	0 91	50.6%			
Total Dedicated Receipts	21,298	20,870	25,629	36,379	36,239	24,811	24,671	14,411	31.0%			
Agency Total Revenues	36,858	38,178	41,938	53,294	57,259	42,958	46,941	24,084	30.1%			

This page intentionally left blank.

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Pollution Control Agency (PCA)

In the 1998-99 biennium, the PCA received approximately 16% 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 PCA are from the United States Environmental Protection Agency (EPA). The PCA relies on federal funds to carry out activities outlined in the Environmental Performance Partnership Agreement (EnPPA) and other EPA initiatives.

Congress authorized EPA to enter into Environmental Performance Partnership Agreements with states. The goal is to develop joint priorities and agreed upon outcomes. Minnesota pursued agreements beginning in federal fiscal year (F.F.Y.) 1997. In addition, Congress has provided EPA with the ability to award Performance Partnership Grants. The PCA pursued a Performance Partnership Grant (PPG) in both F.F.Y. 1998 and 1999 which combined 6 media specific grants into one grant award. This will allow the state to direct dollars to the highest environmental priorities.

While federal funding for both the nonpoint source programs (Section 319 grant) and the base water program (Section 106 grants) is expected to increase in F.F.Y. 1999, funding levels for future years are uncertain. Federal support for the Section 319 grant program will nearly double in F.F.Y. 1999. This increase is linked to the Clean Water Action Plan, which uses a watershed management approach to coordinate water quality improvement programs nationwide and will most likely continue. However, the future is less certain with respect to Section 106 grants. When EPA revised its allocation formula for Section 106 grants, Minnesota's share for F.F.Y. 1999 increased 60%. The PCA plans to use this increase to support total maximum daily load activities in F.Y. 1999. For ground water, the additional F.F.Y. 1999 funding will be used to enhance wellhead protection efforts and to reevaluate the ground water assessment strategy. However, since EPA may make more changes to the Section 106 grants formula, the PCA is uncertain of the base level of funding for the Section 106 grant.

The Protecting the Air Program expects to experience relative stability in its grant funding in the coming biennium for the Section 105 grant funding. Funding was made available in F.Y. 1998 and F.Y. 1999 for Particulate Matter (PM) 2.5 monitoring via the Section 103 grant. It is uncertain at this time how long the PM2.5 funding will continue.

Several grants which protect the land will remain steady. Federal Superfund funding for state efforts is stable for F.F.Y. 1999, but the future source of its funding is unknown. State and responsible party funding needed for cleanup activities will potentially increase to support program development and waste site cleanups without federal Superfund funds. The increase of \$9.5 million in the Superfund program for F.Y. 2000 is due to the anticipated superfund cleanup activities for 2 existing funded sites that are entering the construction phase. These dollars have already been approved by EPA. Funding for the Toxic Substances Compliance Monitoring Program (TSCA-PCB) was cut 10% for F.Y. 1999. Any future funding cuts will jeopardize the effectiveness of the TSCA-PCB program at the state level. There has been no discussion of any additional funding cuts to date, however, the TSCA-PCB program could be ending within the next 5 years.

2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)

Agency: Pollution Control Agency (PCA)

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
Reimbursement of Technical Services	N	State Operations	320	688	746	746
Air Pollution Control Program Support	Y	State Operations	331	-0-	-0-	-0-
Lake Restoration Cooperative Agreement	Y	Grants-Political Subd.	56	18	38	-0-
Construction Management Assistance	N	Grants-Political Subd	10	-0-	-0-	-0-
Water Quality Management Planning	N	State Operations	189	316	167	194
Non-point Source Implementation	Y	Grants-Political Subd	3,317	1,910	4,102	3,613
Non-point Source Implementation	Y	State Operations	38	2,146	2,632	2,722
Wetlands Protection-State Development Grants	Y	State Operations	128	223	154	86
National Pollutant Discharge Elimination	Y	State Operations	731	505	32	-0-
Great Lakes	Y	State Operations	16	101	-0-	-0-
Environmental Protection-Consolidated Research	Y	State Operations	-0-	42	-0-	-0-
Air Pollution Control Research	Y	State Operations	99	275	242	-0-
Wastewater Pollution Control Research	Y	State Operations	251	405	-0-	-0-
Performance Partnership Grants	Y	State Operations	2,885	4,984	4,762	4,573
Environment Protection Consolidation Grants	Y	State Operations	439	-0-	-0-	-0-
Special Purpose "X" Grants, Surveys, Investigations	Y	State Operations	120	597	572	276
Training and Fellowship Grants	Y	State Operations	57	51	35	36

**2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Pollution Control Agency (PCA)

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
One Stop Reporting	Y	State Operations	3	100	350	-0-
Toxic Substances Compliance Monitoring	N	State Operations	58	-0-	-0-	-0-
Pollution Prevention Grants Program	Y	State Operations	103	60	60	60
Hazardous Waste Mgmt State Program	Y	State Operations	624	-0-	-0-	-0-
Superfund State Site Co-Op Agreements	Y	State Operations	2,045	3,791	13,075	3,449
State Underground Storage Tank Trust Fund	Y	State Operations	45	28	-0-	-0-
Underground Storage Tank Trust Fund	Y	State Operations	1,222	1,191	1,191	1,191
Technical Assistance Grants Program	N	State Operations	6	-0-	-0-	-0-
Brownsfield Pilot Cooperative Agreements/ Grants	N	Grants-Political Subd.	-0-	150	200	-0-
Clean Water Training	Y	State Operations	1	-0-	-0-	-0-
Special Project Grant	Y	State Operations	39	69	90	90
Total (Federal Direct)			13,133	17,650	28,448	17,036
Total (Federal Indirect - Special Revenue)			1,502	2,500	2,500	2,500
PCA Total			14,635	20,150	30,948	19,536

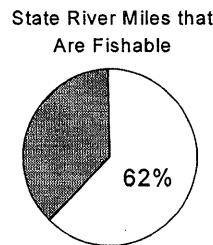
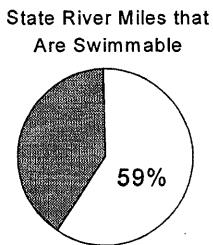
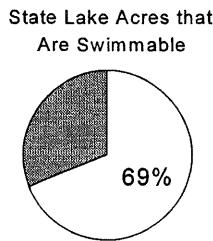
2000-01 Biennial Budget

PROGRAM: Protecting the Water

AGENCY: Pollution Control Agency (PCA)

PROGRAM PROFILE:

The Protecting the Water Program exists to protect and improve Minnesota's rivers, lakes, wetlands and ground water so they support healthy aquatic communities and public uses such as fishing, swimming and drinking water. While the majority of the state's waters meet the water quality standards designed to protect them, a significant portion do not. PCA's mission to restore these impaired resources -- while protecting those not yet impaired -- 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.



(based on standard water quality measurements at a limited number of sites)

STRATEGIES AND PERFORMANCE:

The Protecting the Water Program employs a basin management strategy to protect and enhance our state's waters. Basin management is an approach to water-quality protection and restoration that focuses on the water resources, rather than strictly on programs. This 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; and

- Implements management practices and evaluates progress toward achieving goals.

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 help improve communication and coordination between the agency and its stakeholders. Basin management provides an effective means for integrating point and nonpoint source pollution control programs, focusing on protecting and/or restoring the fishable and swimmable uses of water.

FINANCING INFORMATION:

While previous efforts focused largely on regulating point sources and constructing wastewater treatment facilities, state and federal funding increases for the program over the past 10 years have been used to establish and build effective nonpoint source control, watershed management, and monitoring activities. These activities rely on local partnerships for planning and implementation. About 25 % of the program budget is dedicated to financial assistance programs to sustain these partnerships.

Federal funding for the nonpoint source programs (Section 319 grant) increased by approximately 90% in Federal Fiscal Year (F.Y.) 1999; these funds will be available in state F.Y. 2000. This increase is linked to the federal Clean Water Action Plan, which uses a watershed management approach to coordinate water quality improvement programs nationwide. The 319 grant funds are used by the program for various activities and also provide pass-through funds to other agencies and local units of government for nonpoint source projects. The program plans to use a small portion of the increased funding to provide inflationary adjustments for existing staff and to provide a limited number of new staff to manage pass-through grants; the remainder will be used to increase the amount of pass-through funds for projects.

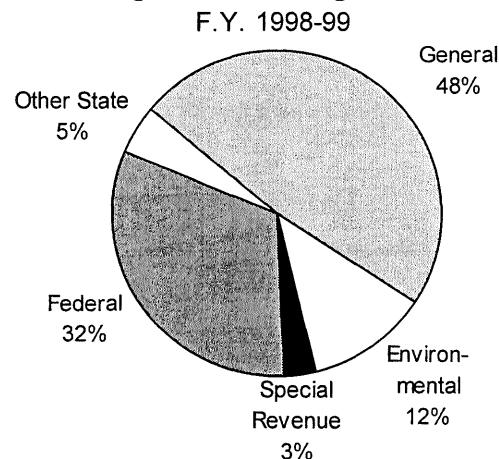
Federal funding for the base water program is provided through Section 106 grants. In November 1998, PCA learned that EPA had revised the allocation formula, which resulted in almost a 60% increase in Section 106 funding for Minnesota in F.Y. 1999. The PCA plans to use this increase to support Total Maximum Daily Load activities in F.Y. 1999. The EPA is currently accepting public comment to determine whether additional changes should be made before the revised Section 106 formula is finalized in F.F.Y. 2000. Therefore, PCA is unsure of Section 106 funding levels for F.Y. 2000 and F.Y. 2001; the budget as presented assumes that F.Y. 1998 funding levels will be the base level of funding for the grant.

2000-01 Biennial Budget

PROGRAM: Protecting the Water

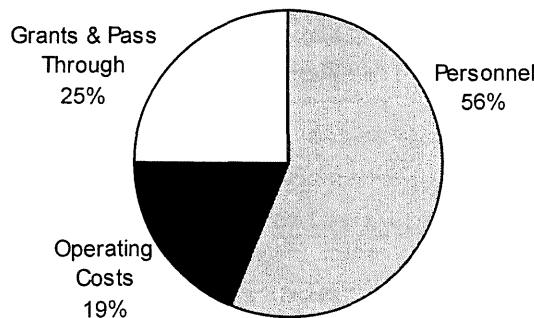
AGENCY: Pollution Control Agency (PCA)
(Continuation)

Program Funding Source



Program Expenditures by Category

F.Y. 1998-99



BUDGET ISSUES:

The Protecting the Water Program has carefully analyzed its anticipated permit fee revenues. Fee revenues fluctuate from year to year depending on permitting cycles. Based on the revenue analysis, the program anticipates a deficit of \$162,000 in F.Y. 1999. Anticipated revenues in future years will eliminate the deficit.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level funding and the following change items:

- Feedlots
- Water Quality Wastewater Infrastructure Fund
- Continuing Research on Minnesota's Malformed Frog Problem
- Clean Water Partnership Grant Program
- Establishing Total Maximum Daily Load Limits to Protect Water Quality

The Governor makes no recommendation regarding the LCMR projects put forward by the PCA.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ASSESS ENVIRONMENTAL OUTCOMES	2,933	3,693	5,192	4,008	5,238	3,774	5,004	1,357	15.3%
WATERSHED ASST./PLNG & POL DEV	7,025	8,052	9,314	11,065	12,065	10,339	11,339	6,038	34.8%
REDUCING POINT SOURCE PLTN	4,090	4,514	4,707	3,749	4,130	3,836	4,011	(1,080)	-11.7%
REDUCING NONPOINT SOURCE PLTN	2,665	3,218	4,583	4,277	5,313	4,334	6,351	3,863	49.5%
Total Expenditures	16,713	19,477	23,796	23,099	26,746	22,283	26,705	10,178	23.5%
CHANGE ITEMS:									
(B) FEEDLOTS	ENV				496			1,106	
(B) FEEDLOTS	GEN				265			636	
(B) WQ WASTEWATER INFRASTRUCTURE FUND	GEN				206				
(B) CONTINUING RESEARCH - MALFORMED FROGS	GEN				400			400	
(B) CLEAN WATER PARTNERSHIP GRANT PROGRAM	GEN				1,000			1,000	
(B) ESTABLISHING TMDL LIMITS TO PROTECT WQ	GEN				750			750	
(B) LCMR - ON-SITE SEWAGE TREATMENT ALTERNAT	EVT				275			275	
(B) LCMR- BY-PRODUCTS APPLICATION	EVT				175			175	
(B) LCMR- DAKOTA CO WETLAND HEALTH MONIT PRC	EVT				80			80	
Total Change Items					3,647			4,422	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	250	253	122	652	0	530		
GENERAL	7,139	8,976	11,828	10,458	13,079	10,472	13,258		
MINNESOTA RESOURCES	443	543	0	0	0	0	0		
STATE GOVERNMENT SPECIAL REVENUE	59	26	59	44	44	45	45		
SPECIAL REVENUE	0	65	0	0	0	0	0		
ENVIRONMENTAL	2,957	2,164	2,888	2,616	3,112	2,680	3,786		
STATUTORY APPROPRIATIONS:									
PUBLIC FACILITIES AUTHORITY	595	678	785	785	785	785	785		
SPECIAL REVENUE	457	561	486	300	300	323	323		
FEDERAL	5,063	6,214	7,497	8,774	8,774	7,978	7,978		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	16,713	19,477	23,796	23,099	26,746	22,283	26,705
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	218.2	215.3	237.7	220.8	239.8	214.0	230.0
PART-TIME, SEASONAL, LABOR SER	8.5	10.5	4.1	1.2	1.2	1.1	1.1
OVERTIME PAY	0.1	0.9	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	226.8	226.7	241.8	222.0	241.0	215.1	231.1

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ASSESS ENVIRONMENTAL OUTCOMES	2,933	3,693	5,192	4,008	5,238	3,774	5,004	1,357	15.3%
WATERSHED ASST./PLNG & POL DEV	7,025	8,052	9,314	11,065	12,065	10,339	11,339	6,038	34.8%
REDUCING POINT SOURCE PLTN	4,090	4,514	4,707	3,749	4,130	3,836	4,011	(1,080)	-11.7%
REDUCING NONPOINT SOURCE PLTN	2,665	3,218	4,583	4,277	5,932	4,334	6,351	4,482	57.5%
Total Expenditures	16,713	19,477	23,796	23,099	27,365	22,283	26,705	10,797	25.0%

CHANGE ITEMS:		FUND					
(B) FEEDLOTS		ENV			1,115		1,106
(B) FEEDLOTS		GEN			265		636
(B) WQ WASTEWATER INFRASTRUCTURE FUND		GEN			206		
(B) CONTINUING RESEARCH - MALFORMED FROGS		GEN			400		400
(B) CLEAN WATER PARTNERSHIP GRANT PROGRAM		GEN			1,000		1,000
(B) ESTABLISHING TMDL LIMITS TO PROTECT WQ		GEN			750		750
(B) LCMR - ON-SITE SEWAGE TREATMENT ALTERNAT		EVT			275		275
(B) LCMR- BY-PRODUCTS APPLICATION		EVT			175		175
(B) LCMR- DAKOTA CO WETLAND HEALTH MONIT PRC		EVT			80		80
Total Change Items					4,266		4,422

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	250	253	122	652	0	530
GENERAL	7,139	8,976	11,828	10,458	13,079	10,472	13,258
MINNESOTA RESOURCES	443	543	0	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	59	26	59	44	44	45	45
SPECIAL REVENUE	0	65	0	0	0	0	0
ENVIRONMENTAL	2,957	2,164	2,888	2,616	3,731	2,680	3,786
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	595	678	785	785	785	785	785
SPECIAL REVENUE	457	561	486	300	300	323	323
FEDERAL	5,063	6,214	7,497	8,774	8,774	7,978	7,978

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
	Base	Governor Recomm.	Base	Governor Recomm.			
Total Financing	16,713	19,477	23,796	23,099	27,365	22,283	26,705
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	218.2	215.3	237.7	220.8	239.8	214.0	230.0
PART-TIME, SEASONAL, LABOR SER	8.5	10.5	4.1	1.2	1.2	1.1	1.1
OVERTIME PAY	0.1	0.9	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	226.8	226.7	241.8	222.0	241.0	215.1	231.1

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Assessing Environmental Outcomes
PROGRAM: Protecting the Water
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

The Assessing Environmental Outcomes activity seeks to provide water quality management with the necessary picture of water quality conditions and the nature of the various water quality impairments. In doing so, it uses a number of different tools and addresses a number of specific concerns. Among these specific concerns, particular attention is being focused on:

- Intensive monitoring to analyze the problems of, and develop remedial measures for Minnesota watersheds where state water quality standards are not being met.
- Further monitoring and research to determine the cause of the serious problem of frog abnormalities in Minnesota and across the country.
- Increased monitoring to investigate lake quality problems and provide local organizations with the information necessary to address them.

STRATEGIES AND PERFORMANCE:

The activity relies on a strategy that provides the monitoring 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) measure the effectiveness of our regulatory and management programs in resolving those problems and protecting our water resources. This information is used directly by PCA and local governments to guide and evaluate water quality management efforts. At the same time, it provides an essential picture to Minnesota citizens of the health of the state's waters and our efforts to protect them. Good water monitoring leads to good water programs.

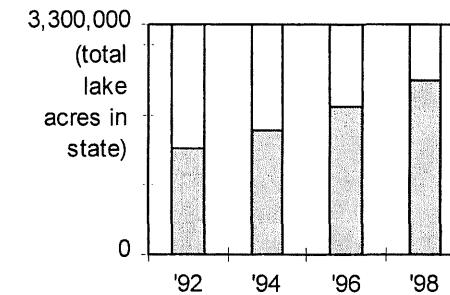
Monitoring has evolved a great deal since PCA's early years. Significant changes have been made in *what* we monitor, as the types of water pollution problems we deal with have changed. Likewise significant changes have been made in *how* we monitor, to make monitoring more cost-effective and more useable.

Most recently, aided by the 1997 Interagency Water Monitoring Initiative, the PCA has moved towards:

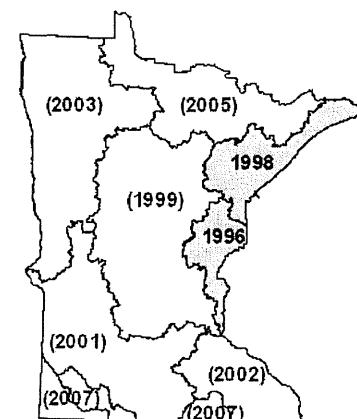
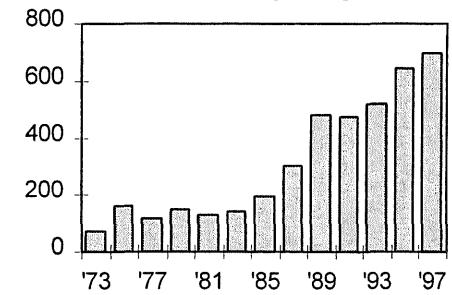
- Watershed-based monitoring that focuses on the complex relationships between land and water and looks at both point and nonpoint pollution.
- More citizen monitoring and cooperative efforts with local organizations.

- More biological monitoring, using "Indexes of Biological Integrity" to access the health of the aquatic community as a direct measure of water quality.
- Statistically-based monitoring, to give a valid overall picture of the state's water quality.
- More wetland monitoring.

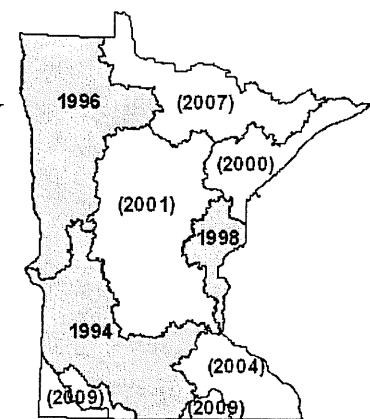
Number of State Lake Acres Assessed



Number of Lakes in Citizen Lake Monitoring Program



Major River Basins with Statistically-Based Monitoring and Year of (Projected) Completion



Major River Basins with "Indexes of Biological Integrity" and Year of (Projected) Adoption

2000-01 Biennial Budget

BUDGET ACTIVITY: Assessing Environmental Outcomes
PROGRAM: Protecting the Water
AGENCY: Pollution Control Agency (PCA)
(Continuation)

A good deal of progress has been made in PCA's water monitoring program and its coverage of the state's lakes and rivers. Almost 3/4 of our lake acres are assessed for water quality, and the number of river miles assessed has increased from 3,500 in 1992 to almost 12,000 in 1998. But the sheer number of total river miles and lakes in the state means that, as a practical matter, only a portion will ever be monitored on any regular basis.

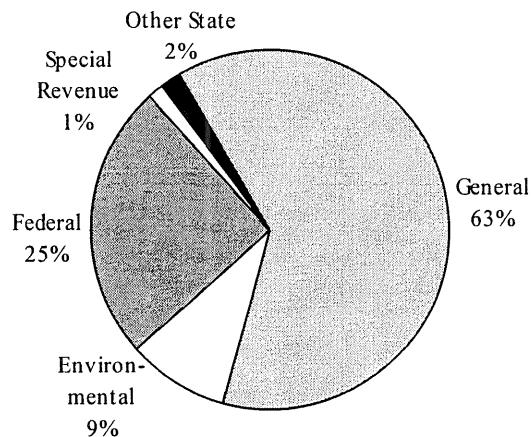
PCA's recently developed program of "statistically-based" monitoring, however, addresses this fact and will, over time, give a statistically-valid picture of the state's overall water quality from the sampling of a limited number of specially-selected sites. Begun in 1996, the new program has completed monitoring in 2 of the state's major river basins, and is expected to have state-wide coverage in approximately another 10 years. Other sites will continue to be monitored for other, specific reasons, such as investigating problems and measuring the success of our efforts in resolving those problems.

While the state plays a central role in providing direction, consistency, and an overall picture of the state's water resources, local actions are an essential part of water management, and cooperative state/local monitoring efforts and the sharing of data are becoming increasingly common. Cooperative efforts have likewise increased among the several state and federal agencies that monitor water as part of their various missions.

FINANCING INFORMATION:

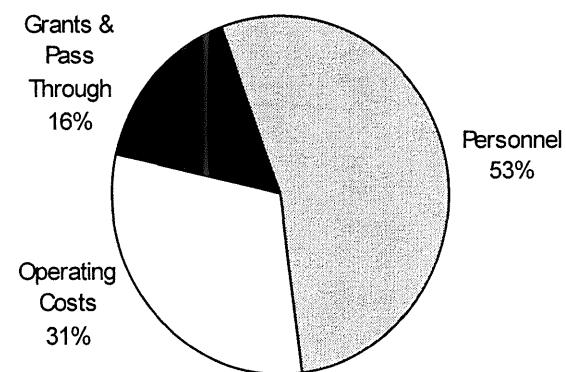
Increases in funding for monitoring activities over the past 10 years have supported efforts in the areas of bio-criteria development, endocrine disrupter research, the malformed frog investigation, and substantially bolstered baseline water quality monitoring. The activity relies on outside experts in the areas of research and chemical analysis and directs funding to support this partnership.

Activity Funding Sources - F.Y. 1998-99



Activity Expenditures by Category

F.Y. 1998-99



2000-01 Biennial Budget

BUDGET ACTIVITY: Assessing Environmental Outcomes

PROGRAM: Protecting the Water

AGENCY: Pollution Control Agency (PCA)

(Continuation)

BUDGET ISSUES:

Further monitoring and research are needed to determine the cause of the serious problem of frog abnormalities in Minnesota and across the country. Existing funding of this activity ends in F.Y. 1999.

Water Quality Standards are not being met in many of Minnesota's watersheds. A Total Maximum Daily Load (TMDL) process defining the pollutant load that can be assimilated by a given lake or stream while still meeting standards, is one of the tools that can be used to help us achieve our water quality goals. Intensive monitoring is needed to analyze problems and develop remedial measures for these watersheds.

LCMR RECOMMENDATIONS:

- *Dakota County Wetland Health Monitoring Program, \$160,000. Pass Through*
This appropriation is from the Environment & Natural Resources Trust Fund to the agency for an agreement with Dakota County to evaluate wetland health through citizen volunteers, develop wetland diversity projects in urban areas, and conduct public education.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: ASSESS ENVIRONMENTAL OUTCOMES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	1,908	2,244	2,461	2,443	2,651	2,415	2,623	569	12.1%			
OPERATING EXPENSES	663	807	1,911	1,184	1,941	1,039	1,796	1,019	37.5%			
SUBTOTAL STATE OPERATIONS	2,571	3,051	4,372	3,627	4,592	3,454	4,419	1,588	21.4%			
LOCAL ASSISTANCE	362	642	820	381	646	320	585	(231)	-15.8%			
Total Expenditures	2,933	3,693	5,192	4,008	5,238	3,774	5,004	1,357	15.3%			
<u>CHANGE ITEMS:</u>												
	FUND											
(B) CONTINUING RESEARCH - MALFORMED FROGS	GEN				400			400				
(B) ESTABLISHING TMDL LIMITS TO PROTECT WQ	GEN				750			750				
(B) LCMR- DAKOTA CO WETLAND HEALTH MONIT PRC	EVT				80			80				
Total Change Items					1,230			1,230				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	0	128	122	202	0	80					
GENERAL	1,404	2,307	3,304	2,413	3,563	2,444	3,594					
MINNESOTA RESOURCES	145	5	0	0	0	0	0					
SPECIAL REVENUE	0	65	0	0	0	0	0					
ENVIRONMENTAL	436	390	407	403	403	407	407					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	0	13	24	0	0	0	0					
FEDERAL	948	913	1,329	1,070	1,070	923	923					
Total Financing	2,933	3,693	5,192	4,008	5,238	3,774	5,004					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **POLLUTION CONTROL AGENCY**

Program: **PROTECTING THE WATER**

Activity: **ASSESS ENVIRONMENTAL OUTCOMES**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	35.2	38.7	46.8	43.4	46.4	41.3	44.3
PART-TIME, SEASONAL, LABOR SER	4.6	5.9	1.2	0.0	0.0	0.0	0.0
OVERTIME PAY	0.0	0.9	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	39.8	45.5	48.0	43.4	46.4	41.3	44.3

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Water
ACTIVITY: Assessing Environmental Outcomes
ITEM TITLE: Continuing Research on Minnesota's Malformed Frog Problem

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$400	\$400	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$800,000 to further pursue research on Minnesota's malformed frog problem. This recommendation includes using \$370,000 to contract with researchers to provide scientific expertise not available within the PCA.

RATIONALE:

Minnesota's malformed frog problem was first identified in 1995. Since that time, similar problems have been observed in other parts of the nation and an informal network of researchers has developed to investigate the problem. No federal, state, or research group has emerged to either assume a leadership role or to act as an effective coordinating agent for the research being done nationwide. At the state level, planning is currently done by a malformed frog policy group composed of representatives from the PCA, the Department of Natural Resources, the Department of Health and the Department of Agriculture.

PCA proposes to continue investigating the problem utilizing the existing national network of frog researchers, as there does not appear to be any other alternative at

this time. The PCA would be one node in the nationwide network of researchers and would route funding to qualified researchers. It is assumed that the PCA would be doing limited research -- as it presently does -- but would primarily be paying for research done by others, performing fieldwork at Minnesota sites, supplying samples to researchers for analysis, and acting as a collection point for research results relevant to conditions in Minnesota.

The PCA proposes, however, to take a more directive role in work involving Minnesota sites than it has been able to in the past. At present, when an issue arises that merits investigation, we have to find a researcher who is working in that area. If we can not find a researcher, then the issue gets put on hold. Furthermore, the inability to fund researchers can influence how research is directed.

The positions being requested would enable the PCA to hire the staff necessary to further pursue the malformation problem. One position would lead the PCA's malformed frog investigation, be the liaison between the agency and the scientific advisory panel, manage contracts with researchers, and perform an information clearinghouse function on malformed frog research. The second position would lead the PCA's field sampling effort.

The PCA will access the feasibility of assembling a scientific advisory panel composed of experts in fields germane to the current investigation. Examples would include local experts in statistical analysis, agricultural chemicals, etc. Panel members would not be involved in malformed frog research but would meet periodically and could provide unbiased advice to the PCA on the direction that research should take based upon previous information obtained. They would also provide input into where research money should be directed.

FINANCING:

There is no base level appropriation for this activity.

OUTCOMES:

The agency will be able to make more rapid progress in the effort to determine the cause or causes of frog malformations in Minnesota. It will be able to do this while also addressing other priorities which have been neglected while available staff have been working on the malformed frog problem.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Water
ACTIVITY: Assessing Environmental Outcomes

ITEM TITLE: Establishing Total Maximum Daily Load Limits to Protect Water Quality

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$750	\$750	\$750	\$750
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1.5 million for the biennium to perform Total Maximum Daily Load (TMDL) allocation studies to improve water quality.

RATIONALE:

The federal Clean Water Act requires states to adopt water quality standards to protect the nation's waters. These numerical standards define the maximum amounts of pollutants which are acceptable in surface and ground waters while still allowing the water to meet its designated use as a drinking water, fishing, swimming, irrigation, and/or industrial resource. Many of Minnesota's water resources do not meet their designated use due to pollution problems from a combination of point and nonpoint sources.

One of the tools that can be used to address this problem is the Total Maximum Daily Load (TMDL) process. A TMDL study defines the maximum amount of

each pollutant which can be released and assimilated into a stream or lake while still allowing the lake or stream to achieve water quality standards.

Section 303(d) of the federal Clean Water Act requires states to publish a list of stream reaches and lakes every 2 years that do not support designated uses, such as swimming or fishing, as a result of excess pollutants. The list, known as the 303(d) list, is based on water quality standards violations, and is organized by river basin. States are then required to complete TMDL allocation studies for all waters on this list.

The list of Minnesota's impaired waters includes rivers throughout the state, including segments on the Mississippi River, Red River, the Long Prairie River, the Minnesota River, the Chippewa River, the Blue Earth River, the Grindstone River, the Root River, and the Whitewater River. It also includes a number of lakes and streams in northeastern Minnesota affected by excess mercury. By completing the research to establish TMDLs, the agency will be taking the essential first step to return these rivers and lakes to acceptable water quality standards.

FINANCING:

Of the \$750,000 recommended for each year, \$640,000 is for contracts with consultants to develop TMDLs for streams that are listed as water quality limited; \$110,000 is for state operations for management TMDL support and for oversight of the contracts for services.

OUTCOMES:

There are several environmental benefits from completing these allocations:

- The number of impaired streams and lakes in Minnesota will be significantly reduced.
- This approach, through basin planning, will target problem areas in a cost-efficient manner. Since the allocation development will be inclusive, clean-up responsibilities will be shared fairly between point and nonpoint sources and with complete public participation.
- The state will avoid likely adverse legal action taken under the Clean Water Act.

2000-01 Biennial Budget

BUDGET ACTIVITY: Watershed Assistance/Planning and Policy Development

PROGRAM: Protecting the Water

AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

The Watershed Assistance/Planning and Policy Development activity focuses on the development of a statewide approach to water-quality protection and restoration that focuses on water resources themselves, rather than strictly on programs. It utilizes 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 for watershed protection and improvement projects. This activity emphasizes communication and coordination efforts between the PCA and other organizations, and provides the framework for management of the Protecting the Water Program.

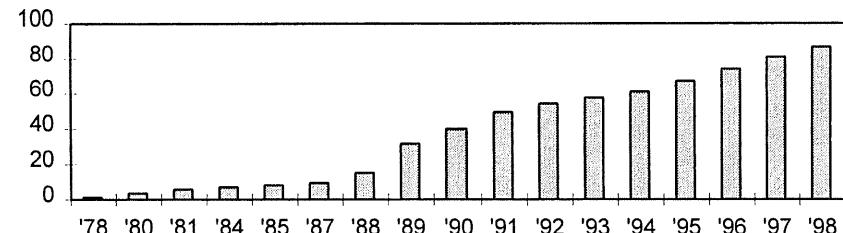
STRATEGIES AND PERFORMANCE:

The activity continues to increase cooperation with local units of government and citizens to manage water resources by:

- Establishing goals for water quality and developing basin management plans for prioritizing work efforts;
- Focusing resources for pollution control through alliances with citizens, local governments, and other agencies;
- Developing and implementing the nonpoint source management plan for the state of Minnesota in conjunction with other state, federal and local agencies, including application for federal grants; and
- Providing financial assistance through the state Clean Water Partnership Program, the 319 Program, and the State Revolving Fund to local units of government which in turn may provide assistance to individual citizens.

A good measure of the activities that have been undertaken to address water quality problems is the number of Clean Water Partnership and Clean Lakes projects as well as the number of assessment and improvement projects that are underway in impaired watersheds.

Total Number of Clean Water Partnership/Clean Lake Projects



While it may take up to 10 years for the benefits to be fully realized, important water quality results can be seen in projects across the state. As examples, 3 locally-led Clean Water Partnership projects have made large improvements to Minnesota waters. The Yellow Medicine River Watershed District's Lake Shaokatan Project reduced the loss of nutrients by approximately 90% and restored Lake Shaokatan in 3 years to its pre-degradation quality — there are no more toxic algal scums and the lake has been returned to its previous beauty. In the northern part of the state, where water quality and fisheries are one of our main "products," Beltrami County and its Soil and Water Conservation District, along with the City of Bemidji, have completed an aggressive list of lake restoration and protection measures to keep Lake Bemidji clear and clean. And the Minneapolis Chain of Lakes Project, one of the largest urban lake restoration projects in the country (approximately \$8.5 million with \$1 million of state funding), is nearing completion with perceptible improvements to these lakes measured during 3 years of watershed cleanup actions.

FINANCING INFORMATION:

This activity relies on strong alliances with counties and other local units of government to deliver the program. From combined federal funds, through the Clean Water Act, and state funds for watershed assistance, about 35% of the funding for the program is directed toward supporting this partnership.

2000-01 Biennial Budget

BUDGET ACTIVITY: Watershed Assistance/Planning and Policy Development

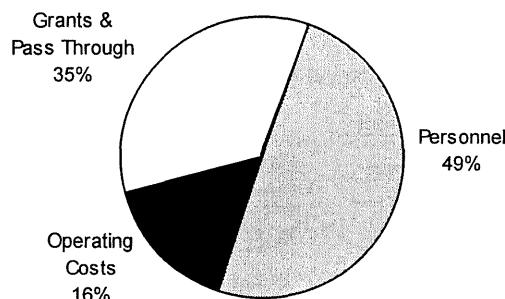
PROGRAM: Protecting the Water

AGENCY: Pollution Control Agency (PCA)

(Continuation)

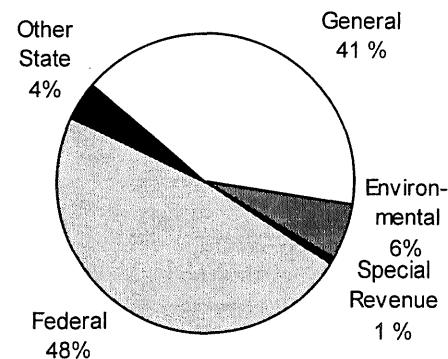
Activity Expenditures by Category

F.Y. 1998-99



Activity Funding Sources

F.Y. 1998-99



BUDGET ISSUES:

Minnesota water resources are under tremendous pressure. Additional funding is needed to provide financial assistance to local units of government to lead watershed management projects focused on nonpoint source pollution control.

Clean Water Partnership Grant funds should be appropriated equally in each year of the biennium; however, if the appropriation for either year is insufficient, the appropriation for the other year should be available for it.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: WATERSHED ASST./PLNG & POL DEV

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	3,646	4,119	4,431	4,616	4,676	4,572	4,632	758	8.9%			
OPERATING EXPENSES	785	798	1,947	1,185	1,205	895	915	(625)	-22.8%			
TRANSFERS	0	0	0	244	244	254	254	498				
SUBTOTAL STATE OPERATIONS	4,431	4,917	6,378	6,045	6,125	5,721	5,801	631	5.6%			
LOCAL ASSISTANCE	2,594	3,135	2,936	5,020	5,940	4,618	5,538	5,407	89.1%			
Total Expenditures	7,025	8,052	9,314	11,065	12,065	10,339	11,339	6,038	34.8%			
CHANGE ITEMS:												
	<u>FUND</u>											
(B) CLEAN WATER PARTNERSHIP GRANT PROGRAM	GEN					1,000		1,000				
Total Change Items						1,000		1,000				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	250	125	0	0	0	0	0				
GENERAL	3,850	3,405	3,771	3,986	4,986	3,909	4,909					
STATE GOVERNMENT SPECIAL REVENUE	0	0	46	38	38	39	39					
ENVIRONMENTAL	370	355	713	450	450	456	456					
STATUTORY APPROPRIATIONS:												
PUBLIC FACILITIES AUTHORITY	24	68	150	159	159	163	163					
SPECIAL REVENUE	0	15	65	0	0	0	0					
FEDERAL	2,781	3,959	4,444	6,432	6,432	5,772	5,772					
Total Financing	7,025	8,052	9,314	11,065	12,065	10,339	11,339					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: WATERSHED ASST./PLNG & POL DEV

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	82.2	79.5	81.5	79.3	80.3	75.4	76.4
PART-TIME, SEASONAL, LABOR SER	1.1	2.1	2.0	0.8	0.8	0.7	0.7
OVERTIME PAY	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	83.4	81.6	83.5	80.1	81.1	76.1	77.1

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Water
ACTIVITY: Watershed Assistance/Planning and Policy Development

ITEM TITLE: Clean Water Partnership Grant Program

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
State Operations	\$80	\$80	\$80	\$80
- Grants	\$920	\$920	\$920	\$920
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$2 million from the General Fund to supplement the Clean Water Partnership Grant Program.

RATIONALE:

Minnesota's water resources are under tremendous pressure. Despite their abundance and value, lakes, streams and aquifers face tremendous pressure from development, expanding uses and users, the spread of exotic species, and water pollution. Excessive nutrients and sediment in runoff from cultivated lands, feedlots, urban storm water and point source discharges contribute to degraded water quality in lakes. Atmospheric deposition is a primary source of toxic pollutants such as mercury and PCBs, which concentrate in the food chain. Pesticides and nutrients can seep into aquifers, threatening drinking water resources.

The Clean Water Partnership (CWP) Program provides financial assistance through grants and technical assistance to local units of government to lead watershed management projects focused on nonpoint source pollution. Nonpoint sources of pollution are the major reason that a number of Minnesota's water resources do not support their desired uses. CWP projects begin with a desire by a local unit of government to protect and improve a water resource that is being impacted by land-use related activities. The program provides a flexible framework to diagnose the problem, identify pollution problems and their causes, define water quality goals, and identify and implement the combination of education, management practices and other activities needed to protect and improve water quality. There has been a tremendous interest in participating in this innovative program, and demand has exceeded available funding.

The CWP Program combines the initiative, leadership, and knowledge of local governments with the technical resources of the state in a joint cooperative effort to control pollution to lakes, streams, and aquifers. This combination of local and state resources creates an effective and efficient partnership for controlling pollution that is beneficial to Minnesota's water resources.

FINANCING:

The base level appropriation for this program is \$1.946 million for grants to local governments and \$358,000 for program administration in F.Y. 1998, and \$367,000 for program administration in F.Y. 1999.

OUTCOMES:

With these additional resources, lake and watershed assessments will be initiated on 3-6 lakes, streams and aquifers and implementation activities may begin on up to 3 projects that have completed assessment work and are waiting for implementation money.

Long-term impact: The program combines the initiative, leadership, and knowledge of local governments with the financial and technical resources of the state in a joint cooperative effort to protect and restore lakes, streams, and aquifers within the local government jurisdiction. This partnership also builds local capability to manage water quality and environmental projects. Finally, the program raises public awareness regarding water quality issues, and strengthens local partnerships that enhance water quality and environmental management.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Point Source Pollution
PROGRAM: Protecting the Water
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

The Reducing Point Source Pollution activity protects and improves water quality by regulating discharges from point sources. The activity focuses on industrial and municipal facilities compliance with wastewater discharge permits by:

- Issuing permits for new and existing facilities to ensure that discharges minimize damage to Minnesota's water resources,
- Tracking compliance of dischargers through on-site inspections and self-monitoring reports and correspondence,
- Conducting enforcement activities to return facilities to compliance,
- Providing technical assistance to facilities,
- Providing technical and environmental review activities necessary for municipalities to secure financial assistance, and
- Training and certifying wastewater treatment plant operators.

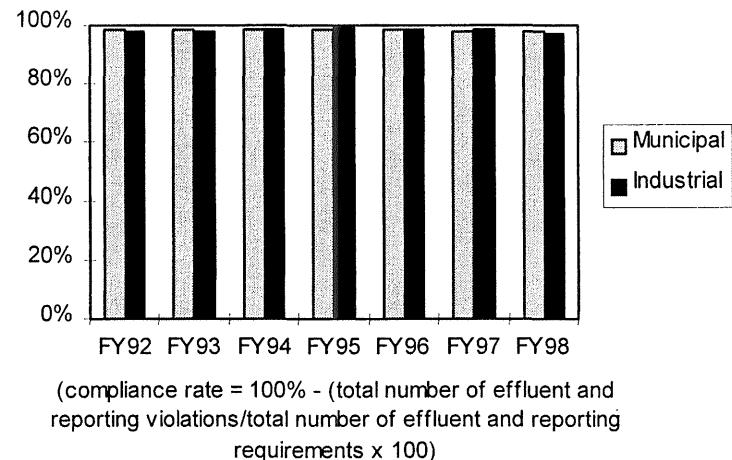
STRATEGIES AND PERFORMANCE:

The activity uses a number of different tools, all focused on protecting water quality from point source discharges. Permitting and enforcement set basic expectations of dischargers, and form the foundation that provides a "level playing field" and on which are built the supporting efforts of assistance and training. Assistance and training are provided to help enable municipalities and industry act in an environmentally responsible manner. The goal is to work cooperatively with regulated parties to avoid environmental degradation, with the added advantage that preventing problems from occurring in the first place is much easier and cheaper than correcting problems later. This assistance approach, however, is balanced with firm enforcement actions for those who disregard environmental regulations.

FINANCING INFORMATION:

The activity faced a funding shortfall in 1995 and the legislature established 2-year bridge funding while the program worked with its stakeholders to define what

Compliance Rates for Major Facilities



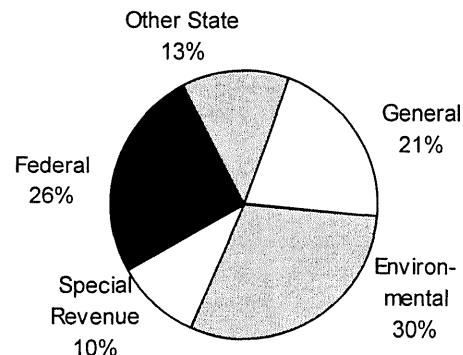
constitutes an adequate program and how the program should be funded. The Governor's 1995 Blue Ribbon Task Force on Funding Minnesota's Water Quality Programs set service and funding goals for the program. In 1997, the activity began to redesign activities to gain efficiencies and meet program goals. The legislature funded the program fully in F.Y. 1998, but cuts of 5% in F.Y. 1999, F.Y. 2000 and F.Y. 2001 will reduce funding by 15%, to the level recommended by the task force. The program continues to implement changes to improve regulatory services.

2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Point Source Pollution
PROGRAM: Protecting the Water
AGENCY: Pollution Control Agency (PCA)
(Continuation)

Activity Funding Sources

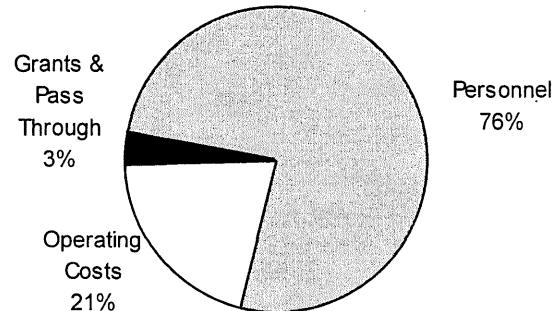
F.Y. 1998-99



Activity Expenditures by

Category

F.Y. 1998-99



BUDGET ISSUES:

M.S. 446A requires the agency to perform administrative functions for the Wastewater Infrastructure Fund (WIF) program. The legislature provided funding in F.Y. 1998 and F.Y. 1999 for these services. Funding was based on the level of WIF grant funding appropriated to the Public Facilities Authority. If additional WIF funds are provided the agency will require funding to provide the administrative services required to support these grants.

LCMR RECOMMENDATIONS:

- *By-Products Application to Agricultural, Mineland and Forest Soils; \$350,000. Pass-Through*

This appropriation is from the Environment & Natural Resources Trust Fund to the PCA for an agreement with Western Lake Superior Sanitary District to create a Northeast Minnesota consortium of public utilities, wood-products and mining industries to research environmentally sound co-applications of industrial and municipal by-products for agriculture, forestry and mineland reclamation. The appropriation must be matched by at least \$21,000 of nonstate money.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: REDUCING POINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,135	3,413	3,563	3,244	3,420	3,272	3,272	(284)	-4.1%
OPERATING EXPENSES	950	801	1,144	505	535	564	564	(846)	-43.5%
SUBTOTAL STATE OPERATIONS	4,085	4,214	4,707	3,749	3,955	3,836	3,836	(1,130)	-12.7%
LOCAL ASSISTANCE	5	300	0	0	175	0	175	50	16.7%
Total Expenditures	4,090	4,514	4,707	3,749	4,130	3,836	4,011	(1,080)	-11.7%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) WQ WASTEWATER INFRASTRUCTURE FUND	GEN				206				
(B) LCMR- BY-PRODUCTS APPLICATION	EVT				175			175	
Total Change Items					381			175	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	175	0	175		
GENERAL	331	1,225	701	409	615	427	427		
STATE GOVERNMENT SPECIAL REVENUE	59	26	13	6	6	6	6		
ENVIRONMENTAL	1,644	1,222	1,504	1,386	1,386	1,429	1,429		
STATUTORY APPROPRIATIONS:									
PUBLIC FACILITIES AUTHORITY	571	610	626	617	617	613	613		
SPECIAL REVENUE	455	511	375	300	300	323	323		
FEDERAL	1,030	920	1,488	1,031	1,031	1,038	1,038		
Total Financing	4,090	4,514	4,707	3,749	4,130	3,836	4,011		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: REDUCING POINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	58.5	60.4	67.4	58.4	61.4	57.4	57.4
PART-TIME, SEASONAL, LABOR SER	1.8	1.1	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	60.3	61.5	67.4	58.4	61.4	57.4	57.4

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)

PROGRAM: Protecting the Water

ACTIVITY: Reducing Point Source Pollution

ITEM TITLE: Water Quality Wastewater Infrastructure Fund

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$206	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$206,000 be appropriated in F.Y. 2000 from the General Fund for 3 FTEs and associated expenses needed for continuing administration of the Wastewater Infrastructure Fund (WIF) program at the PCA. The WIF program was created to provide supplemental assistance to municipalities for the planning, design, and construction of municipal wastewater treatment systems. The WIF is available to communities that are applying for assistance through the State Revolving Fund (SRF) program, and is intended to make needed wastewater treatment improvements and new construction more affordable for low-income municipalities through forgivable loans.

RATIONALE:

While the Public Facilities Authority (PFA) manages the grant fund, the agency provides substantial administration for projects which qualify for and/or receive financing through the SRF and WIF programs. These administrative functions include prioritizing projects, technical review, environmental review, permitting, enforcement, and general administrative activities. Projects usually extend over 2

years with a planning phase in the first year followed by a final design and construction in the second year. The costs of administrative work performed by the PCA are reflected in this request for administrative funding at 2% of the WIF grant request for F.Y. 2000 and the necessary funding needed to reach 2% of the WIF grant appropriated for F.Y. 1999.

The PCA estimates an additional 12 to 16 projects will request funding for each \$10 million appropriated for the fund. This estimate is based on the direct correlation between the number of requests for funding that were received from 1996 to 1998 as a result of the funding provided. If additional funds are not provided for these critical WIF administrative functions, the PCA may not be able to get the funding to the communities on a timely basis. This will delay needed wastewater treatment upgrades and prolong water-quality degradation.

In 1998 the PFA requested \$9 million in WIF funds for grants to local communities. The PCA requested administrative funds based on 2% of the PFA request. However, the 1998 Legislature provided \$15.3 million in WIF funds and WIF administrative funds were not adjusted to reflect this increase. As a result, the PCA saw an increase in the number of WIF eligible projects but did not have the staffing resources to adequately administer the additional projects.

FINANCING:

In 1997 and 1998, the Legislature provided funding for positions each respective year to perform the administrative tasks associated with the program. This budget request is based on 2% of the PFA WIF grant request for F.Y. 2000 plus an adjustment based on 2% of the difference between the actual and requested WIF grant appropriation for F.Y. 1999.

OUTCOMES:

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

- Fulfill the PCA statutory responsibilities for priority ranking applicant projects, performing technical review and certifying applications.
- Speed the availability of funding to communities and prevent a backlog in loan application processing.
- Prevent the delay of construction projects needed to address wastewater treatment needs in the state.
- Establish the efficient and effective administration of the WIF program in partnership with the PFA.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Nonpoint Source Pollution
PROGRAM: Protecting the Water
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

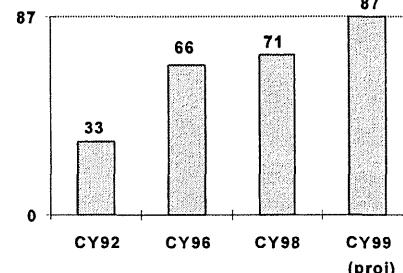
The Reducing Nonpoint Source Pollution activity protects and enhances the quality of Minnesota lakes, streams and ground water by reducing and controlling pollution from urban and rural nonpoint sources. Nonpoint source water pollution occurs when stormwater runoff from various land-use practices results in the degradation of surface water or groundwater quality. This activity:

- Issues permits and certificates of compliance for the control of pollution from feedlots;
- Issues stormwater permits for the control of pollution from industrial and construction activities;
- Trains and certifies on-site septic system treatment professionals;
- Develops rules with the assistance of interested and affected parties to provide baseline performance and protection standards;
- Provides technical and administrative assistance for municipalities and provides financial assistance to construct and upgrade individual septic systems;
- Provides technical and administrative assistance for local units of government; and
- Conducts compliance programs.

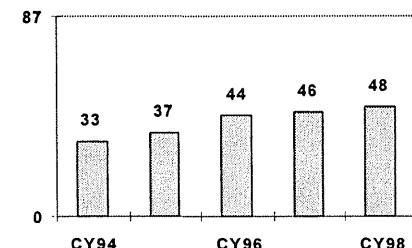
STRATEGIES AND PERFORMANCE:

The activity relies on alliances with local units of government in its regulatory approach. Nonpoint source water pollution problems are largely related to land-use practices--local units of government have the greatest level of knowledge and control regarding land-use practices. Program delivery is enhanced through strong alliances with local units of government. A primary focus of this activity is to continue to build the capacity of partners through technical and financial assistance. The activity also uses the tools of education, training, assistance, and enforcement in its regulatory approach. The goal is to work cooperatively with regulated parties to avoid environmental degradation, with the added advantage that preventing problems in the first place is much easier and cheaper than correcting problems later. This assistance approach is balanced with enforcement actions for those who disregard environmental regulations. Enforcement actions against those who choose not to comply creates a "level playing field" with those who voluntarily comply with environmental regulations.

Counties with Rules for On-site Sewage Systems



Delegated County Feedlot Programs



FINANCING INFORMATION:

The activity relies on strong alliances with counties and other local units of government to deliver the program. Over 35% of the funding for the program is directed to supporting this partnership.

Activity Funding Sources

F.Y. 1998-99

Other State

7%

Federal

8%

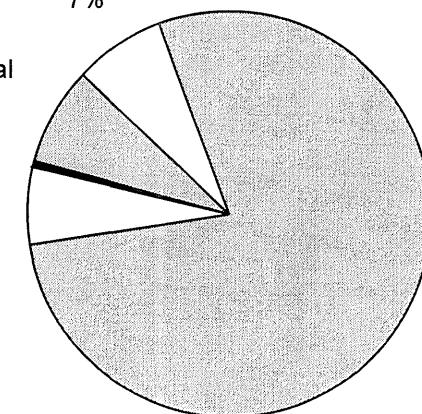
Special Revenue

1%

Environmental

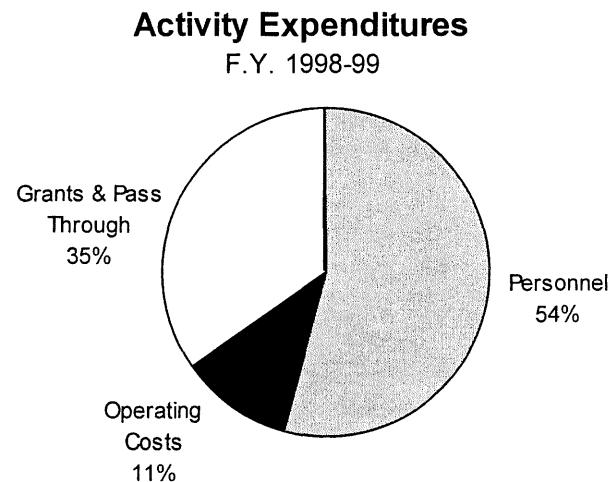
6%

General
78%



2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Nonpoint Source Pollution
PROGRAM: Protecting the Water
AGENCY: Pollution Control Agency (PCA)
(Continuation)



BUDGET ISSUES:

State law requires the PCA to reimburse the initial \$120,000 appropriation from the Environmental Fund for the Individual Sewage Treatment System (ISTS) program for the biennium ending 6-30-95, by 6-30-99. The Reducing Nonpoint Source Pollution activity has carefully analyzed its anticipated individual septic system certification fee revenues from 1997 to 1999. Based on this analysis, the activity anticipates eliminating this deficit by 1999.

The ISTS grant program was transferred to the agency in F.Y. 1998. While ISTS grant funds are appropriated on an annual basis, the grant application cycle is a biennial process. Management of the funds would be enhanced if grant funds appropriated in the first year were made available in the second year of the biennium.

State law requires that the agency issue National Pollutant Discharge Elimination System (NPDES) permits for feedlots with more than 1,000 animal units by 2001. The agency has carefully analyzed the resources necessary to meet this requirement and has determined that existing funding sources are not able to provide a program that will meet this requirement. Additional resources would allow the agency to better protect the environment while improving services.

LCMR RECOMMENDATIONS:

- *On-site Sewage Treatment Alternatives—Performance, Outreach and Demonstration Continuation; \$550,000.* This appropriation is from the Environment and Natural Resources Trust Fund to the commissioner of Pollution Control Agency for the third biennium to monitor previously built test sites for pathogen removal and other parameters for indicators of treatment efficiency, to determine maintenance needs and system longevity and to pursue the establishment of cooperative demonstration projects.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: REDUCING NONPOINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	2,095	1,981	2,199	2,257	2,556	2,333	2,931	1,307	31.3%			
OPERATING EXPENSES	214	165	688	472	669	455	963	779	91.3%			
TRANSFERS	0	0	855	855	855	855	855	855	100.0%			
SUBTOTAL STATE OPERATIONS	2,309	2,146	3,742	3,584	4,080	3,643	4,749	2,941	49.9%			
LOCAL ASSISTANCE	356	1,072	841	693	1,233	691	1,602	922	48.2%			
Total Expenditures	2,665	3,218	4,583	4,277	5,313	4,334	6,351	3,863	49.5%			
CHANGE ITEMS:												
	FUND											
(B) FEEDLOTS	ENV				496			1,106				
(B) FEEDLOTS	GEN				265			636				
(B) LCMR - ON-SITE SEWAGE TREATMENT ALTERNAT	EVT				275			275				
Total Change Items					1,036			2,017				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	275	0	275					
GENERAL	1,554	2,039	4,052	3,650	3,915	3,692	4,328					
MINNESOTA RESOURCES	298	538	0	0	0	0	0					
ENVIRONMENTAL	507	197	264	377	873	388	1,494					
STATUTORY APPROPRIATIONS:												
PUBLIC FACILITIES AUTHORITY	0	0	9	9	9	9	9					
SPECIAL REVENUE	2	22	22	0	0	0	0					
FEDERAL	304	422	236	241	241	245	245					
Total Financing	2,665	3,218	4,583	4,277	5,313	4,334	6,351					

**State of Minnesota
2000-2001 Biennal Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: REDUCING NONPOINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	42.3	36.7	42.0	39.7	51.7	39.9	51.9
PART-TIME, SEASONAL, LABOR SER	1.0	1.4	0.9	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	43.3	38.1	42.9	40.1	52.1	40.3	52.3

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Water
ACTIVITY: Reducing Nonpoint Source Pollution

ITEM TITLE: Feedlots

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- Grants	\$265	\$636	\$636	\$636
Environmental Fund				
- State Operations	\$496	\$1,106	\$1,106	\$1,106
Revenues: (\$000s)				
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this initiative to meet growing industry and public expectations caused by changes and growth in the animal agriculture industry. This initiative will increase efforts to address feedlot issues both at the PCA subdistrict level and at the county level.

RATIONALE:

This initiative would fund an increased number of staff assigned to feedlots at the subdistrict or satellite offices of PCA and provide funding for counties to increase the number of staff assigned to feedlots and/or allow counties to hire additional technical staff for multi-county environmental evaluations.

New PCA positions would be used for increased site review of individual feedlots and increased coordination with local government on feedlot issues. The positions would likewise provide local points of contact for citizen concerns and strengthen

the agency's information and education efforts. Finally, the positions would assist in the issuance of NPDES permits and carry-out compliance and enforcement activities or assist in county-initiated compliance and enforcement activities.

FINANCING:

Projected Environmental Fund revenues are based on the anticipated volume of feedlot permit issuances and on planned changes to Minn. Rules Ch. 7020, which will establish fees for permitted facilities with less than 1,000 animal units and surcharge fees for new construction and annual surcharges on animal units covered under NPDES permits. Based on a careful analysis, PCA has determined that the proposed rule changes will generate \$496,000 the first year and \$1,185,000 in each subsequent year, in additional revenues.

OUTCOMES:

Applications would move through the environmental review/permitting process linked with the local land-use decision, thus increasing coordination of the entire process. At the same time, it would provide public involvement and more comprehensive reviews, including more pre-permitting inspections. Some quantitative goals include the following:

- Increase the number of counties delegated by the agency to administer the feedlot rules (MN Rules Ch. 7020) from 50 to 60.
- Provide funding through challenge grants for counties to hire staff for environmental evaluations and construction inspections.
- Increase PCA effort and coordination at the local level.
- EAW initial response of 3-4 weeks (currently 4-6) and a processing target of 4-6 months (currently 5-9 months).
- Initial permit application responses within 1 week, issuance of completed certificates or permits within 2 months, and draft NPDES/SDS permits within 3 months.
- Complaint responses within 2 days to 2 weeks depending on the nature of complaints.
- Compliance and enforcement response times--issuance of APOs within 2 months of completing investigation, entering into stipulation agreements or initiating legal proceedings within 6 months.

This page intentionally left blank.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Water
ACTIVITY: Reducing Nonpoint Source Pollution

ITEM TITLE: Feedlots

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - Grants	\$265	\$636	\$636	\$636
Environmental Fund - State Operations	\$1,115	\$1,106	\$1,106	\$1,106
Revenues: (\$000s)				
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this initiative to meet growing industry and public expectations caused by changes and growth in the animal agriculture industry. This initiative will increase efforts to address feedlot issues both at the PCA subdistrict level and at the county level.

RATIONALE:

This initiative would fund an increased number of staff assigned to feedlots at the subdistrict or satellite offices of PCA and provide funding for counties to increase the number of staff assigned to feedlots and/or allow counties to hire additional technical staff for multi-county environmental evaluations.

New PCA positions would be used for increased site review of individual feedlots and increased coordination with local government on feedlot issues. The positions would likewise provide local points of contact for citizen concerns and strengthen

the agency's information and education efforts. Finally, the positions would assist in the issuance of NPDES permits and carry-out compliance and enforcement activities or assist in county-initiated compliance and enforcement activities.

FINANCING:

Projected Environmental Fund revenues are based on the anticipated volume of feedlot permit issuances and on planned changes to Minn. Rules Ch. 7020, which will establish fees for permitted facilities with less than 1,000 animal units and surcharge fees for new construction and annual surcharges on animal units covered under NPDES permits. Based on a careful analysis, PCA has determined that the proposed rule changes will generate \$1,185,000 in additional revenues annually.

OUTCOMES:

Applications would move through the environmental review/permitting process linked with the local land-use decision, thus increasing coordination of the entire process. At the same time, it would provide public involvement and more comprehensive reviews, including more pre-permitting inspections. Some quantitative goals include the following:

- Increase the number of counties delegated by the agency to administer the feedlot rules (MN Rules Ch. 7020) from 50 to 60.
- Provide funding through challenge grants for counties to hire staff for environmental evaluations and construction inspections.
- Increase PCA effort and coordination at the local level.
- EAW initial response of 3-4 weeks (currently 4-6) and a processing target of 4-6 months (currently 5-9 months).
- Initial permit application responses within 1 week, issuance of completed certificates or permits within 2 months, and draft NPDES/SDS permits within 3 months.
- Complaint responses within 2 days to 2 weeks depending on the nature of complaints.
- Compliance and enforcement response times--issuance of APOs within 2 months of completing investigation, entering into stipulation agreements or initiating legal proceedings within 6 months.

This page intentionally left blank.

2000-01 Biennial Budget

PROGRAM: Protecting the Air

AGENCY: Pollution Control Agency (PCA)

PROGRAM PROFILE:

The federal Clean Air Act (CAA), is the national environmental framework for protecting public health and the environment from air pollution. The CAA and EPA regulations set the standards and states implement the program through permitting programs and regional or site specific strategies. In 1990, the CAA was amended to dramatically expand the air program in Minnesota and nationwide through the assessment of air emission fees, new permit and compliance requirements, and hazardous air pollutant control activities. In 1997, EPA developed new, more restrictive standards for ozone and particulate matter, and in 1998 is finalizing a new program to reduce regional haze and considering issues related to climate change.

The primary goals of the Protecting the Air Program are:

- To assess the risk to human health and the environment from air pollution.
- To minimize or abate the impacts of air pollution by providing direction in policy and planning.
- To protect Minnesotans and the environment from exposure to air pollution from nonpoint (mobile and non-industrial) sources.
- To limit pollution from industrial point sources in an efficient and effective manner.
- To conduct a comprehensive and timely program for compliance determination and enforcement.
- To help industry and small businesses reduce emissions and comply with air quality regulations by providing assistance services.

STRATEGIES AND PERFORMANCE:

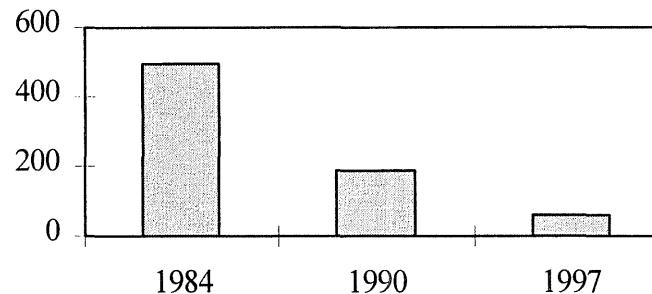
The major strategies used to accomplish the goals of the air program include:

- Specific efforts to regulate and reduce pollution from industrial sources and nonpoint sources.
- Activities to revise, reinvent or develop new strategies and policies.
- Efforts to assess environmental progress and study new problems.

- These strategies have resulted in a major reduction in the levels of most air pollutants.

As reported in Minnesota Milestones 1998, the number of days that air pollution exceeds moderate levels in Minnesota's 4 largest urban areas has declined from 498 in 1984 to 186 in 1990, and 62 in 1997. This measure totals the number of moderate air pollution days for all 4 urban areas. Reductions in air pollutant emissions have resulted in reductions in the number of areas which do not meet air quality standards. Currently, with the exception of the Twin Cities, all areas of Minnesota meet air standards according to "official" EPA designations. Based on good air quality monitored over the past 2 years, it is expected that the Twin Cities will be redesignated before 2000.

Days exceeding moderate air pollution levels



Although air quality has continued to improve, the PCA must shift emphasis to address new information regarding the environment and new concerns expressed by citizens and experts. Four issues will guide the change in PCA policy regarding air pollution over the biennium:

- EPA has recently promulgated new standards for ozone and particulate matter in air based on new information regarding health impacts. In addition, EPA is expected to finalize visibility protection standards to protect national parks and wilderness areas. The PCA must assess whether we meet these standards and implement control efforts if we don't meet standards.

2000-01 Biennial Budget

PROGRAM: Protecting the Air

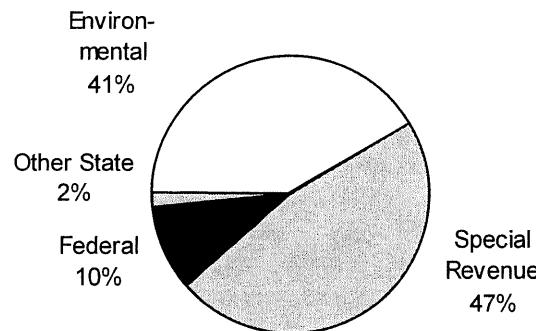
AGENCY: Pollution Control Agency (PCA)
(Continuation)

- Global warming has been accepted as a reality by experts. The PCA must assess impacts on Minnesota and participate along with other stakeholders in taking the first steps toward stabilizing atmospheric levels of gases that cause global warming.
- It is becoming clear that levels of several toxic air pollutants remain above health benchmarks in portions of Minnesota. Results of EPA's recent Cumulative Exposure Project demonstrate that 8 toxic air pollutants exceed state health benchmarks in urban areas of the state. Mobile sources are the biggest contributor to this exposure. The PCA must further assess the extent of the exposure, propose controls where appropriate, and start a process directed to reaching a consensus where we do not have sole authority.
- Mercury, other heavy metals, and persistent organic chemicals can cause health problems near point sources and through long range transport. The PCA must expand efforts to address known problems and develop better data regarding sources and impacts of these pollutants.

FINANCING INFORMATION:

Program Funding Sources

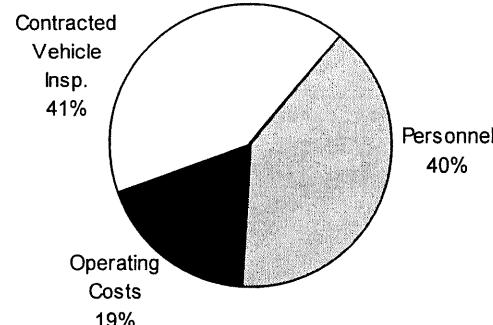
F.Y. 1998-99



Program Expenditures by

Category

F.Y. 1998-99



BUDGET ISSUES:

- The CAA Amendments of 1990, requires states to collect annual air emission fees.
 - Fees must meet a minimum amount per ton of emissions and cover the costs of operating the permitting and compliance program for industrial point sources.
- In addition to fees, the air program receives a substantial grant from the federal government to cover the costs of operating the remaining components of the air program.
 - This grant requires a 40% state match.
 - The match must be moneys appropriated to the PCA above and beyond the minimum required for operation of the federal permitting and compliance program.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level funding and the following change items:

- Mobile Source Pollution
- Mercury Reduction

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE AIR

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY ACTIVITY:</u>									
ASSESS ENVIRONMENTAL OUTCOMES	971	1,617	3,436	3,002	3,002	2,563	2,563	512	10.1%
PLNG AND POLICY DEVELOPMENT	1,162	567	1,415	1,463	1,696	1,439	1,631	1,345	67.9%
REDUCING POINT SOURCE PLTN	6,725	6,969	6,019	5,725	5,725	5,866	5,866	(1,397)	-10.8%
REDUCING NONPOINT SOURCE PLTN	8,041	8,632	8,251	8,132	887	8,132	280	(15,716)	-93.1%
Total Expenditures	16,899	17,785	19,121	18,322	11,310	18,000	10,340	(15,256)	-41.3%
<u>CHANGE ITEMS:</u>									
		FUND							
(B) MOBILE SOURCE POLLUTION		GEN			200			200	
(B) MOBILE SOURCE POLLUTION		SR			(7,445)			(8,052)	
(B) MERCURY REDUCTION		GEN			233			192	
Total Change Items					(7,012)			(7,660)	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	102	223	0	0	0	0	0	
GENERAL	0	0	0	0	433	0	0	392	
MINNESOTA RESOURCES	228	310	0	0	0	0	0	0	
SPECIAL REVENUE	599	534	556	769	0	784	0	0	
ENVIRONMENTAL	6,759	6,676	7,813	7,690	7,690	7,881	7,881	7,881	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7,501	8,252	7,972	7,380	704	7,365	97		
FEDERAL	1,660	1,515	2,257	2,283	2,283	1,770	1,770	1,770	
ENVIRONMENTAL	152	396	300	200	200	200	200	200	
Total Financing	16,899	17,785	19,121	18,322	11,310	18,000	10,340		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **POLLUTION CONTROL AGENCY**

Program: **PROTECTING THE AIR**

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	142.7	137.3	138.5	137.8	133.3	137.5	133.0
PART-TIME, SEASONAL, LABOR SER	5.5	4.8	0.0	0.0	0.0	0.0	0.0
OVERTIME PAY	0.5	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	148.7	142.3	138.7	138.0	133.5	137.7	133.2

2000-01 Biennial Budget

BUDGET ACTIVITY: Assessing Environmental Outcomes
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

This activity manages the programs that assess the amount of pollutants emitted into the air and measures the impact of air emissions 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 efforts are needed to reduce air pollution.

The EPA requires a minimum number of monitoring sites in Minnesota as part of a national trends network. New national air quality standards for fine particulate matter and ozone have resulted in a dramatic increase in the number of monitoring sites required by EPA. In addition, the PCA monitors for certain toxic air pollutants in a state-wide effort and for acid deposition in the northern half of the state.

Emission inventories quantify criteria and toxic pollutant emissions from Minnesota industries. This information is used to determine air emission trends, to help assess ambient levels of pollutants, and to determine annual air emissions fees which fund various air programs.

STRATEGIES AND PERFORMANCE:

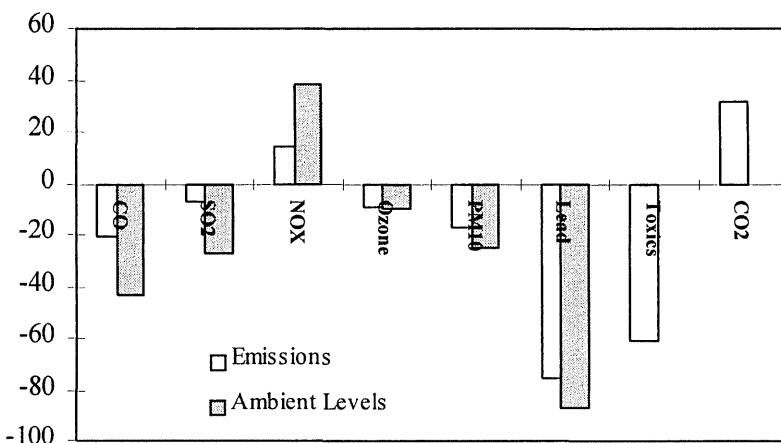
The following assessment activities will improve our understanding of air quality in Minnesota:

- Continue the operation of the existing criteria pollutant monitoring network for carbon monoxide, ozone, sulfur dioxide, oxides of nitrogen and particulate matter.
- Establish 27 new monitoring sites for fine particulate matter as required by EPA.
- Continue to support the statewide air toxics monitoring effort.
- Continue special air toxics monitoring sites in the Twin Cities, Duluth and International Falls.
- Continue to support the acid deposition and mercury monitoring efforts.

- Implement a new data acquisition system and laboratory information management system to make data collection and analysis more efficient.
- Continue to support the collection of criteria emission data.
- Continue to assess a percentage of the criteria emission inventories for data quality each year.
- Continue to expand and strengthen the collection of toxics, area source and mobile source emissions data.

A trend report published by the PCA in 1997 showed that emissions and ambient concentrations of most pollutants tracked were down significantly over the past 10 years. However, nitrogen oxide emissions and ambient concentrations (a pollutant leading to high ozone and smog levels) and carbon dioxide emissions (a pollutant causing global warming) increased over this period. Both of these pollutants are primarily the result of fossil fuel combustion. Their increase reflects the increase burning of coal and gasoline.

Percent change in air pollutants over last ten years



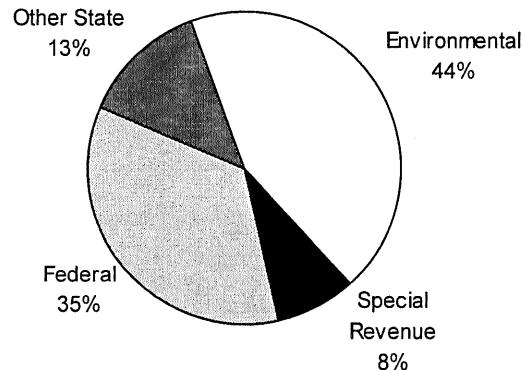
2000-01 Biennial Budget

BUDGET ACTIVITY: Assessing Environmental Outcomes
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)
(Continuation)

FINANCING INFORMATION:

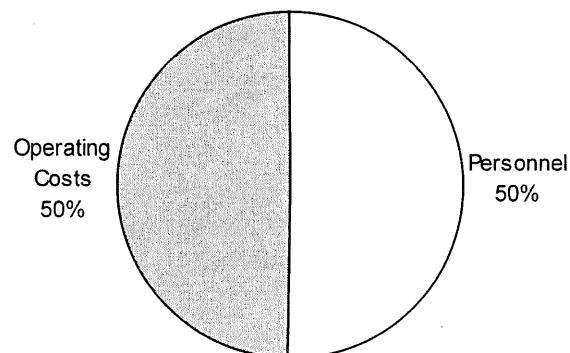
Activity Funding Sources

F.Y. 1998-99



Activity Expenditures by Category

F.Y. 1998-99



BUDGET ISSUES:

The PCA will continue to implement the activities for assessing environmental outcomes at the same level of funding. The PCA will receive approximately \$494,000 in F.Y. 2000 to continue implementation of the new fine particulate monitoring network from a special grant from EPA. This grant will fund 2 FTE and cover equipment, supply and operating costs of the monitoring.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE AIR

Activity: ASSESS ENVIRONMENTAL OUTCOMES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	235	716	1,818	1,872	1,872	1,968	1,968	1,306	51.5%			
OPERATING EXPENSES	736	899	1,608	1,130	1,130	595	595	(782)	-31.2%			
SUBTOTAL STATE OPERATIONS	971	1,615	3,426	3,002	3,002	2,563	2,563	524	10.4%			
CAPITAL OUTLAY	0	2	0	0	0	0	0	(2)	-100.0%			
LOCAL ASSISTANCE	0	0	10	0	0	0	0	(10)	-100.0%			
Total Expenditures	971	1,617	3,436	3,002	3,002	2,563	2,563	512	10.1%			
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	102	223	0	0	0	0	0	0			
MINNESOTA RESOURCES	228	310	0	0	0	0	0	0	0			
ENVIRONMENTAL	682	436	1,793	1,808	1,808	1,894	1,894	1,894	1,894			
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	56	127	265	0	0	0	0	0	0			
FEDERAL	5	642	1,155	1,194	1,194	669	669	669	669			
Total Financing	971	1,617	3,436	3,002	3,002	2,563	2,563					
<u>FTE BY EMPLOYMENT TYPE:</u>												
FULL TIME	4.7	13.3	33.5	33.1	33.1	32.8	32.8	32.8	32.8			
PART-TIME, SEASONAL, LABOR SER	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Total Full-Time Equivalent	4.7	13.5	33.5	33.1	33.1	32.8	32.8					

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Planning and Policy Development
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

This activity manages the programs responsible for providing direction in policy and regulation by developing new rules and programs designed to help abate or minimize air pollution.

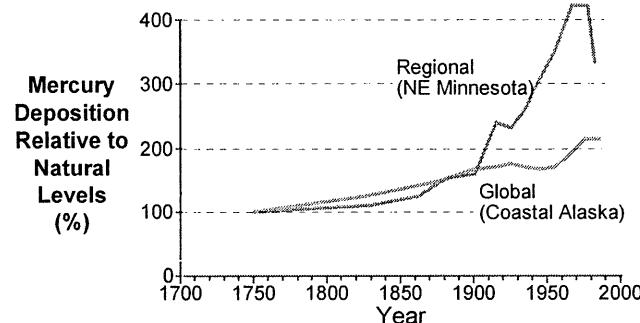
It is necessary to develop rules, programs and plans for reducing air pollution so air quality standards will be met and all requirements of the Clean Air Act (CAA) are implemented. Providing direction involves identifying and proposing legislative changes which might be needed to fully implement the CAA, the overarching federal legislation to protect and improve air quality. The CAA has many specific regulations that states must implement. Careful planning and direction are needed to meet these requirements in ways that are best for Minnesota. In addition there are air pollution issues which particularly affect Minnesota that do not yet have a federal response. These issues benefit from state involvement in the development of national policy.

STRATEGIES AND PERFORMANCE:

- Continue management of the State Implementation Plan for air quality. Submit final requests to EPA to ensure that all areas of the state fully comply with air quality standards and regulations.
 - In 1990 Minnesota had 10 geographic areas that did not meet air standards. Currently there are 3 nonattainment areas located in the Twin Cities and Rochester.
 - We do not yet know whether we meet the new fine particulate standard.
- Continue to update and improve air quality rules.
- Develop regulatory innovation projects like Project XL.
- Begin development of a plan for reducing regional haze and fine particulate matter.
- Implement new, comprehensive mercury reduction strategy.
 - Lake sediment data has shown a steady increase in mercury deposition rates over the past 200 years in Minnesota and at remote sites. In recent years, the trend in Minnesota shows the beginning of a decline at some

locations, due to regional efforts to reduce mercury use and emissions. Further reductions are needed to bring levels closer to background conditions.

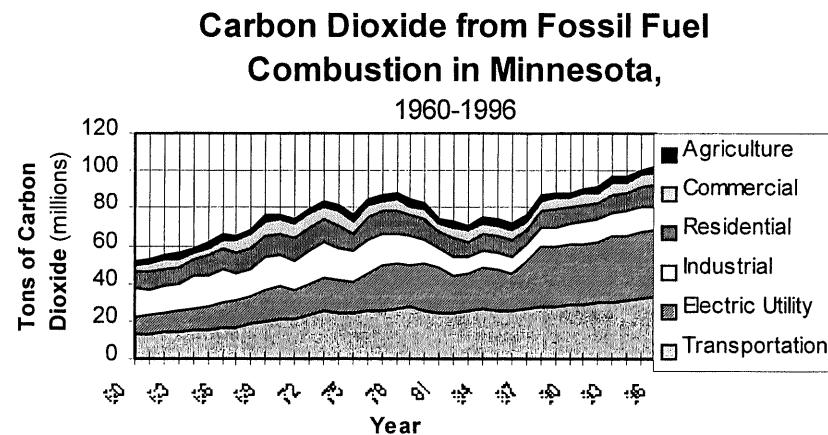
Regional and Global Trends in Mercury Deposition



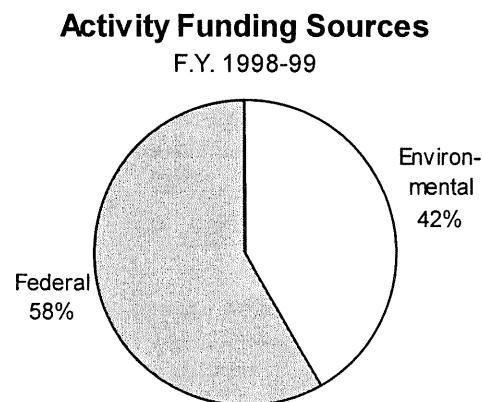
- Continue participation in Global Climate Change national policy discussions, development of an inventory and statewide policy.
 - Emissions of carbon dioxide, the primary gas contributing to global warming, have increased about 30% over the past 10 years.
 - Implementing of the Kyoto Treaty for climate change will ultimately impact Minnesota industry and business. Participation in national policy discussion can help minimize economic disruptions in Minnesota.

2000-01 Biennial Budget

BUDGET ACTIVITY: Planning and Policy Development
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)
 (Continuation)

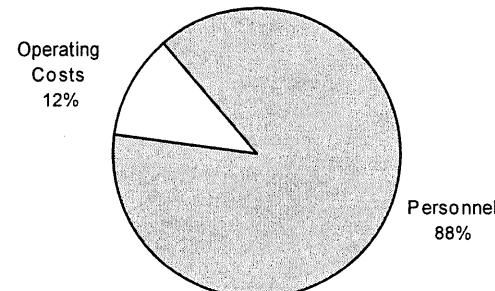


FINANCING INFORMATION:



Activity Expenditures by Category

F.Y. 1998-99



BUDGET ISSUES:

- Comprehensive mercury reduction strategy. An advisory council has been meeting for the past 18 months to investigate mercury reduction options and develop a state strategy for a new mercury reduction plan.
 - This stakeholder group also includes EPA and other states.
 - The strategy is intended to serve as an example of additional opportunities for reducing mercury use and emissions that could be transferred to other states or countries.
- Development of a global climate change policy.
 - The PCA is working with other states to help advise EPA on the proper approach to climate change, including the need to develop a credit program to help foster early reductions, the need for good inventories for greenhouse gases and the potential need for rules.
 - EPA has initiated policy discussions designed to implement the international treaty on climate change.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE AIR

Activity: PLNG AND POLICY DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,152	556	1,189	1,266	1,426	1,310	1,470	1,151	66.0%
OPERATING EXPENSES	10	11	226	197	270	129	161	194	81.9%
SUBTOTAL STATE OPERATIONS	1,162	567	1,415	1,463	1,696	1,439	1,631	1,345	67.9%
Total Expenditures	1,162	567	1,415	1,463	1,696	1,439	1,631	1,345	67.9%
<u>CHANGE ITEMS:</u>									
	FUND								
(B) MERCURY REDUCTION	GEN				233			192	
Total Change Items					233			192	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	0	0	233	0	192		
ENVIRONMENTAL	55	16	809	891	891	864	864		
STATUTORY APPROPRIATIONS:									
FEDERAL	1,107	551	606	572	572	575	575		
Total Financing	1,162	567	1,415	1,463	1,696	1,439	1,631		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	22.2	9.9	22.2	21.8	23.8	21.8	23.8		
PART-TIME, SEASONAL, LABOR SER	0.6	0.2	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	22.9	10.1	22.2	21.8	23.8	21.8	23.8		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Air
ACTIVITY: Planning and Policy Development

ITEM TITLE: Mercury Reduction

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund	\$233	\$192	\$183	\$108
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding to implement and complete program development for selected mercury contamination reduction strategies. Specific strategies may include:

- Education and outreach to selected industries and the general public (partners: OEA, DNR, MnTAP).
- An early reduction credit program to encourage voluntary reductions in mercury use and release.
- New regulatory programs that limit mercury use or releases from one or more industries, making use of emission limits or a system of caps and tradable emission credits (some legal help will probably be needed for these strategies).
- Participation in initiatives outside Minnesota that are expected to yield wider-scale reductions.

RATIONALE:

Mercury is an environmental problem in Minnesota and around the world. A neurotoxin, mercury can concentrate in fish to the point that consumption of fish is hazardous to humans and fish-eating wildlife. The purpose of this initiative is to reduce the concentration of mercury in Minnesota fish by reducing mercury releases in Minnesota, where cost-effective, and serving as a model for others.

OUTCOMES:

Success will be measured through 3 parameters: 1) tracking the estimated annual rate of release of mercury emissions to air and water in the state, 2) analyzing atmospheric mercury deposition by measuring mercury in precipitation and lake sediments; and 3) through testing mercury concentrations in fish.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Point Source Pollution
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

This activity manages the regulatory program for industrial point sources and is the largest activity in this program. Industrial point sources account for approximately 40% of air pollutant emissions. State regulatory programs have traditionally been most active in regulation of this sector leaving mobile and area source regulation to the federal government for national consistency. Regulation of point sources is resource intensive since controls and compliance assistance are often customized for each source.

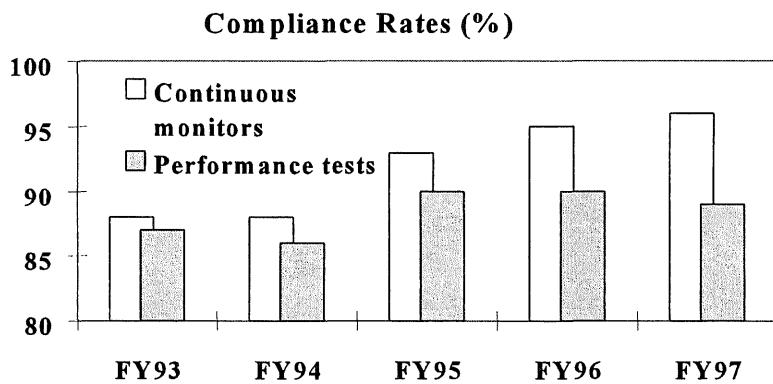
Air pollution problems caused or contributed to by point sources include acid rain, global climate change, diminished visibility, ozone (smog), fine particles, mercury, and localized high levels of other toxic air pollutants.

Over the next decade there are 2 general goals for this program. The first goal is to achieve and maintain compliance with new health standards for ozone and fine particles and existing standards for other pollutants. The second goal is to implement regulatory strategies for global warming gases, mercury, and other pollutants that will not have standards.

STRATEGIES AND PERFORMANCE:

- Continue the implementation of the new federal program to review and issue operating permits to industrial point sources.
 - As of September 1998, 83 of the 249 largest sources have received new comprehensive operating permits. These sources account for about 40% of large source emissions.
 - It is anticipated that 80% of these emissions will be permitted before 1999.
- Continue priority focus on the permitting of new construction and expansion on industries.
- Inspect facilities, enforce regulations, and, when appropriate, impose fines and penalties.

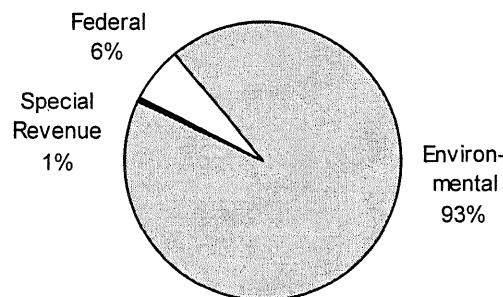
- Continue implementation of new federal compliance assurance monitoring rules.
- Analyze noncompliance information to identify and target categories of sources which are more frequently out of compliance.
 - Compliance rates based on stack monitoring have improved from about 87% in F.Y. 1993 for both continuous monitors and performance tests to 96% for continuous monitors and 90% for performance tests in F.Y. 1997.
- Continue outreach and assistance efforts and conduct small business assistance.



FINANCING INFORMATION:

Activity Funding Sources

F.Y. 1998-99



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE AIR

Activity: REDUCING POINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	5,282	5,533	3,897	4,150	4,150	4,320	4,320	(960)	-10.2%			
OPERATING EXPENSES	1,291	1,040	1,822	1,375	1,375	1,346	1,346	(141)	-4.9%			
OTHER EXPENSES	152	396	300	200	200	200	200	(296)	-42.5%			
SUBTOTAL STATE OPERATIONS	6,725	6,969	6,019	5,725	5,725	5,866	5,866	(1,397)	-10.8%			
Total Expenditures	6,725	6,969	6,019	5,725	5,725	5,866	5,866	(1,397)	-10.8%			
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
ENVIRONMENTAL	5,978	6,212	5,192	4,986	4,986	5,118	5,118					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	47	39	31	22	22	22	22					
FEDERAL	548	322	496	517	517	526	526					
ENVIRONMENTAL	152	396	300	200	200	200	200					
Total Financing	6,725	6,969	6,019	5,725	5,725	5,866	5,866					
<u>FTE BY EMPLOYMENT TYPE:</u>												
FULL TIME	104.5	104.4	74.3	74.4	74.4	74.4	74.4					
PART-TIME, SEASONAL, LABOR SER	4.9	4.3	0.0	0.0	0.0	0.0	0.0					
OVERTIME PAY	0.4	0.2	0.2	0.2	0.2	0.2	0.2					
Total Full-Time Equivalent	109.8	108.9	74.5	74.6	74.6	74.6	74.6					

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Nonpoint Source Pollution
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

This activity manages the programs responsible for reducing air pollution from nonpoint sources. Nonpoint or mobile sources of air pollution individually may emit relatively small amounts of pollutants, however the collectively large numbers (approximately 4 million motor vehicles state-wide) translate into significant contributors to air pollution. Approximately 40% of air pollutants in Minnesota are emitted from nonpoint sources. In Minnesota, nonpoint sources are major contributors to the emissions of carbon monoxide, toxic air pollutants, ground level ozone (smog), and global climate change.

Motor vehicle emissions have been reduced over the past 20 years through the application of federal motor vehicle emission limits. However, population and vehicle miles traveled per person have continued to grow in Minnesota, partially negating the effects of cleaner individual vehicles. In order to help eliminate violations of the federal carbon monoxide ambient air standard and to prevent smog problems, the PCA has initiated several programs to complement the federal motor vehicle emission limits.

The PCA has also begun to evaluate our role in developing a cooperative solution to pollution problems that result from increasing vehicle travel.

STRATEGIES AND PERFORMANCE:

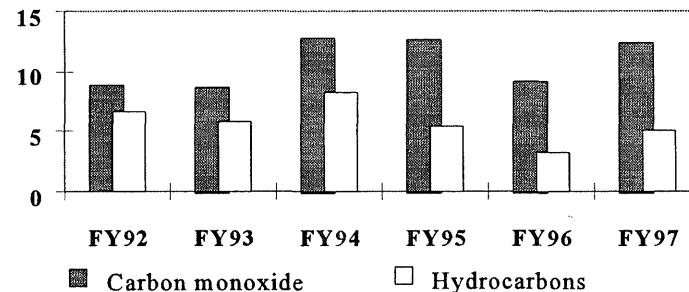
The following activities relate directly to motor vehicle emissions:

- The Transportation Planning Program involves working with state and local units of government to review transportation-related development projects to ensure that air quality will not be severely affected. Approximately 80 environmental assessment documents are reviewed for transportation impacts per year.
- The Indirect Source Permitting Program requires permits for certain projects that affect motor vehicle traffic. Such projects include shopping centers,

freeway expansions and mixed land-use development. 15-20 indirect source permits are issued for new projects per year.

- The Noise Pollution Program assists local units of government with monitoring and resolution of noise issues.
- The Motor Vehicle Emission Inspection Program (Inspection Program) was initiated in 1988 to help meet air pollution standards in the Twin Cities. This effort was required by EPA in response to violations of the carbon monoxide standard. Annual inspections of motor vehicles identify those with malfunctioning pollution control equipment.
- The Inspection Program is responsible for reducing carbon monoxide emissions from motor vehicles by about 12% and hydrocarbons by about 5% in the Twin Cities area in F.Y. 1997.

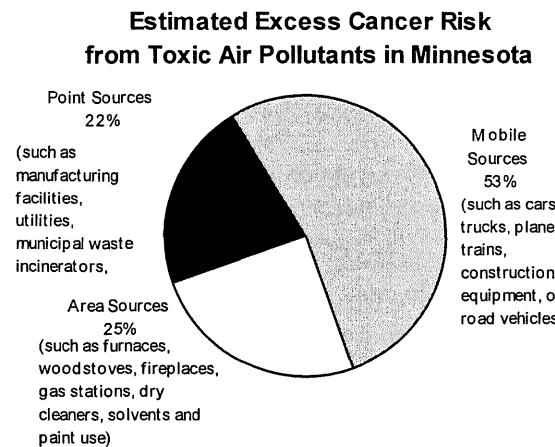
Percent reduction in air pollutants due to vehicle testing and repair program



- Despite reductions in vehicle emissions, recent information developed by the PCA and EPA indicates that mobile sources are the largest source of health risk from toxic air pollutants in urban air. A challenge to the PCA over the next biennium will be to better understand these pollutants, and initiate efforts directed at consultation with stakeholders and control of the problem.

2000-01 Biennial Budget

BUDGET ACTIVITY: Reducing Nonpoint Source Pollution
PROGRAM: Protecting the Air
AGENCY: Pollution Control Agency (PCA)
(Continuation)

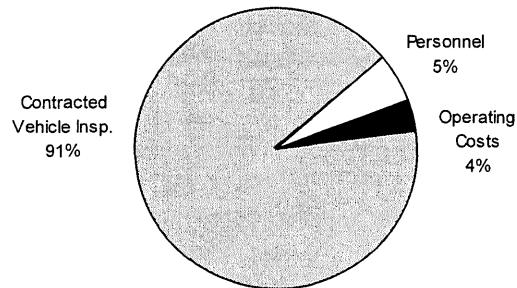


BUDGET ISSUES:

- End the requirement for annual vehicle emission inspections in the Twin Cities, contingent on EPA approval of the carbon monoxide redesignation request.
- As an alternative for the emission testing program, approve a new voluntary clean fuels program that will help further reduce air emissions from all motor vehicles.
- Provide for the development and dissemination of information regarding the air pollution problems caused by motor vehicles and identifying the benefits achieved by using clean fuels and alternative means of transportation.
- Establish a public/private task force to evaluate options for reducing pollution from motor vehicles.

FINANCING INFORMATION:

Activity Expenditures by Category
F.Y. 1998-99



**State of Minnesota
2000-2001 Biennial Budget
(Dollars In Thousands)**

Agency: **POLLUTION CONTROL AGENCY**

Program: **PROTECTING THE AIR**

Activity: **REDUCING NONPOINT SOURCE PLTN**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	537	493	432	460	114	471	114	(697)	-75.4%			
OPERATING EXPENSES	7,504	8,139	7,819	7,672	773	7,661	166	(15,019)	-94.1%			
SUBTOTAL STATE OPERATIONS	8,041	8,632	8,251	8,132	887	8,132	280	(15,716)	-93.1%			
Total Expenditures	8,041	8,632	8,251	8,132	887	8,132	280	(15,716)	-93.1%			
CHANGE ITEMS:												
FUND												
(B) MOBILE SOURCE POLLUTION	GEN				200		200					
(B) MOBILE SOURCE POLLUTION	SR				(7,445)		(8,052)					
Total Change Items					(7,245)		(7,852)					
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
GENERAL	0	0	0	0	200	0	200					
SPECIAL REVENUE	599	534	556	769	0	784	0					
ENVIRONMENTAL	44	12	19	5	5	5	5					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	7,398	8,086	7,676	7,358	682	7,343	75					
Total Financing	8,041	8,632	8,251	8,132	887	8,132	280					
FTE BY EMPLOYMENT TYPE:												
FULL TIME	11.3	9.7	8.5	8.5	2.0	8.5	2.0					
PART-TIME, SEASONAL, LABOR SER	0.0	0.1	0.0	0.0	0.0	0.0	0.0					
Total Full-Time Equivalent	11.3	9.8	8.5	8.5	2.0	8.5	2.0					

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Air
ACTIVITY: Reducing Nonpoint Source Pollution
ITEM TITLE: Mobile Source Pollution Initiative

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund	\$200	\$200	\$150	\$150
Special Revenue Fund				
- State Operations-Direct	\$(769)	\$(784)	\$(784)	\$(784)
- State Operations-Statutory	\$(6,676)	\$(7,268)	\$(7,268)	\$(7,268)
Revenues: (\$000s)				
Special Revenue Fund	\$(140)	\$(140)	\$(140)	\$(140)
Statutory Change? Yes <u>X</u> No <u> </u>				
If yes, statute(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends ending the vehicle testing program, subject to approval by the US Environmental Protection Agency. The vehicle testing program currently collects approximately \$8 million per year, which funds a contract to operate the testing stations and 7.5 FTE at the MPCA. The current contract is through 7-31-99. The Governor would consider a voluntary "green fuel" (less polluting gasoline) program in the Twin Cities Metropolitan Area if such a program is deemed effective in reducing smog-forming and toxic air pollution from motor vehicles. Additionally, the Governor recommends establishing a public/private task force to study and recommend other strategies for reducing emissions of smog-forming and toxic air pollutants from vehicles in the Twin Cities Metropolitan Area. This task force will remain in effect for 2 years.

RATIONALE:

The PCA is in the process of requesting a redesignation of the Twin Cities Metropolitan from non-attainment for carbon monoxide to attainment. This redesignation request demonstrates that the Metro Area is not expected to violate the federal carbon monoxide standard for at least the next 10 years, even without

the vehicle testing program. Ending the program is conditioned upon US EPA's approval of Minnesota's redesignation request.

The air in the Metro Area has unacceptable levels of cancer-causing pollutants. More than half (53%) of the estimated excess cancer risk from all air toxics comes from mobile sources such as cars, trucks, airplanes and off-road vehicles. Many of the same pollutants also contribute significantly to the formation of smog, and the Twin Cities Metro Area is close to violating the federal standard for ground level ozone (smog). Violating the federal smog standard would impose real and substantial costs directly on Minnesota citizens and businesses. Violating the standard would also be an indication that the air in the Metro Area is at unhealthy levels and would pose risks to vulnerable people, such as the elderly, children, and those with asthma.

"Green fuel" is a term that describes a gasoline mixture that will reduce the emissions of ozone precursors and toxic air pollutants. Such a gasoline mixture will have a lower volatility, which results in lower evaporative and refueling emissions. Additionally, this type of fuel will have a lower content of toxic chemicals such as benzene. The fuel mixture will also have an oxygenate requirement, resulting in lower carbon monoxide emissions, and compatibility with the state's goals for the use of ethanol blended fuels. Green fuel may cost between 3 to 5 cents a gallon over current gasoline prices. The Governor would consider establishing a program where green fuel would be sold on a voluntary basis to customers wishing to purchase an environmentally friendlier fuel. The PCA would implement this program and conduct an advertising campaign to educate the general public on the benefits of green fuel. The public/private task force will evaluate and recommend other measures to address air pollution from vehicles.

FINANCING:

The PCA is requesting that \$400,000 per biennium be appropriated from the General Fund to determine the potential effectiveness and feasibility of a voluntary green fuel program, including an advertising campaign, and the staffing resources (1 FTE per year) necessary to administer the public/private task force.

OUTCOMES:

This effort will cause a decrease in the level of ozone precursors and air toxic emissions that are linked to cancer, as well as a decrease in the rate of increase in vehicle miles traveled (VMT).

2000-01 Biennial Budget

PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

PROGRAM PROFILE:

The Protecting the Land program exists to protect public health and the environment from existing and future contamination of the land. Protection of public health and the environment is accomplished through the management of risks resulting from actual or suspected contamination of soil, ground water or surface water by the generation and management of solid and hazardous waste, and the storage of petroleum products.

STRATEGIES AND PERFORMANCE:

The Protecting the Land program promotes proper management of petroleum products, solid waste and hazardous waste to prevent or limit adverse environmental effects. This program provides training, education and technical assistance that focuses on best management practices and learning from experience. When releases do occur, contamination of soils, ground water and surface water are addressed to protect human health and limit the degradation of the environment. Ground water is one of Minnesota's most precious and vulnerable resources and the state's primary supply of drinking water. Cleaning up contamination also promotes the return of contaminated land to productive use. These activities are accomplished by:

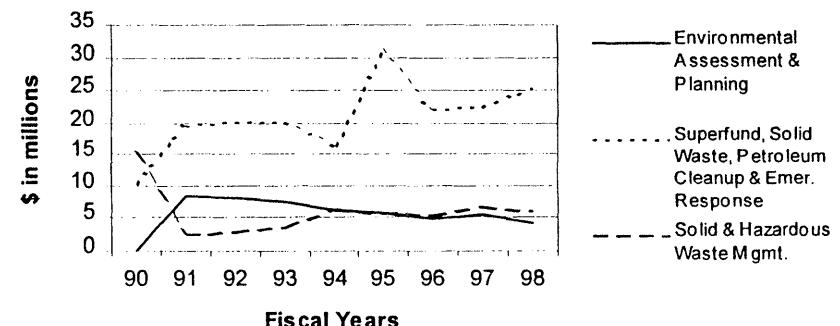
- Assessing data to determine environmental impact and achieve the maximum environmental protection,
- Reaching a balance of regulation, enforcement, incentives and assistance,
- Developing and sharing technical tools to examine cause-and-effect relationships between land-use-management practices and environmental results,
- Educating and involving the regulated community and local government on rules, procedures and technologies,
- Targeting inspections to deal with priority pollutants (mercury, air toxics), and tailoring enforcement actions to the magnitude of the violation and the

violator's level of cooperation (from "red tags" and Administrative Penalty Orders through criminal enforcement),

- Developing alliances with federal, state and local agencies and business organizations to coordinate activities and minimize duplication,
- Integrating pollution prevention principles into all activities.

FINANCING INFORMATION:

Financing Trends in Land Protection Budget Activities



- The solid trend line reflects the large investment in ambient groundwater monitoring and rulemaking in the early 1990's, with a gradual decline as a result of reduction in federal funds and salary inflation.
- The dotted trend line reflects the unstable funding for Superfund, large increases in cleanup funding as the closed landfill program was established in 1994, and additional staff added in the last session to assist leaking underground storage tank owners in meeting the federal deadline.
- The dashed trend line shows high SCORE funding for solid waste composition research and household hazardous waste collections in 1990. The drop is a result of general fund reductions and inflation (waste composition research is no longer performed). Funding leveled off as a result of shifting this activity to the solid waste fund in F.Y. 1994-95.

2000-01 Biennial Budget

PROGRAM: Protecting the Land

AGENCY: Pollution Control Agency (PCA)
(Continuation)

BUDGET ISSUES:

- Metro Ground Water Model LCMR funding ends 6-30-99. The model is in transition from initial development to user application.
- The Solid Waste Fund received one settlement and is anticipating additional funding from the insurance recovery effort. It is anticipated over the next 2 years settlements will occur with major insurers.
- Basic problems with the current hazardous-waste-generator fee system may warrant alternative funding sources for small businesses in the future. Alternatives are being evaluated for further discussions in future legislative sessions.
- The PCA is authorized to reimburse governmental units for a portion of the disposal costs for waste tires. The continuation of this program, focusing on small tire dumps that are mosquito-breeding sites, is important to help control health risk threats from Lacrosse encephalitis.
- Federal Superfund funding for state efforts is stable for F.F.Y. 1999, but the future source of its funding is unknown. State and responsible party funding needed for cleanup activities will potentially increase to support program development and waste site cleanups without federal Superfund funds.
- Historically, the emergency response activity has been funded with General Fund. As reductions occurred in this funding source in the early 1990s, the PCA with support from the legislature, continued to enhance the statewide emergency response network by shifting other resources whenever possible to fund the staff needed.

LCMR RECOMMENDATIONS:

- *Resources for Development: A Community Property Investigation Program.* *Pass Through.* This appropriation is from the Minnesota Future Resources Fund to PCA for an agreement with Minnesota Environmental Initiative to assess environmental contamination in at least 16 brownfield sites statewide to promote property redevelopment by community nonprofits. This appropriation must be matched by at least \$80,000 of nonstate money.

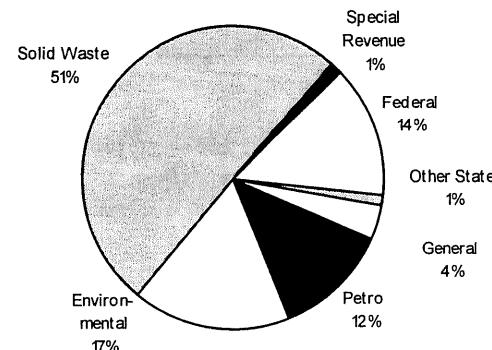
REQUIRED LEGISLATION:

The Landfill Cleanup Program was established in M. S. 115B.39 to provide environmental response to be administered by the commissioner at qualified

facilities. The Governor's recommendation requires changes to M.S. 115B.39-49 and M.S. 473.845. This will provide a short, one-time window for mixed municipal solid waste landfills to become qualified facilities and will equalize the disparity between metropolitan and non-metropolitan landfills regarding perpetual care funding. This will also provide for initial environmental investigation of unpermitted mixed municipal solid waste dumps.

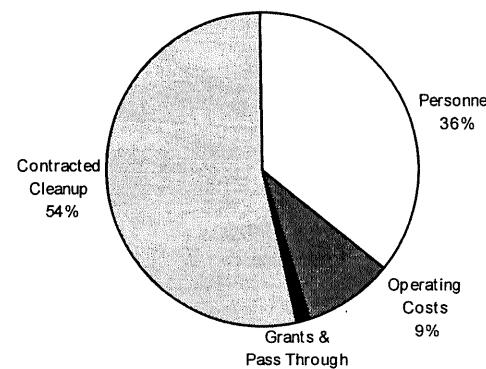
Program Funding Sources

F.Y. 1998-99



Program Expenditures by Category

F.Y. 1998-99



GOVERNOR'S RECOMMENDATION: The Governor recommends base level funding and the following change items:

- Listed Metals
- Closed Landfills and Environmental Assessment of Old Municipal Dump Sites
- Continuation of Leaking Underground Storage Tanks (LUST) Initiative
- M.S. 116.073 Field Citation Authority for Small Spills

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ASSESS ENVIRONMENTAL OUTCOMES	2,182	1,436	1,876	1,518	1,518	1,563	1,563	(231)	-7.0%
PLNG AND POLICY DEVELOPMENT	3,093	2,736	4,132	4,058	3,979	4,091	4,014	1,125	16.4%
WASTE MANAGEMENT	6,723	6,135	6,823	6,665	6,665	6,876	6,876	583	4.5%
WASTE CLEANUP	22,442	25,291	44,308	65,442	68,803	43,935	47,525	46,729	67.1%
Total Expenditures	34,440	35,598	57,139	77,683	80,965	56,465	59,978	48,206	52.0%
CHANGE ITEMS:									
(A) CLOSED LANDFILLS & ENVIRON ASSESS	MLC				(136)			(139)	
(A) CLOSED LANDFILLS & ENVIRON ASSESS	SW				2,847			3,179	
(B) CONTINUATION OF LUST INITIATIVE	PET				550			550	
(B) LCMR-RESOURCES FOR REDEVELOPMENT	MNR				100				
(B) LISTED METALS	ENV				(79)			(77)	
Total Change Items					3,282			3,513	
FINANCING BY FUND:									
CARRY FORWARD:									
ENVIRONMENTAL	56	0	0	20	20	38	38		
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	111	111	189	0	0	0	0		
GENERAL	1,616	1,457	1,682	1,722	1,722	1,746	1,746		
MINNESOTA RESOURCES	0	0	0	0	100	0	0		
PETROLEUM TANK RELEASE CLEANUP	2,614	2,368	3,161	2,341	2,891	2,401	2,951		
ENVIRONMENTAL	5,394	4,654	6,395	12,678	12,599	6,417	6,340		
METRO LANDFILL CONTINGENCY	177	122	133	136	0	139	0		
SOLID WASTE	5,318	4,361	5,581	5,154	5,636	5,282	5,765		
Total Financing	34,440	35,598	57,139	77,683	80,965	56,465	59,978		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Program Summary	Actual	Actual	Budgeted	F.Y. 2000		F.Y. 2001	
	F.Y. 1997	F.Y. 1998	F.Y. 1999	Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
PETROLEUM TANK RELEASE CLEANUP	1,338	1,585	3,758	2,000	2,000	2,000	2,000
SPECIAL REVENUE	460	586	607	548	548	562	562
FEDERAL	4,770	5,659	7,736	15,282	15,282	7,178	7,178
ENVIRONMENTAL	819	1,722	3,168	3,426	3,426	3,126	3,126
SOLID WASTE	11,719	12,965	24,729	34,376	36,741	27,576	30,272
GIFT	48	8	0	0	0	0	0
Total Financing	34,440	35,598	57,139	77,683	80,965	56,465	59,978
FTE BY EMPLOYMENT TYPE:							
FULL TIME	310.6	299.9	346.1	331.9	342.0	330.9	341.0
PART-TIME, SEASONAL, LABOR SER	18.6	10.8	1.8	1.8	1.8	1.8	1.8
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	329.5	310.9	348.1	333.9	344.0	332.9	343.0

2000-01 Biennial Budget

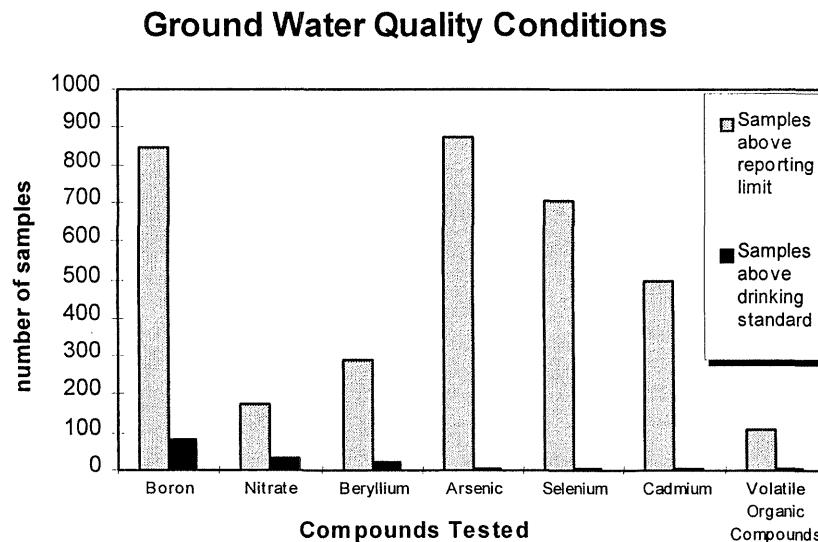
BUDGET ACTIVITY: Assessing Environmental Outcomes
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

Ground water is one of Minnesota's most precious and vulnerable resources. The focus of the Assessing Environmental Outcomes activity is to prevent the degradation of the state's ground water by providing an early warning of problems or resources needing attention. Strategies and measures used by the PCA to assess environmental outcomes are continually evolving to improve the protection of resources and agency performance.

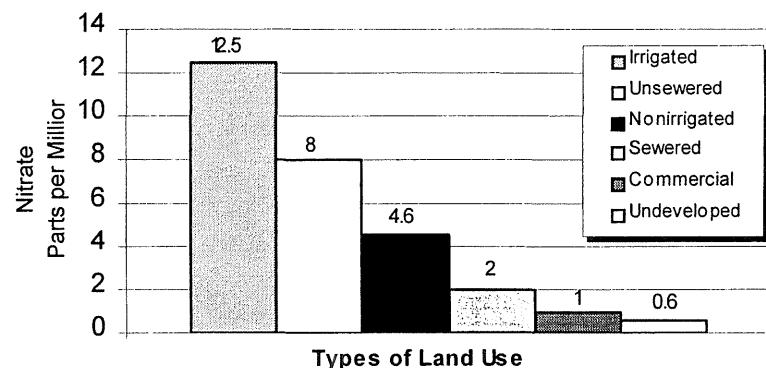
STRATEGIES AND PERFORMANCE:

- Monitoring and evaluating ground water quality conditions statewide (naturally occurring and man-made), as well as trends in Minnesota's principal aquifers. This is illustrated below, where 954 wells were sampled statewide to determine what chemicals are present and when they exceed drinking water standards.



- Evaluating specific ground water conditions and the causes of ground water quality problems, involving specific geographic areas, aquifers, or land-use practices. For example, multi-year studies are underway in the high-growth St. Cloud and Baxter areas to examine ground water quality impacts under a variety of land-use conditions.
- Evaluating the effectiveness of efforts to prevent or reduce ground water degradation. For example, site studies are underway at feedlots in Isanti County and Perham to evaluate the effectiveness of particular management practices.

Effects of Land Use on Ground Water Quality



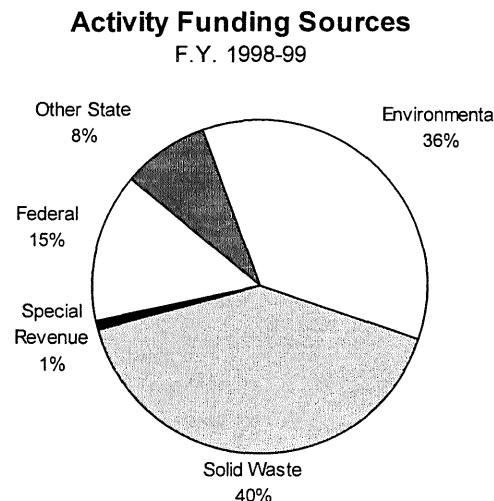
- Providing technical assistance to counties and cities on ground water monitoring, computer modeling, and practices to protect ground water quality.
- Developing and documenting technical methods of ground water monitoring for use throughout the agency and by many local units of government.
- Developing, implementing, and sharing technical tools to predict contaminant movement in ground water. An example is the LCMR-funded Metropolitan Area Groundwater Model which was developed under this activity and made widely available to others. This tool is or will be used to:
 - evaluate the effectiveness of alternative remediation approaches;
 - predict how rapidly contamination may spread to other aquifers and may impact additional users;
 - assess water quality impacts on sustainable development and the availability of adequate water supplies in growth areas; and
 - evaluate or model wellhead protection and other local ground water concerns.

2000-01 Biennial Budget

BUDGET ACTIVITY: Assessing Environmental Outcomes
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
(Continuation)

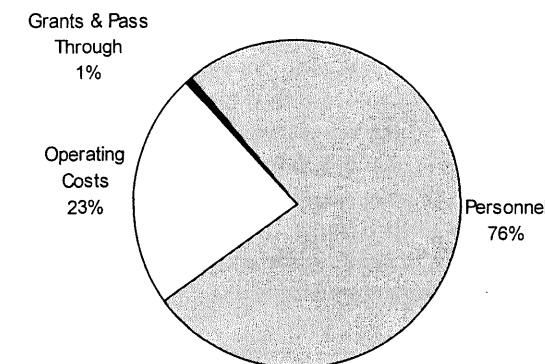
- Cooperating closely with federal, other state, and local agencies to coordinate existing monitoring and modeling efforts, minimize duplication, share equipment, cut costs, and provide better customer service.
- Identifying and developing environmental performance indicators.

FINANCING INFORMATION:



Activity Expenditures by Category

F.Y. 1998-99



Federal funding for ground water assessment is provided through Section 106 grants. In November 1998, the agency learned that EPA had revised the allocation formula which resulted in a 50% increase in Section 106 funding for Minnesota for F.Y. 1999. The PCA intends to use this increase to supplement projected safe drinking water act funding for wetland protection and to update the statewide groundwater assessment strategy.

BUDGET ISSUES:

Since LCMR funding for the Metropolitan Groundwater Model ends 6-30-99, the PCA will be looking for alternative funding sources. The model is in transition from initial development to user application.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Activity: ASSESS ENVIRONMENTAL OUTCOMES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	1,422	1,079	1,483	1,387	1,387	1,422	1,422	247	9.6%
OPERATING EXPENSES	760	332	393	131	131	141	141	(453)	-62.5%
SUBTOTAL STATE OPERATIONS	2,182	1,411	1,876	1,518	1,518	1,563	1,563	(206)	-6.3%
LOCAL ASSISTANCE	0	25	0	0	0	0	0	(25)	-100.0%
Total Expenditures	2,182	1,436	1,876	1,518	1,518	1,563	1,563	(231)	-7.0%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	111	111	189	0	0	0	0	0	0
ENVIRONMENTAL	1,028	584	419	416	416	424	424		
SOLID WASTE	861	566	887	901	901	935	935		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	11	0	31	0	0	0	0	0	0
FEDERAL	171	175	350	201	201	204	204		
Total Financing	2,182	1,436	1,876	1,518	1,518	1,563	1,563		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	22.4	19.1	28.4	28.0	28.0	28.0	28.0	28.0	28.0
PART-TIME, SEASONAL, LABOR SER	3.1	1.5	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total Full-Time Equivalent	25.5	20.6	29.3	28.9	28.9	28.9	28.9		

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Planning and Policy Development
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

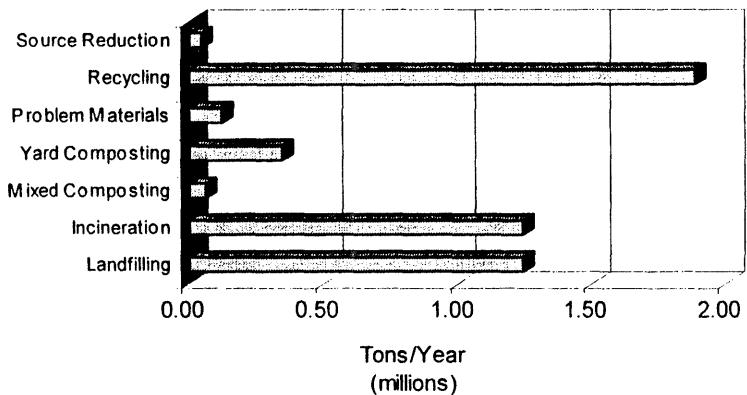
The focus of the Planning and Policy Development activity is to prevent adverse impacts on human health and the environment caused by the generation and management of solid and hazardous waste. This activity provides services to businesses that generate and manage waste.

STRATEGIES AND PERFORMANCE:

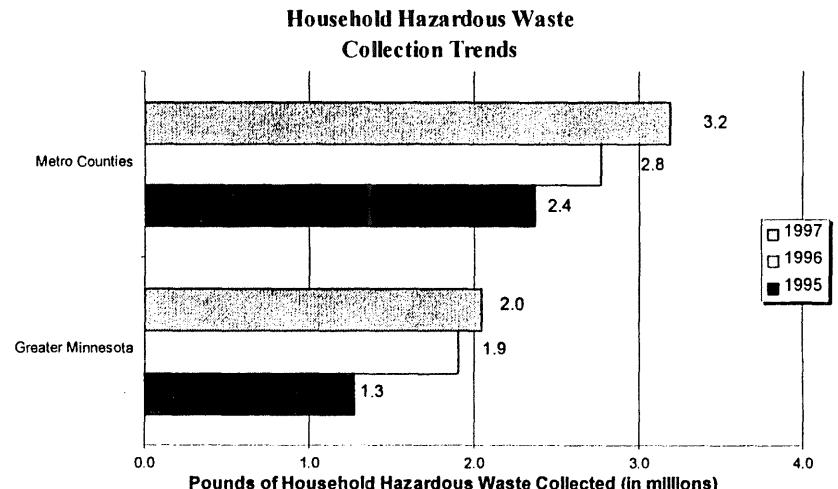
The majority of wastes in Minnesota are now either properly managed in appropriate facilities or recycled and the PCA's focus is to appropriately maintain those results. Pollution prevention strategies will continue to reduce the amount of waste generated. Further planning is needed to determine how to best service the estimated 25,000 smaller businesses which individually pose minimal or limited risk, but collectively can pose a threat. Strategies will be developed to address this concern; other agency strategies include:

- Providing pollution-prevention assistance to a wide variety of businesses, with emphasis on the automotive sector, printers, and generators of mercury, PCBs and other persistent and bio-accumulative toxics.
- Collecting, analyzing and interpreting data to assess environmental impacts, target education efforts, access the level of success on agency program efforts, and to develop reports and recommendations for future action, rules and laws.
- Assessing and guiding state and federal policymaking for managing hazardous and solid waste and for protecting ground water by focusing on persistent and bio-accumulative wastes and attempting to find creative methods of dealing with less environmentally critical wastes.
- Developing strategies for reduction and management of hazardous and solid waste such as partnering with federal, state and local agencies and business organizations to coordinate assistance, minimize duplication and provide better service. For example, the PCA partnered with Olmsted County to test innovative regulatory approaches for small businesses.

Where Minnesota's Waste Goes



- Developing policy, guidance and standards for hazardous-waste generators and management facilities and for solid waste transportation and management facilities.
- Soliciting input from the regulated community and promoting partnerships to test and implement innovative methods of waste management and regulation.



- Developing policies and best management practices to protect ground water, and providing technical assistance to local governments and industry sectors.

2000-01 Biennial Budget

BUDGET ACTIVITY: Planning and Policy Development
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
(Continuation)

For example, innovative awareness, education and assistance approaches in the Lake Superior Basin helped reduce hazardous waste releases to almost zero.

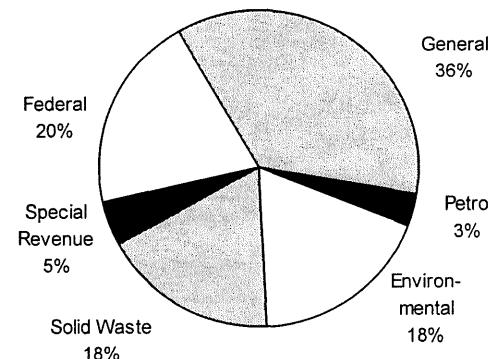
- Educating, training and providing technical assistance to the regulated community.
- Reducing administrative burdens on small businesses by streamlining processes and reducing reporting requirements.
- Monitoring financial ability of waste management facilities to safeguard against present and future environmental damage by requiring annual reports that compare the funds available to the anticipated costs.
- Reducing the impact of harmful constituents in products through forming alliances with:
 - manufacturers to encourage them to voluntarily redesign their products,
 - government and industry to set up low-cost, convenient waste collection systems,
 - EPA, environmental organizations, educational institutions and the media to educate consumers, and
 - an advisory council to review products containing certain listed metals.

FINANCING INFORMATION:

- The Solid Waste Fund will experience significant changes because most of the original construction on old closed landfills that began in 1994 will be finished by 2002. A balance is expected to begin accruing in the fund at that time.
- Training, certification and seminars are fee-based and essentially self-funding.
- 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. The revenues are not used to support this activity.
- In 1998, M.S. 115A.9651 required individual companies or trade associations on behalf of companies to submit a product review report and to have the specific product evaluated by the Listed Metals Advisory Council. In order to continue to trade and use a specified product in Minnesota, both a product review report and a fee of \$295 must be paid annually until the council has conducted its review. The fees are deposited in the Environmental Fund and the legislative expectation was that the activity expenditures would balance by 2002.

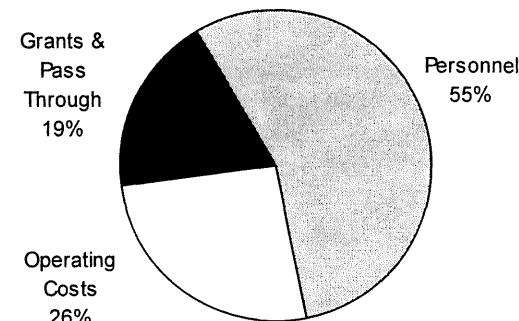
Activity Funding Sources

F.Y. 1998-99



Activity Expenditures by Category

F.Y. 1998-99



BUDGET ISSUES:

The number of listed metals product review reports and associated fees submitted by individual companies and trade associations on behalf of companies has produced only 15% of expected revenues as a result of the agency's decision to allow companies to choose whether to submit an entire product line based on listed metals concentration or other characteristics. The PCA and the interested parties have discussed how to resolve this funding shortfall by 2002 and a budget change item is proposed.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Activity: PLNG AND POLICY DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	1,702	1,561	2,226	2,231	2,173	2,314	2,256	642	17.0%
OPERATING EXPENSES	654	507	1,311	1,089	1,068	1,031	1,012	262	14.4%
TRANSFERS	0	0	0	128	128	136	136	264	
SUBTOTAL STATE OPERATIONS	2,356	2,068	3,537	3,448	3,369	3,481	3,404	1,168	20.8%
LOCAL ASSISTANCE	737	668	595	610	610	610	610	(43)	-3.4%
Total Expenditures	3,093	2,736	4,132	4,058	3,979	4,091	4,014	1,125	16.4%
CHANGE ITEMS:									
(B) LISTED METALS	FUND ENV				(79)			(77)	
Total Change Items					(79)			(77)	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	1,302	1,133	1,292	1,269	1,269	1,287	1,287		
PETROLEUM TANK RELEASE CLEANUP	261	152	55	107	107	160	160		
ENVIRONMENTAL	583	465	851	859	780	818	741		
SOLID WASTE	157	162	1,035	960	960	935	935		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	98	187	120	117	117	119	119		
FEDERAL	623	610	743	746	746	772	772		
ENVIRONMENTAL	21	19	36	0	0	0	0		
GIFT	48	8	0	0	0	0	0		
Total Financing	3,093	2,736	4,132	4,058	3,979	4,091	4,014		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	28.5	28.0	41.2	37.6	37.6	37.6	37.6		
	3.8	2.7	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	32.3	30.7	41.2	37.6	37.6	37.6	37.6		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency
PROGRAM: Protecting the Land
ACTIVITY: Planning and Policy Development

ITEM TITLE: Listed Metals

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Environmental Fund - State Operations	\$79	\$77	\$74	\$72
Revenues: (\$000s)				
Environmental Fund	\$100	\$51	\$51	\$26
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statutes(s) affected:	M.S. 115A.9651, subd. 6(c)			
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends reductions in administrative expenditures of \$79,000 in F.Y. 2000, \$77,000 in F.Y. 2001, \$74,000 in F.Y. 2002 and \$72,000 in F.Y. 2003 for the agency's activities relating to administration of the listed metals program. The Governor also recommends the fee established in Minnesota Statutes, 115A.9651, subdivision 6(c) be increased to \$750 per annual product review report and transfers \$75,000 in each of fiscal year 2000 and 2001 from the Motor Vehicle Transfer Account to the Listed Metals Account for administrative expenditures. The Governor further recommends that this fee be exempt from 16A.1285 because the recommended fee increase will not fully cover total expenditures.

RATIONALE:

The listed metals program established in 1998 is currently funded through a per-product fee of \$295 paid annually by manufacturers or users of specified products. Fee revenue collected in the first year was only 15% of the amount estimated in the

original fiscal note prepared in 1997. This significant revenue shortfall was created by allowing companies flexibility in identifying individual products, rather than holding them to their past submittals. The agency still believes that decision is appropriate.

The fundamental assumptions that drove the decision to conduct the original program with user fees included the following: 1) The same fee will be paid for all products, regardless of the amount of listed metals contained or the time needed for review, 2) Manufacturers or users would pay an annual fee on July 1 until the product had been released from the program or a final decision on the specified product had been determined by the commissioner of the agency, and 3) The program would ramp and then wind down within 8 years. Subsequently, the estimate has been reduced to 5 years because of the reduced number of products under review.

FINANCING:

The agency was originally appropriated \$282,000 for F.Y. 2000-01 from the environmental fund until the product review fee took effect in 7-1-98. The legislative intent was that all costs incurred during the product reviews would be satisfied by fees collected over the life of the program. The listed metals program has strong pollution prevention aspects and this change item switches from a fee based program for some of the front-end costs in recognition of the long-term environmental savings to Minnesotans.

In this change item, the agency proposes to reduce administrative expenditures by \$79,000 in F.Y. 2000, \$77,000 in F.Y. 2001, \$74,000 in F.Y. 2002, and \$72,000 in F.Y. 2003 compared to the budgeted appropriations. This is accomplished by shifting environmental risk assessment and dispute resolution to cost recovery as directed by the listed metals council, and reducing administrative and rulemaking costs. The agency also proposes to increase the product review fee to \$750 per year effective immediately. This generates an additional \$228,000 in revenue over the life of the program. For manufacturers and users that pay the fee, the rate effectively doubles the statutory rate, when considered over the full life of the program. For the 2000-01 biennium, the new fee will raise approximately \$249,000 and expenditures will total \$236,000. The excess revenue is needed to partially recover the current revenue shortfall.

OUTCOMES:

The listed metals program has demonstrated environmental outcomes. These listed

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency
PROGRAM: Protecting the Land
ACTIVITY: Planning and Policy Development

ITEM TITLE: Listed Metals
(Continuation)

metals--lead, cadmium mercury and hexavalent chromium all have known adverse impacts on public health and the environment. Over 600 products have been reformulated or discontinued that at one time contained listed metals. Currently, there are 220 products regulated that contains 620,000 pounds of listed metals that were distributed for use or sale last year. Within the next 16 months, the listed metals advisory council will review 4 of 11 product groups. These 4 product groups contain over 90% of the listed metals currently in use in the regulated products.

Reducing the amount of the listed metals should reduce costs in our waste management system. For example, landfill leachate should contain fewer heavy metals and would be less difficult and less expensive to manage at wastewater treatment facilities, and less harmful to the environment where sludge may be spread on the land. Compost made from municipal solid waste would potentially contain less of these metals, increasing the acceptability of the final product and reducing operational costs. Air emissions at garbage incinerators would also be cleaner without these metals, and the resulting ash less toxic.

2000-01 Biennial Budget

BUDGET ACTIVITY: Waste Management
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

The focus of the Waste Management activity is to prevent unacceptable risk to human health and the environment from the generation and management of solid and hazardous waste and petroleum storage. Proper waste management prevents and limits long-term environmental effects and degradation of ground water, which is the state's primary supply of drinking water.

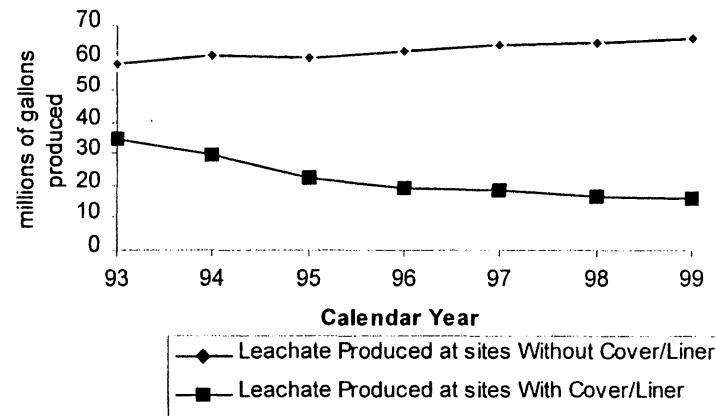
STRATEGIES AND PERFORMANCE:

This activity provides services to Minnesota businesses and governments that generate approximately 5.4 million tons of mixed municipal solid waste, construction waste, demolition debris, industrial waste, infectious waste, and waste tires each year. An additional 3 million tons of materials are recycled or utilized at permitted facilities. Strategies used to ensure the proper management of waste include:

- Monitoring water quality at and around facilities and taking corrective actions where contamination is detected above acceptable levels.
- Developing comprehensive technical assistance and training on best management and pollution prevention practices for solid-waste facility operators, salvage yard operators, hazardous waste generators and above- and below-ground petroleum storage facilities.
- Partnering with Minnesota counties to provide technical and financial assistance to develop facilities to collect household hazardous waste and provide public education programs on the methods of reducing household hazardous waste.
- Partnering with state and local government units to provide financial reimbursement towards costs for waste tire disposal with a focus on areas at high risk for mosquito-borne disease such as Lacrosse Encephalitis.
- Conducting environmental audits, permit compliance monitoring, inspections and enforcement actions to prevent or minimize contamination from improper management of solid and hazardous waste.
- Enhancing the state data system to allow for electronic data submittals from and transfers to the regulated community.
- Assisting smaller petroleum storage facilities with the adoption of appropriate tank-management practices by 2003.

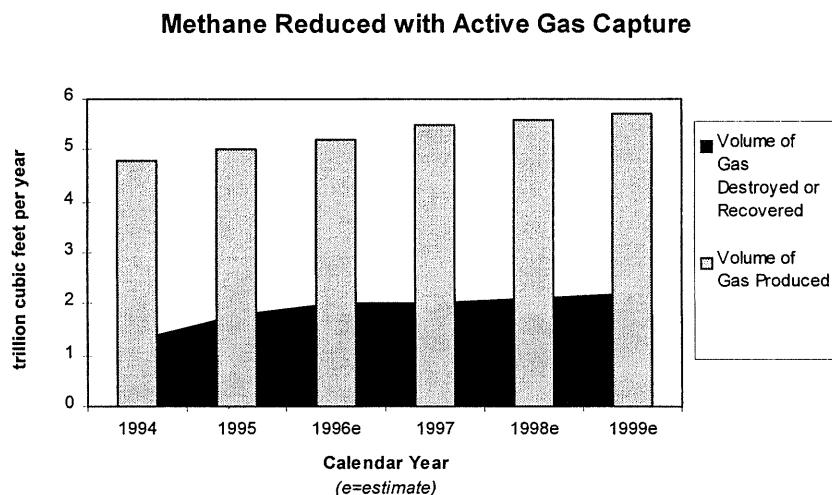
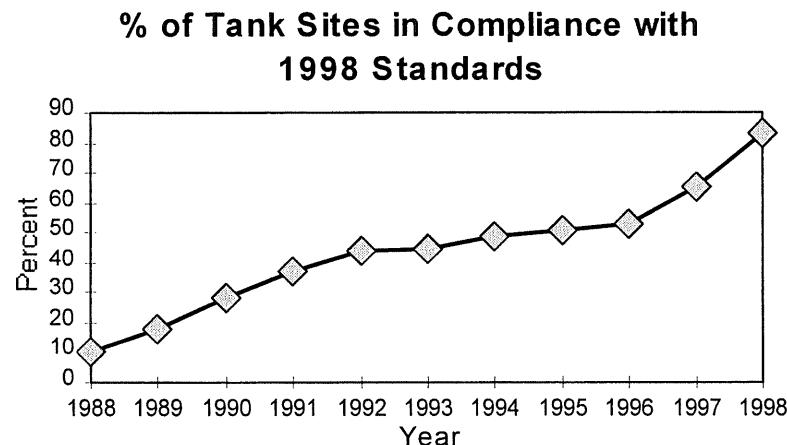
- Increasing the use of adequate release-detection methods for petroleum storage tanks and taking appropriate enforcement actions such as issuing "red tags" that prohibit the delivery of fuel or assessing penalties against generators or facilities that have not installed leak-prevention equipment that is federally required to be installed by December 1998.

Leachate Produced at Landfills

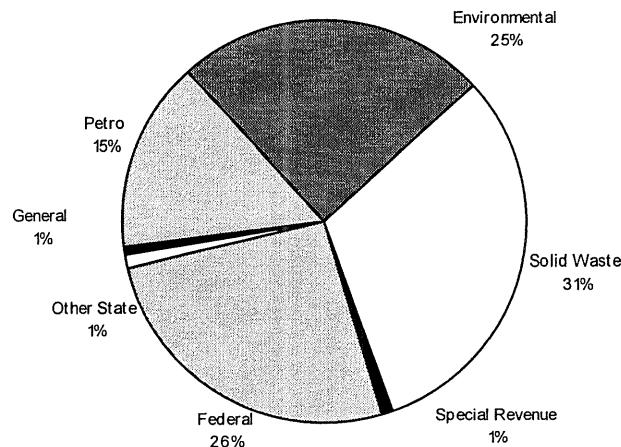


- Reducing leachate contamination from solid-waste disposal facilities to surface and ground water with the installation of covers and liners.
- Implementing corrective actions such as active gas systems, ground water collection and treatment systems to bring solid waste facilities into compliance with ground-water performance standards.
- Installing active gas treatment systems, at the closed portions of operating solid-waste facilities and at closed landfill program facilities under state control, to reduce gas migration to adjacent land, water, and air.

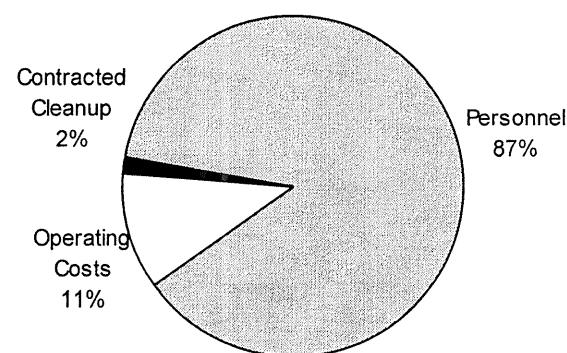
BUDGET ACTIVITY: Waste Management
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
 (Continuation)

**Activity Funding Sources**

F.Y. 1998-99

**Activity Expenditures by Category**

F.Y. 1998-99



2000-01 Biennial Budget

BUDGET ACTIVITY: Waste Management
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
(Continuation)

BUDGET ISSUES:

- Problems with the current hazardous-waste-generator fee system may warrant alternative funding sources for small businesses in the future. Alternatives for addressing the problems are being evaluated. These problems include:
 - The fees are collected based on the amount of waste generated. Revenues have dropped as businesses employ successful pollution-prevention techniques, causing overall fees to rise in order to generate adequate revenue.
 - Collecting fees from thousands of small businesses is difficult and a burden for all.
- The Motor Vehicle Transfer Fund continues to provide funding for reimbursement to local governments for the removal of waste tires. The focus is changing to small tire breeding sites used by tree-hole mosquitoes that carry Lacrosse Encephalitis.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Activity: WASTE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	5,775	5,385	5,929	6,121	6,121	6,256	6,256	1,063	9.4%
OPERATING EXPENSES	948	750	894	544	544	620	620	(480)	-29.2%
 SUBTOTAL STATE OPERATIONS	6,723	6,135	6,823	6,665	6,665	6,876	6,876	583	4.5%
Total Expenditures	6,723	6,135	6,823	6,665	6,665	6,876	6,876	583	4.5%
FINANCING BY FUND:									
CARRY FORWARD:									
ENVIRONMENTAL	56	0	0	20	20	18	18		
DIRECT APPROPRIATIONS:									
GENERAL	37	24	63	102	102	95	95		
PETROLEUM TANK RELEASE CLEANUP	1,518	1,073	935	965	965	954	954		
ENVIRONMENTAL	868	1,017	2,250	2,033	2,033	2,132	2,132		
METRO LANDFILL CONTINGENCY	66	2	130	0	0	0	0		
SOLID WASTE	2,654	2,189	1,824	1,949	1,949	2,050	2,050		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	50	51	56	50	50	50	50		
FEDERAL	1,474	1,779	1,565	1,546	1,546	1,577	1,577		
Total Financing	6,723	6,135	6,823	6,665	6,665	6,876	6,876		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	115.8	102.5	127.3	126.8	126.8	126.8	126.8		
PART-TIME, SEASONAL, LABOR SER	4.1	2.9	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	119.9	105.4	127.3	126.8	126.8	126.8	126.8		

2000-01 Biennial Budget

BUDGET ACTIVITY: Waste Cleanup
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

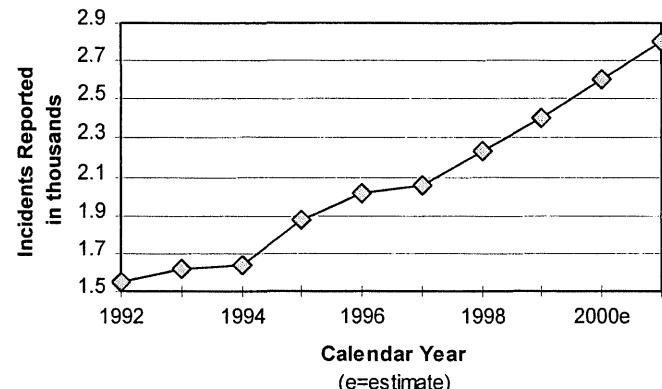
ACTIVITY PROFILE:

The focus of the Waste Cleanup activity is to reduce environmental and human health risk from hazardous substances, pollutants and contaminants. Potential risks may result from uncontrolled hazardous waste, solid waste leachate, methane gas, and petroleum releases. Contaminated soils and ground water can be caused by spills, industrial activities, and land disposal at dumps and solid-waste landfills.

STRATEGIES AND PERFORMANCE:

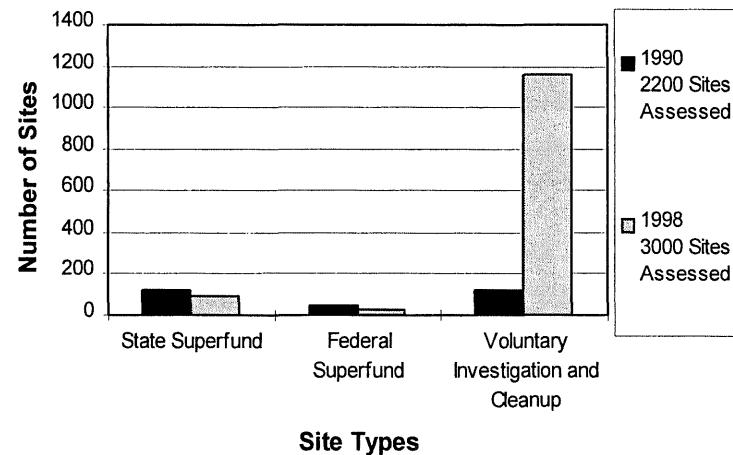
Elements of waste cleanup include responding to emergencies and spills, and identifying and mitigating potential releases of hazardous wastes, pollutants or contaminants. Determining the level of risk posed by hazardous and solid waste releases includes identifying potential receptors (people who could be affected) and assessing human and environmental impacts. Waste Cleanup activities strive to reduce risk through preventing, investigating, cleaning up and monitoring releases. This approach includes:

Emergency Response Incidents Reported



- Increasing awareness of and compliance with spill reporting requirements and preventing unplanned releases. Emergency response methods are improved through networking, planning exercises with facilities and other responders, and critiquing responses to learn from experience.
- Sharing technical and procedural information with local units of government, environmental consultants, regulated parties and the public to develop the best ways to address contaminated soils and preserve water quality.
- Directing state contractors to conduct cleanup and long-term maintenance of eligible closed landfills which emit greenhouse gases and may contaminate ground water.
- Developing land management plans at state-operated closed landfills to minimize the impacts of the facility on future land use and to maintain the integrity of the facility.
- Assisting buyers, developers, local governments, financial institutions or investors in identifying, investigating and cleaning up contaminated commercial and industrial property.
- Conducting or overseeing emergency response, investigation, cleanup and long-term maintenance at sites, maximizing the number of sites cleaned up by responsible parties through voluntary activities and enforcement actions.

Types of Contaminated Sites

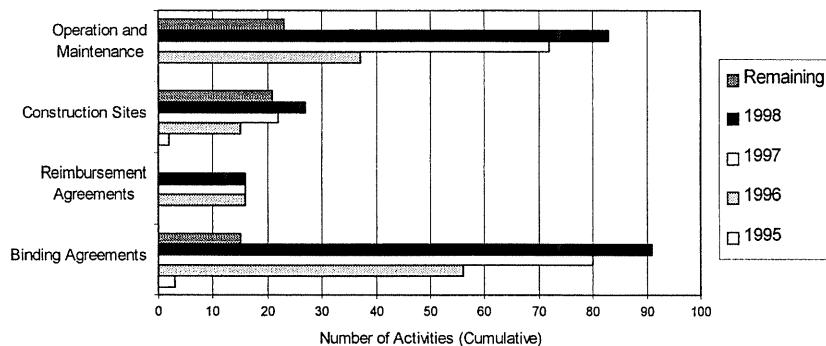


2000-01 Biennial Budget

BUDGET ACTIVITY: Waste Cleanup
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
 (Continuation)

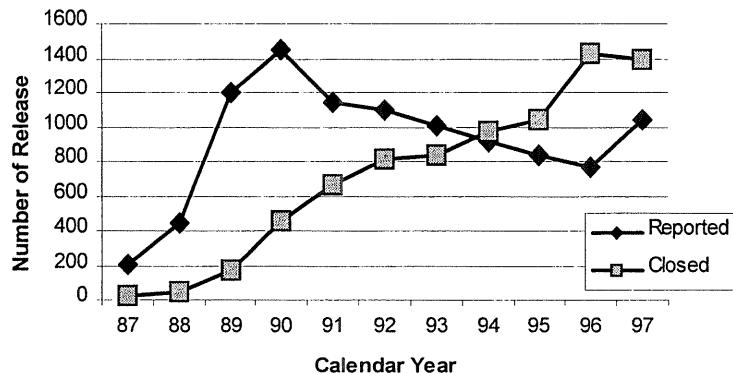
- Increasing the number of sites cleaned up in the waste cleanup programs (Closed Landfill, Superfund, Leaking Underground Storage Tank, and Voluntary Investigation and Cleanup) and returning contaminated land to productive use.
- Taking enforcement actions against responsible parties who allow preventable releases to occur that pose a threat to public health or the environment and who refuse to take action to clean up or mitigate a release.

Closed Landfill Program Accomplishments and Trends



- The legislature, 2 years ago, made up part of a decrease in federal funding for LUST staff. Proper funding of the LUST Program is critical at this juncture because of the increase in petroleum releases reported to the PCA, now and in the future, as a result of the federal and state December 1998 tank upgrade requirements.

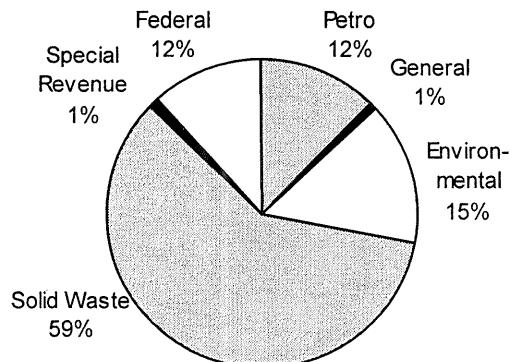
Leaking Underground Storage Tank Releases Reported and Closed



FINANCING INFORMATION:

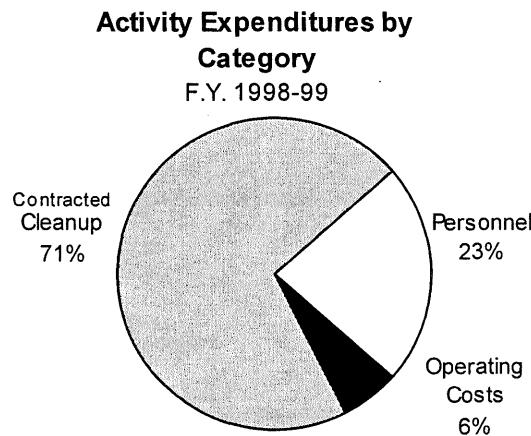
Activity Funding Sources

F.Y. 1998-99



2000-01 Biennial Budget

BUDGET ACTIVITY: Waste Cleanup
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
(Continuation)



BUDGET ISSUES:

- The Solid Waste Fund received one settlement and is anticipating additional revenues from the insurance recovery effort. It is anticipated over the next 2 years settlements will occur with major insurers.
- Federal Superfund funding for state efforts to identify, assess and clean up contaminated sites is stable for F.F.Y. 1999, but is questionable beyond that date. It is currently unknown how the federal trust fund will be funded once it is exhausted. Responsible parties and the state Environmental Fund will bear the full expense of waste site cleanups if federal funds are unavailable. Additional money has been added to the PCA base for cleanup work. This issue will be monitored for future discussions with the legislature.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Activity: WASTE CLEANUP

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	7,399	7,806	7,856	7,614	8,114	7,807	8,307	759	4.8%			
OPERATING EXPENSES	12,408	14,885	27,880	34,849	37,569	25,464	28,554	23,358	54.6%			
OTHER EXPENSES	0	0	132	200	200	0	0	68	51.5%			
TRANSFERS	0	0	0	6,400	6,400	0	0	6,400				
SUBTOTAL STATE OPERATIONS	19,807	22,691	35,868	49,063	52,283	33,271	36,861	30,585	52.2%			
CAPITAL OUTLAY	2,566	2,600	8,440	16,379	16,420	10,664	10,664	16,044	145.3%			
LOCAL ASSISTANCE	69	0	0	0	100	0	0	100				
Total Expenditures	22,442	25,291	44,308	65,442	68,803	43,935	47,525	46,729	67.1%			
CHANGE ITEMS:												
	FUND											
(A) CLOSED LANDFILLS & ENVIRON ASSESS	MLC				(136)			(139)				
(A) CLOSED LANDFILLS & ENVIRON ASSESS	SW				2,847			3,179				
(B) CONTINUATION OF LUST INITIATIVE	PET				550			550				
(B) LCMR-RESOURCES FOR REDEVELOPMENT	MNR				100							
Total Change Items					3,361			3,590				
FINANCING BY FUND:												
CARRY FORWARD:												
ENVIRONMENTAL	0	0	0	0	0	20	20					
DIRECT APPROPRIATIONS:												
GENERAL	277	300	327	351	351	364	364					
MINNESOTA RESOURCES	0	0	0	0	100	0	0					
PETROLEUM TANK RELEASE CLEANUP	835	1,143	2,171	1,269	1,819	1,287	1,837					
ENVIRONMENTAL	2,915	2,588	2,875	9,370	9,370	3,043	3,043					
METRO LANDFILL CONTINGENCY	111	120	3	136	0	139	0					
SOLID WASTE	1,646	1,444	1,835	1,344	1,826	1,362	1,845					
Total Financing	22,442	25,291	44,308	65,442	68,803	43,935	47,525					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **POLLUTION CONTROL AGENCY**

Program: **PROTECTING THE LAND**

Activity: **WASTE CLEANUP**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
PETROLEUM TANK RELEASE CLEANUP	1,338	1,585	3,758	2,000	2,000	2,000	2,000
SPECIAL REVENUE	301	348	400	381	381	393	393
FEDERAL	2,502	3,095	5,078	12,789	12,789	4,625	4,625
ENVIRONMENTAL	798	1,703	3,132	3,426	3,426	3,126	3,126
SOLID WASTE	11,719	12,965	24,729	34,376	36,741	27,576	30,272
Total Financing	22,442	25,291	44,308	65,442	68,803	43,935	47,525
FTE BY EMPLOYMENT TYPE:							
FULL TIME	143.9	150.3	149.2	139.5	149.6	138.5	148.6
PART-TIME, SEASONAL, LABOR SER	7.6	3.7	0.9	0.9	0.9	0.9	0.9
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	151.8	154.2	150.3	140.6	150.7	139.6	149.7

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Land/Administrative Support
ACTIVITY: Waste Cleanup/Administrative Support

ITEM TITLE: Closed Landfills and Environmental Assessment of Old Municipal Dumps

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Solid Waste Fund - Direct	490	491	492	470
Solid Waste Fund - Statutory	2,370	2,701	2,221	394
MLCAT Fund - Direct	(144)	(147)	(147)	(147)
MLCAT Fund - Statutory	\$ (5)	\$ (5)	\$ (5)	\$ (5)
Revenues: (\$000s)				
Solid Waste Fund	\$4,000	\$4,047	\$4,078	\$132
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statutes(s) affected: M.S. 115B.39 through 115B.445				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$2,860,000 in F.Y. 2000, \$3,192,000 in F.Y. 2001, for 5 FTE and associated expenses for assuming responsibility for care of certain additional closed municipal landfills under the existing closed landfill cleanup program, by making changes to strengthen the viability of existing funding arrangements for long-term care, and by assessing the environmental condition of certain old municipal dumps. The Governor further recommends transferring administrative expenses from the Metropolitan Landfill Contingency Action Trust Fund (MLCAT) to the Solid Waste Fund.

RATIONALE:

This budget change consists of 4 elements: 1) opening a period of time for additional landfills to qualify into the PCA's closed landfill program; 2) changing

the structure of the current Metropolitan Landfill Contingency Action Trust Fund to reduce the expenditures and liabilities by transferring some of them to the Solid Waste Fund; 3) providing long-term security to the state by increasing the interest earned on a portion of funds needed for contingency actions at landfills under the state responsibility; and 4) assessing the environmental conditions at a limited number of municipal dumps.

Where individual operators have funded remedial work at landfills (usually after hazardous substance releases from old, unlined waste deposits), the costs typically run at least 25% higher than the state has experienced in operating the closed landfill cleanup program. Action under Superfund is more likely to happen at these types of facilities because they have large unlined areas from historic waste practices which were allowed at the time, next to their state-of-the-art areas. Financial risks to the state by accepting permanent care of additional landfills can be managed by prohibiting ongoing disposal of waste by operators on or adjacent to the newly closed landfills and by requiring the landfills entering the program to deposit their fully-funded financial assurance accounts into the solid waste fund.

Changes are needed to strengthen the financial viability of the Metropolitan Landfill Contingency Action Trust Fund. The Solid Waste Fund is accruing a balance, so these expenditures will not result in a tax increase. Under present circumstances the fund will not have enough money to provide significant care or remedial action for the eligible solid waste landfills when the state assumes responsibility. This recommendation closes the funding gap by shifting to the solid waste fund the current administrative expenditures for the PCA. The remaining balance in the fund with interest and fees earned should be sufficient to meet the PCA's current statutory responsibilities to provide perpetual care for the 6 qualified facilities.

To provide long-term security to the state, this budget change will set aside a small portion of the statutory solid waste fund appropriation to be invested with the state board of investment to provide a higher amount of interest income for contingency actions at those landfills under the PCA's responsibility. This will parallel a similar policy initiative for landfills operated by local governments to do the same with their financial assurance funds.

Lastly, land where dumps are located are increasingly being developed for commercial or open space uses. The PCA is currently screening thousands of sites to identify those limited number that need further environmental assessment.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Land/Administrative Support
ACTIVITY: Waste Cleanup/Administrative Support

ITEM TITLE: Closed Landfills and Environmental Assessment of Old Municipal Dumps
(Continuation)

Rather than pursuing potentially responsible parties to perform the additional environmental investigation work (where lawsuits for cost recovery inevitably follow), this change item proposes to use \$1 million for dump environmental assessment work. This will speed the work, limit the PCA's pursuit of businesses and local governments as responsible parties for the initial environmental assessment and make the testing more uniform, which will aid in prioritization of remediation needs.

FINANCING:

During the first 2 biennia, the total effect of the changes would bring a positive net flow into the Solid Waste Fund, because of approximately \$12 million from "financial assurance" trust fund for landfill care that would be deposited as a condition of entry into the program.

The expenditures from the Solid Waste Fund in F.Y. 2000-03 are primarily related to addressing adjacent old dumps and placement of cover to bring old landfill covers up to current standards for the new sites entering the program. In addition, administrative expenditures in MLCAT by PCA will be shifted to the Solid Waste Fund. This includes movement of indirect costs from MLCAT to the Solid Waste fund in the Administrative Support program. Finally, \$500,000 will be spent on environmental assessment of dumps in each of F.Y. 2000 and FY. 2001.

In about 2005 this initial amount of money will be spent, meaning that this budget change will begin to reduce the balance in the solid waste fund after this point. Beginning in 2005 the program would then rely solely on revenues from the existing solid waste management tax to pay the cost of this budget change. PCA expects no need to raise the solid waste management tax to support this expansion of the activity and commits to not requesting an increase in future years because

of these changes. The Solid Waste Fund receives \$22 million or 50% of the revenue from the Solid Waste tax (whichever is greater). The PCA projects construction expenditures for the next 50 years based on staff resources, post-closure care and reimbursement obligations and ability to use general bonding authority granted in 1994.

OUTCOMES:

In the event of significant remedial work needed at additional closed landfills coming in the activity under the "second window" option, there would be lower costs to the public at large for corrective action through elimination of transaction costs and efficiency through large-scale contracting.

From the environmental perspective, the amount of leachate generated by these facilities would be reduced by slightly over 2.9 million gallons each year as a result of better covers placed on unlined areas and removal or management of adjacent dumps to the eligible landfill. The amount of greenhouse gases reduced would be between 600,000 to 800,000 tons of CO₂-equivalent for the remaining landfill lifetime. This is an additional contribution of 8% reduction in greenhouse gas emissions. Finally, timely and objective prioritization of environmental problems at approximately 200 old municipal dumps, for later follow-up by landowners or responsible party groups will allow this "brownfields" land to be quickly returned to productive use.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Land
ACTIVITY: Waste Cleanup

ITEM TITLE: Continuation of Leaking Underground Storage Tank (LUST) Initiative

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Petrofund - State Operations	\$550	\$550	\$550	\$550
Revenues: (\$000s)				
Petrofund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$550,000 in F.Y. 2000 and F.Y. 2001, for 7 FTE and associated expenses to ensure that releases from petroleum storage tanks are quickly investigated and remediated as necessary to minimize impacts to human health and the environment and to ensure that reimbursement claims are processed quickly.

RATIONALE:

Since the inception of the LUST activity, approximately 11,500 petroleum tank releases have been reported to the PCA. The petroleum released from these tanks represents a potential threat to human health and the environment by contaminating ground water, surface water and soil, and by generating explosive vapors in sewers, utility lines, basements, and other enclosed areas. More than 8,600 release sites have been closed, indicating they no longer represent a threat. Although accomplishments are numerous and significant, a good deal of work remains.

The program's past success is largely due to the Petroleum Tank Release Compensation Fund (Petrofund), which reimburses the owners and operators of leaking petroleum storage tanks Responsible Parties (RPs) or volunteers for a substantial portion of the cost of investigating and remediating these contaminated sites. Reimbursement provides an incentive for RPs to do this work quickly and on their own initiative, rather than waiting for intervention from the state.

The key to participation by responsible parties in this program is assurance that payment of reimbursement claims will be promptly authorized by the PCA. Without the administrative funding provided through this initiative, the PCA anticipates there will be significant delays in reimbursement.

Delays could reduce RPs willingness to participate in the program, thus increasing the burden on the state and perpetuating a potentially serious environmental problem.

FINANCING:

The funding request is a continuation of the authorized funding of the Minnesota LUST program in F.Y. 1998 and F.Y. 1999.

OUTCOMES:

With this funding, PCA will continue to eliminate petroleum storage tanks releases as a threat to human health and the environment.

While the LUST activity oversees investigations and cleanups at sites where petroleum storage tanks have already leaked, the PCA also educates tank owners on the proper installation, operation, and maintenance of tanks so they will not leak in the future.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protection of the Land
ACTIVITY: Waste Cleanup

ITEM TITLE: M.S.116.073 Field Citation Authority for Small Spills

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Environmental Enforcement - State Operations	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
Environmental Enforcement	\$5	\$25	\$25	\$25

Statutory Change? Yes No

If yes, statutes(s) affected: M.S. 116.073

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends expansion of the authority for PCA staff to issue "Field Citations" to be used when needed to spur responsible parties to action and/or to establish an enforcement history to use in subsequent failures. This authority will be exercised when unreported spills cause environmental damage, when spillers walk away, when moderate sized potential spillers are unprepared, when shoddy cleanups are done, etc.

RATIONALE:

In 1998, 2,234 spill and emergency incidents were reported to the PCA under M.S. 115.061. Some of these incidents were true emergencies to which the PCA responded with multiple staff and/or contractors to oversee or do cleanup. Most of the incidents, however, are smaller spills, for which the responsible person is known. PCA's traditional role in those cases is to provide guidance and oversight to the responsible party to make sure the cleanup is adequate. With passage of M.S. 115E (often called the "Spill Bill"), the PCA's role was expanded to ensuring

that potential spillers act to prevent spills, and that they are prepared to handle spills that they might have.

PCA generally considers enforcement to be appropriate when a spill creates environmental damage and there has been failures of the responsible person to prevent, prepare for, report or respond to the spill. Stipulation Agreements and Administrative Penalty Orders work well for major and medium scale enforcement actions. They do not work well though, in cases where there have been egregious violations but only minor environmental damage. Several dozen of these types of cases occur each year. Field Citations from \$100 up to \$2,000, presented on the scene of a spill incident would effectively resolve many noncompliance situations.

FINANCING:

No additional expenditures are needed for this initiative. Modest revenues are expected to accrue in the Environmental Enforcement Fund from use of Field Citations for spills incident violations.

OUTCOMES:

Several dozen incidents where responsible parties failed to comply with spill reporting, preparedness, prevention, or cleanup requirements will be resolved each year with modest penalties or none if the violation is corrected. The Field Citation will serve as a formal record of previous noncompliance, and a clear incentive for the responsible party in how to comply in the future.

2000-01 Biennial Budget

PROGRAM: Administrative Support
AGENCY: Pollution Control Agency (PCA)

PROGRAM PROFILE:

The Administrative Support program provides leadership and policy direction, PCA-wide program coordination and business systems which support the delivery of environmental programs in St. Paul as well as 5 regional locations: Brainerd, Duluth, Marshall, Rochester, and Detroit Lakes and employees in satellite offices in Mankato, Grand Rapids and Willmar in the near future. The activities and services included in this program are the Commissioner's Office, the Citizen's Board, human resource and fiscal management, and information systems and communications services.

This program serves the general public in setting statewide air, land and water quality goals and priorities, operating programs, building public awareness and communicating operational and environmental results. It also provides PCA management systems and services.

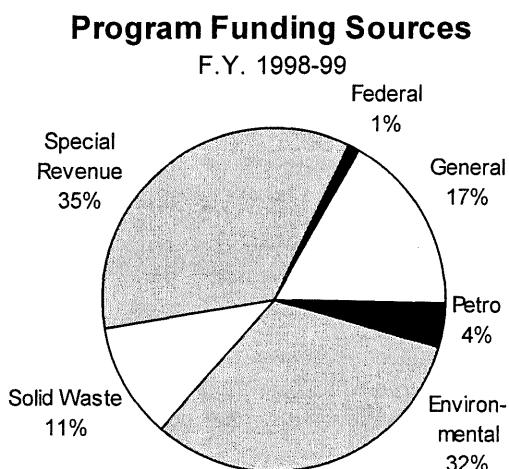
STRATEGIES AND PERFORMANCE:

- A new agency organization structure has been implemented which directs air, water, and land specialists toward specific regions of the state so a more holistic approach to environmental problems and issues can be applied on a local level.
 - The realignment of staff into a geographic-based organization structure and the deployment of an additional 150-200 staff to regional offices over the next 3 to 5 years will substantially change the delivery of administrative services, as well as present new logistical and management challenges. Considerable effort has been made to streamline services and clarify the roles of these activities so they add value to environmental results and so that state services are not duplicated or confusing to clientele.
- The Administrative Support program implements leading business and management practices in order to provide effective and efficient environmental programs. This approach relies on strategic planning, the principles of a learning organization, process design and performance measurement. The PCA has been recognized by the Ford Foundation and Harvard University as well as the Environmental Council of States as a national leader in innovative environmental program design. By involving regulated parties, environmental parties, and the public (i.e., stakeholders) in developing priorities, strategies and programs, the PCA has helped Minnesota keep a high rating for quality of life.
 - The PCA Board process has been streamlined in statute and practice to focus on controversial and high priority topics. Likewise, all PCA managers and supervisors have attended training to focus on high environmental risks, system thinking, outcomes rather than processes and using performance measures.
 - Cost effective solutions to business requirements have been implemented in mail services, fleet management and copy services.
 - Financial structures and revenue streams have been under examination to determine the long-term health of fee supported programs, how fees are levied and who fee programs should be responding to regarding program effectiveness.
 - Funds are expended as appropriated, managed according to general government accounting practices, paid in a timely and accurate way to vendors with few audit exceptions noted. Studies of the water and air fees have been completed and legislative changes enacted when appropriate.
 - The PCA's information management system has been used to maximize environmental results, streamline PCA processes, and make information accessible to staff and the public.
 - The PCA's hardware platform has been redesigned and updated in all locations. Life cycle replacements are necessary for system integrity and continued operation.
 - Software applications have been developed which automate the air, water, solid waste and hazardous waste permitting, compliance and enforcement functions.
 - Air, water, and waste compliance information has been consolidated into a central information hub.
 - Staff have increased consistency in applying and enforcing environmental regulations.
 - The PCA can more easily identify geographic-specific environmental problems and has improved mechanisms for comparing data related to facility locations, processes and pollutants.

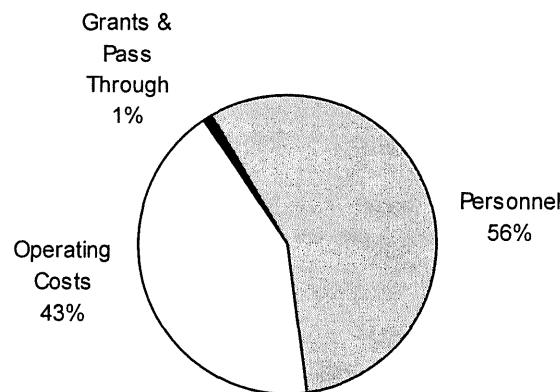
2000-01 Biennial Budget

PROGRAM: Administrative Support
AGENCY: Pollution Control Agency (PCA)
(Continuation)

FINANCING INFORMATION:



Program Expenditures by Category F.Y. 1998-99



BUDGET ISSUES:

The total cost of maintaining the information technology platform is not sufficient in the base budget to meet PCA and customer needs and technology advances. The distribution of additional staff to several statewide locations increases the PCA's dependence on technology solutions for communication, data analysis and information sharing.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level funding and the following change item:

- Closed Landfills (Administrative Support Costs)
- Information System Optimization

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **POLLUTION CONTROL AGENCY**

Program: **ADMINISTRATIVE SUPPORT**

Activity: **ADMINISTRATIVE SUPPORT**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	4,565	5,419	7,047	7,454	7,702	7,610	7,920	3,156	25.3%			
OPERATING EXPENSES	5,927	5,618	4,121	3,889	3,991	3,500	4,483	(1,265)	-13.0%			
TRANSFERS	0	0	0	136	136	142	142	278				
SUBTOTAL STATE OPERATIONS	10,492	11,037	11,168	11,479	11,829	11,252	12,545	2,169	9.8%			
CAPITAL OUTLAY	5	1	0	0	0	0	0	(1)	-100.0%			
LOCAL ASSISTANCE	0	86	85	0	0	0	0	(171)	-100.0%			
Total Expenditures	10,497	11,124	11,253	11,479	11,829	11,252	12,545	1,997	8.9%			
CHANGE ITEMS:												
(A) CLOSED LANDFILLS & ENVIRON ASSESS	MLC				(13)			(13)				
(A) CLOSED LANDFILLS & ENVIRON ASSESS	SW				13			13				
(B) INFORMATION SYSTEM OPTIMIZATION	ENV							943				
(B) INFORMATION SYSTEM OPTIMIZATION	GEN				350			350				
Total Change Items					350			1,293				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
GENERAL	1,611	1,678	2,014	1,898	2,248	1,903	2,253					
MINNESOTA RESOURCES	86	0	0	0	0	0	0	0				
PETROLEUM TANK RELEASE CLEANUP	462	433	442	442	442	442	442					
ENVIRONMENTAL	5,055	3,277	3,649	3,556	3,556	3,591	4,534					
METRO LANDFILL CONTINGENCY	8	8	8	8	0	8	0					
SOLID WASTE	1,070	996	1,266	1,128	1,136	1,156	1,164					
Total Financing	10,497	11,124	11,253	11,479	11,829	11,252	12,545					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: POLLUTION CONTROL AGENCY

Program: ADMINISTRATIVE SUPPORT

Activity: ADMINISTRATIVE SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
	Base	Governor Recomm.	Base	Governor Recomm.			
STATUTORY APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	0	1	1	1	1	1	1
SPECIAL REVENUE	1,819	4,319	3,446	3,765	3,765	3,820	3,820
FEDERAL	184	111	161	410	410	60	60
ENVIRONMENTAL	145	186	156	156	156	156	156
METRO LANDFILL CONTINGENCY	5	5	5	5	0	5	0
SOLID WASTE	52	110	105	110	115	110	115
Total Financing	10,497	11,124	11,253	11,479	11,829	11,252	12,545
FTE BY EMPLOYMENT TYPE:							
FULL TIME	92.7	96.4	129.6	129.2	135.2	126.3	134.3
PART-TIME, SEASONAL, LABOR SER	6.6	5.7	2.7	2.7	2.7	2.7	2.7
OVERTIME PAY	0.3	0.2	0.0	0.0	0.0	1.0	1.0
Total Full-Time Equivalent	99.6	102.3	132.3	131.9	137.9	130.0	138.0

F.Y. 2000-2001 Information Technology New Funding

AGENCY: POLLUTION CONTROL AGENCY

PROGRAM: ADMINISTRATIVE SUPPORT

ACTIVITY: ADMINISTRATIVE SUPPORT

IT Change Item: INFORMATION SYSTEM OPTIMIZATION

ITEM DESCRIPTION AND PURPOSE:

Information technology and data management capabilities need to be continuously updated to meet business requirements. The life cycle portion of this request will allow for a percentage of the personal computing platform to be routinely upgraded. This project will also create optical imaging capabilities to distribute paper files quickly to staff and stakeholders in areas outside of the metro area. This project will also improve data quality of the environmental databases and capabilities for staff and stakeholders in remote locations.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	26	31	6	6	6	6
Grants	0	0	0	0	0	0
Hardware	40	623	220	220	220	220
Personnel	248	310	62	62	62	62
Services	12	19	0	0	0	0
Software	6	209	62	62	62	62
Supplies	18	101	0	0	0	0
Training	0	0	0	0	0	0
Total	350	1,293	350	350	350	350

There is insufficient base money to maintain our information system technical architecture as demanded by the PCA's needs and its stakeholders. Life cycle replacement of personal computers is not adequate. In addition, geographic distribution of staff requires that files be optically imaged and remote conferencing be further developed. As more and more data is made available to interested parties, data quality must be improved.

The PCA requests that \$350,000 in F.Y. 2000 and \$350,000 in F.Y. 2001 be appropriated from the General Fund and \$943,000 in F.Y. 2001 be appropriated from the Environmental Fund. There is a sufficient balance within the Environmental Fund to support these activities.

RATIONALE:

The PCA must both optimize existing and implement new key Information Technology systems so that staff can operate efficiently to meet the public demand for more information and faster service. Minnesota citizens and businesses utilize this information to help protect their environment by becoming more involved and informed with environmental goals. This project will make more information available to PCA staff who can get it to the public faster especially in locations outside of the Twin Cities metro area.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X					
Operations	X	X	X	X	X	X
Modification	X	X	X	X	X	X
Retirement						

Some system modifications for the life cycle of personal computers has been accomplished, but will need to be expanded in the FY2000-01 biennium. The new systems will be designed and planned in the first fiscal year. Operations and maintenance will start in the first year, but the projects will not be fully functional until the second year of the biennium.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: POLLUTION CONTROL AGENCY
IT Change Item: INFORMATION SYSTEM OPTIMIZATION
(Continuation)

OFFICE OF TECHNOLOGY ANALYSIS:

The agency has made significant progress in information resource management practices. The agency has significantly re-organized its structure and methods for administering its programs. However, it remains unclear what, if any, impact this re-organization will have on information resource management.

OT Master Plan: Goal 2-Efficient and effective government. This project would provide optical imaging and remote video conferencing and would also upgrade existing technology infrastructure. Recommendation: Identify business requirements and clarify project budget. OT supports this project contingent upon identification of business requirements and project budget.

GOVERNOR'S RECOMMENDATION:

The Governor recommends this change item as requested by the agency.

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Environmental Assistance, Office of (OEA)

	PAGE
Agency Executive Summary	D-104
Budget Brief(s)	D-109
Agency Level Revenue Summary	D-112
Federal Funds Summary	D-114

PROGRAM, BUDGET ACTIVITIES, AND CHANGE ITEMS

ENVIRONMENTAL ASSISTANCE

Research, Policy Analysis, Planning Assistance, and Evaluation	D-115
Project Implementation	D-119
Change Item - Financial Assistance	D-123
Education and Information	D-125
Change Item - Educational Assistance	D-129
Management and Support Services	D-130

2000-01 Biennial Budget Agency Executive Summary

AGENCY: Environmental Assistance, Office of (OEA)

AGENCY MISSION AND VISION:

Mission: To protect Minnesota's environment and assure a sustainable economy through waste prevention and resource conservation.

Vision: The OEA has adopted the following environmental outcomes to provide an overall vision for its programs.

- *Minnesotans prevent waste and pollution and conserve resources.*
- *Minnesota's waste is recycled and managed in an environmentally sound manner.*
- *Minnesota communities are sustainable.*
- *Minnesotans make educated decisions and actions regarding the environment.*

KEY SERVICE STRATEGIES:

The OEA is a service organization, oriented toward helping businesses, local governments, schools, community organizations or institutions, or individual citizens achieve the desired outcomes.

Our key service strategies include:

- Working in partnership with local units of government, businesses, schools, community organizations or institutions and individual citizens, to plan and implement programs that result in waste reduction, recycling, and other environmentally preferable waste management practices.
- Providing financial incentives with grants and loans, and leveraging other resources, so others can implement pollution prevention, source reduction, recycling collection and market development, and waste processing or other resource conservation methods.
- Informing and promoting resource conservation through print and electronic media: pollution prevention, source reduction, recycling, composting, waste processing and environmental education.
- Researching, developing and advancing statewide policy initiatives that work towards achievement of outcomes.
- Researching, evaluating and modifying current programs to improve our services.

PERFORMANCE SUMMARY:

To evaluate progress toward these outcomes and ultimately the Mission Statement, the OEA is implementing a performance measurement system. The performance measures include data and information on solid waste generation and recycling; pollution and toxicity prevention; sustainable communities; and environmental education. Key findings include:

- Minnesotans recycled approximately 46% of the waste stream in 1997, however recycling rates in recent years have leveled out.
- Municipal solid waste (MSW) generation continues to rise in Minnesota. Increases in waste generation have ranged from 3.3% in 1993 to 5.1% in 1996. Since 1992, the per capita generation of MSW has increased by 16%. During this same period, population growth increased by 8.6%. If trends continue, by 2020 we will triple the amount of waste we currently generate.
- Minnesotans are making progress in preventing industrial waste and pollution. Toxic Release Inventory (TRI) reporting shows a reduction from 70 million tons of chemical releases in 1987 to approximately 20 million tons in 1996. However, this data indicates that most reductions are due not to pollution prevention, but rather to a change in how companies manage chemical releases.
- Efforts in environmental education are starting to pay off as shown by the test scores of our students. The results of the Third International Mathematics and Science Study (1996) showed Minnesota students scored significantly higher than students in most other states and countries in earth science, life science and environmental issues. Minnesota 8th grade students had an average score of 67% versus 61% nationally.

OPERATING ENVIRONMENT:

Based on the 74% voter response in favor of the environmental trust fund and the right to hunt and fish, the people of Minnesota overwhelmingly value a clean environment and support programs that ensure clean air, land and water. The OEA is focused on prevention as the key strategy to create and maintain a healthy environment. We use education, incentives and technical assistance to enable others to take actions that accomplish our mission.

Currently, Minnesota's economy is healthy and its unemployment rate is among the lowest in the country. This leads to increased consumption which means more waste is generated. As a result, waste generation rates are outpacing our ability to manage waste in accordance with state policy. For example, the state's resource recovery system is presently at full capacity and our ability to build new facilities

**2000-01 Biennial Budget
Agency Executive Summary**

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

is limited by the cheap price charged to landfill waste. Our recycling rate has leveled at 45% which will be difficult to maintain, let alone increase, without new market capacity. To date, waste reduction initiatives have had only a slight impact towards the state goal of reducing solid waste generation by 10% by the year 2000. And, although our manufacturers are releasing fewer chemicals, more waste chemicals are being managed by manufacturers as a result of producing products. Without increased efforts in these areas, Minnesota's state policy goals and the OEA's environmental outcomes will be challenged and our success in pollution prevention, waste reduction and recycling will be compromised. Landfilling will become the state's predominant waste management method.

To address this problem, the OEA has developed strategies to convert the current solid waste management system into a resource conservation based system. Current systems can be optimized through improved separation and more efficient materials collection systems. And, various components of the waste stream can be managed as a resource rather than waste. There is increased interest from the business community, both nationally and in Minnesota, to change manufacturing processes so that less pollution and waste are generated, to create environmentally preferred products, and to sell products that have recycled content or contain fewer hazardous chemicals. Reduced generation of hazardous waste, solid waste and toxic chemicals has become an economic and competitive consideration for businesses, thus providing an incentive to work with the OEA towards achieving the state's waste management goals. Increased technical and financial assistance to local units of government and private industry will advance implementation of waste and toxicity reduction technologies and practices. Enhanced environmental education efforts will work to instill these philosophies throughout society.

ORGANIZATION/PROGRAM STRUCTURE:

DIRECTOR AND EXECUTIVE MANAGEMENT	4.0 fte
Research, Planning	16.5 fte
Project Implementation	20.8 fte
Education and Information	15.7 fte
Management and Administration	7.5 fte
6/30/98 Total FTEs	64.5

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget except for the following adjustments: a biennial increase in funding of \$2,214,000 for Financial Assistance Programs and \$740,000 for Environmental Education Outreach.

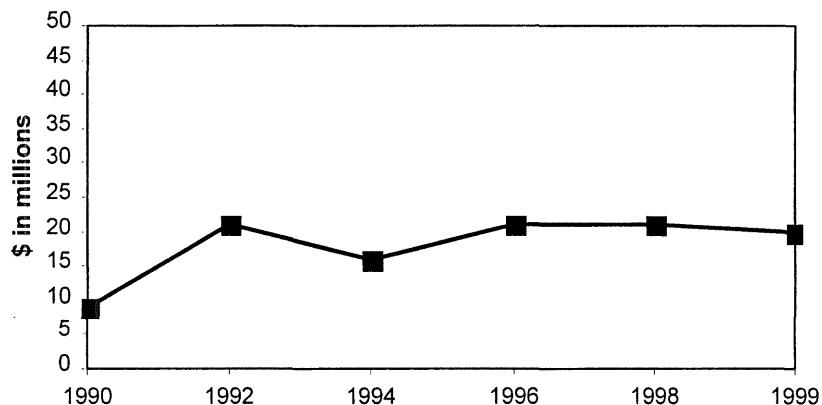
The Governor makes no recommendation regarding the LCMR projects put forward by the Office of Environmental Assistance.

**2000-01 Biennial Budget
Agency Executive Summary**

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

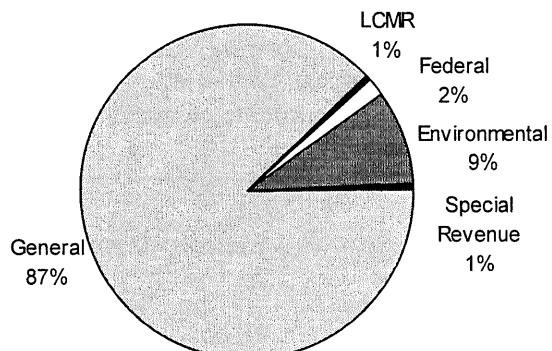
TRENDS AND PERSPECTIVE:

**Total Budget - All Funds
Annual**



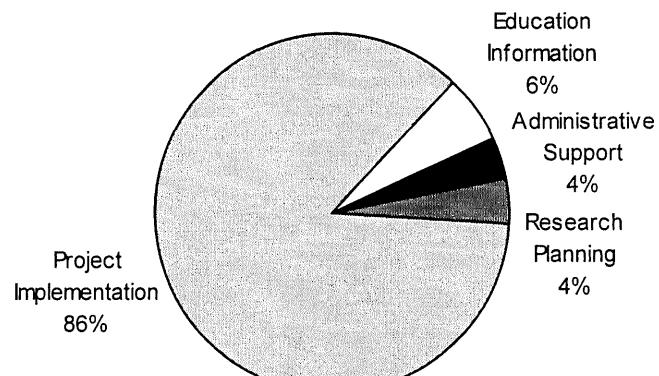
1998-99 Expenditures by Fund

Total \$46 million



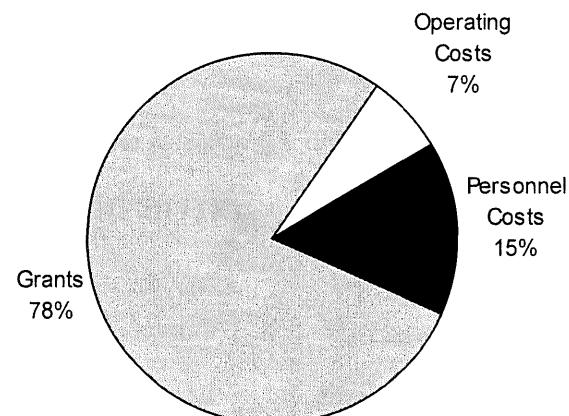
1998-99 Expenditure by Budget Activity

Total \$46 million



1998-99 Expenditures by Category

Total \$46 million



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
RESEARCH, POLICY, PLANNING	888	816	1,279	1,087	1,162	1,046	1,121	188	9.0%
PROJECT IMPLEMENTATION	20,337	18,570	21,218	19,215	20,572	19,140	20,247	1,031	2.6%
EDUCATION AND INFORMATION	1,343	1,059	1,335	1,171	1,641	1,208	1,678	925	38.6%
MANAGEMENT & SUPPORT SERVICES	1,223	958	1,112	985	985	992	992	(93)	-4.5%
Total Expenditures	23,791	21,403	24,944	22,458	24,360	22,386	24,038	2,051	4.4%
CHANGE ITEMS:									
(B) FINANCIAL ASSISTANCE	GEN				1,107			1,107	
(B) EDUCATIONAL ASSISTANCE INITIATIVE	GEN				370			370	
(B) LCMR - ENVIRON PREFERABLE CHEMICALS	EVT				75			75	
(B) LCMR - CONSTRUCT, DEMOLITION DEMO PRO	MNR				250				
(B) LCMR - SUSTAINABILITY FORUMS	EVT				100			100	
Total Change Items					1,902			1,652	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	202	53	0	0	175	0	175		
GENERAL	20,964	18,332	20,148	19,363	20,840	19,446	20,923		
MINNESOTA RESOURCES	0	131	0	0	250	0	0		
ENVIRONMENTAL	1,991	953	1,548	1,268	1,268	1,273	1,273		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	33	116	211	214	214	102	102		
FEDERAL	251	160	398	313	313	270	270		
ENVIRONMENTAL	342	1,658	2,639	1,300	1,300	1,295	1,295		
GIFT	8	0	0	0	0	0	0		
Total Financing	23,791	21,403	24,944	22,458	24,360	22,386	24,038		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	64.5	64.5	65.5	67.5	73.5	67.5	73.5
PART-TIME, SEASONAL, LABOR SER	9.0	12.3	11.5	1.5	1.5	0.6	0.6
Total Full-Time Equivalent	73.5	76.8	77.0	69.0	75.0	68.1	74.1

2000-01 Biennial Budget
Agency Budget Brief
(*\$* in thousands)

Agency: Environmental Assistance Office

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>	<u>GOVERNOR'S RECOMMENDATION(S):</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)	\$19,277	\$19,277	\$38,554	The Governor recommends base funding levels as requested in the agency's budget except for the following adjustments:
<u>BASE ADJUSTMENT</u>				
2000-01 Salary and Benefit Uniform Pension Bill Reduction Statewide Administration Systems	81 (4) <u>9</u>	164 (4) <u>9</u>	245 (8) <u>18</u>	<ul style="list-style-type: none"> ■ Financial Assistance. This initiative will provide additional resources to assist in achieving the state's goals for environmental protection and resource conservation.
<u>BASE LEVEL (for 2000 and 2001)</u>	\$19,363	\$19,446	\$38,809	<ul style="list-style-type: none"> ■ Education Assistance. This initiative will further the goals of Minnesota's state plan (<i>A Greenprint for Minnesota</i>) for environmental education.
<u>CHANGE ITEMS</u>				
Financial Assistance Educational Assistance	1,107 <u>370</u>	1,107 <u>370</u>	2,214 <u>740</u>	The Governor makes no recommendation regarding the LCMR projects put forward by the Office of Environmental Assistance.
GOVERNOR'S RECOMMENDATION	\$20,840	\$20,923	\$41,763	

Brief Explanation of Budget Decisions:

- \$14,008,000 per year of General Fund dollars is dedicated to Select Committee on Recycling and the Environment (SCORE) block grants to counties.
- \$1,075,000 per year is allocated to competitive grants.
- The base adjustments are \$81,000 in F.Y. 2000 and \$164,000 in F.Y. 2001 for salary and benefit compensation, \$4,000 each year for uniform pension reduction, and \$9,000 for the agency's cost of operating statewide computer systems.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Environmental Assistance Office

Fund: Environmental

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>	<u>GOVERNOR'S RECOMMENDATION:</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)	\$1,318	\$1,318	\$2,636	The Governor recommends the agency's base budget.
<u>BASE ADJUSTMENT</u>				
Salary Adjustment	6	11	17	
Receipts Reduction	(56)	(56)	(112)	
<u>BASE LEVEL (for 2000 and 2001)</u>	\$1,268	\$1,273	\$2,541	
<u>CHANGE ITEMS</u>	-0-	-0-	-0-	
GOVERNOR'S RECOMMENDATION	\$1,268	\$1,273	\$2,541	

Brief Explanation of Budget Decisions:

- Reduction in actual earnings from pollution prevention fees requires a one-time spending reduction in F.Y. 1999 of \$183,776 to balance the fund.
- The pollution prevention fund cannot support a salary supplement increase in F.Y. 2000-2001.
- Pollution prevention revenues are expected to rise to \$1,100,000 starting in F.Y. 2000.
- The salary adjustment is for the Metropolitan Landfill Abatement account.
- Receipt reduction adjustment represents lower revenues in Toxics in Products account.

This page intentionally left blank.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Environmental Assistance, Office of (OEA)

REVENUE SOURCES:

The OEA generates non-dedicated and dedicated revenue (including federal). 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.

Facilities generating releases pay a pollution prevention fee based on their reporting of toxic chemicals released. Fees generated from this program are used for technical and financial assistance to facilities to lessen and prevent such releases and reduce toxic chemical and hazardous waste generation.

Dedicated revenue is generated from federal grants (the office is presently working on 4 awards) and various seminars and workshops the office presents throughout the year.

FEE STRUCTURE:

The 2 primary fees collected under OEA programs are pollution prevention fees and landfill abatement fees. Pollution prevention fees are collected from persons required by U.S. Code, Title 42 to report, and owners or operators of certain facilities at a rate of \$150 for each toxic pollutant reported released plus a fee based on the total pounds of reported releases. Facilities reporting more than 25,000 pounds are assessed a graduated fee at the rate of 2 cents per pound of releases reported. If generating more than 1,000 kilograms of hazardous waste per month and not subject to the other fee, owners must pay a pollution prevention fee of \$500 per facility.

The metropolitan solid waste landfill fee is received by the Department of Revenue from operators of disposal facilities in the metro area. Facilities that weigh accepted waste must pay a fee of \$6.66 per ton; facilities that measure the volume of waste pay a fee of \$2 per cubic yard. After Department of Revenue is reimbursed for its costs, 3/4 of the remaining proceeds are deposited into the Metropolitan Landfill Abatement Account and 1/4 is deposited into the Metropolitan Landfill Contingency Action Trust Fund.

The fee structure of conference registrations charged is based on the estimated cost of the individual conference. OEA provides these conferences and seminars as technical assistance to its customers.

RECENT CHANGES:

Pollution prevention fee amounts collected have been decreasing in recent years due to increased pollution prevention technical and financial assistance leading to increased prevention.

FORECAST BASIS:

Starting with fees collected in January 2000, additional facilities will be required to report their toxic chemical releases. This will raise the projected revenues from \$890,000 in January 1999 to \$1.1 million in January 2000.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent			
<u>NON-DEDICATED REVENUE:</u>												
DEPARTMENTAL EARNINGS:												
ENVIRONMENTAL	1,020	887	890	1,100	1,100	1,100	1,100	423	23.8%			
OTHER REVENUES:												
GENERAL	19	19	49	40	40	35	35	7	10.3%			
OTHER SOURCES:												
GENERAL	95	49	254	239	239	133	133	69	22.8%			
Total Non-Dedicated Receipts	1,134	955	1,193	1,379	1,379	1,268	1,268	499	23.2%			
<u>DEDICATED RECEIPTS:</u>												
GRANTS:												
SPECIAL REVENUE	52	0	167	194	194	82	82	109	65.3%			
FEDERAL	274	111	396	313	313	270	270	76	15.0%			
OTHER REVENUES:												
SPECIAL REVENUE	64	22	22	20	20	20	20	(4)	-9.1%			
ENVIRONMENTAL	65	61	60	60	60	60	60	(1)	-.8%			
GIFT	8	0	0	0	0	0	0	0	0			
Total Dedicated Receipts	463	194	645	587	587	432	432	180	21.5%			
Agency Total Revenues	1,597	1,149	1,838	1,966	1,966	1,700	1,700	679	22.7%			

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Environmental Assistance, Office of (OEA)

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
Source Reduction Challenge (Project Implementation)	Yes	SO	45	15	0	0
Jobs Through Recycling (Project Implementation)	Yes	SO	66	183	0	0
Greenhouse Gas Emissions (Research, Planning)	Yes	SO	0	60	0	0
Nice 3 (Project Implementation)	Yes	SO	0	138	138	138
Environmental Preferable Purchasing	Yes	SO	0	0	49	0
Jobs Through Recycling 1999	Yes	SO	0	0	150	150
Agency Total			111	396	337	288

- Federal funds allow OEA to carry out special projects which enhance services proved, but OEA is not dependent on federal funds for day-to-day operations.
- During the past year the OEA was awarded the Greenhouse Gas Emission grant.
- 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.

KEY:

SO - State Operations
GPS - Grants to Political Subdivisions
GI - Grants to Individuals

2000-01 Biennial Budget

BUDGET ACTIVITY: Research, Policy Analysis, Planning Assistance, and Evaluation

PROGRAM: Environmental Assistance

AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY PROFILE:

The OEA's research, policy analysis and evaluation activities contribute to achieving Minnesota's efforts to reduce or prevent waste and pollution and recover resources from waste. The objectives of these efforts are to gather data and information that helps protect the environment, conserve, and efficiently manage resources.

The OEA's research, analysis and evaluation activities support the development of policies and programs to meet or advance the state's objectives. These complementary efforts support policy and program development that is well-informed, analytically rigorous and continuously evaluated. Every 2 years the OEA produces comprehensive reports on the Waste Management Act (chapter 115A) and the toxic Pollution Prevention Act (chapter 115D). The reports identify emerging issues and provide direction for future policies and programs. We also respond to legislative requests on specific topics, such as reducing packaging waste or appropriately managing potentially hazardous materials like old electronic appliances, fluorescent lamps or used oil and filters. The OEA instituted a performance measurement system to guide organizational decisions for program priorities and resource allocation, and to redesign or refocus our efforts when objectives have been met or change.

Over the past 15 years, planning activities have allowed the state to develop an integrated waste management system that has recycled materials, conserved and recovered resources, and reduced the practice of, and dependence on, land disposal of waste. These plans are designed to guide local and regional programs for solid waste reduction, recycling, yard waste management, problem materials management, and construction and demolition materials management.

STRATEGIES AND PERFORMANCE:

■ Greenhouse gas research

The OEA is conducting a study of the avoided materials use, energy use, air

emissions and land use associated with Minnesota's integrated waste management system. Preliminary results show that in 1996, nearly 1 million tons of fossil carbon dioxide emissions were avoided and that there were net declines in sulfur dioxide, carbon monoxide and particulates as a result of managing our wastes according to state policy.

■ Product stewardship

The OEA is leading discussions to form a policy framework for manufacturing, retail and consumer practices that reduce the environmental impacts from consumer products. Within this framework, specific initiatives include priority products, design changes, and the development of systems to collect, recycle and refurbish these products once they are no longer serviceable.

■ Waste management that conserves resources

While Minnesota's approaches to solid waste management contribute to substantial environmental protection, future trends call for greater attention toward the need to conserve resources more effectively. Minnesota's per capita waste generation continues to outpace the state's population growth. Waste generation projections suggest that Minnesota will have 3 times more waste in 2020 than today, which means tremendous increases in waste disposal, requiring new, bigger facilities. By making resource efficiency a stronger element of our policies today, we can influence the nature of this growing quantity of "waste" so that discarded materials are valued resources for industry.

■ OEA Program Evaluation

In 1997, OEA established program priorities and a performance measurement system to track progress. As a result, source reduction and education components have been incorporated into all aspects of our work; however, our performance measurement system and research efforts demonstrate an increased need in this area. This strategy also allows us to continually improve our programs, such as streamlining the current county planning process and improving our financial and technical services.

2000-01 Biennial Budget

BUDGET ACTIVITY: Research, Policy Analysis, Planning Assistance, and Evaluation

PROGRAM: Environmental Assistance

AGENCY: Environmental Assistance,
(Continuation)

BUDGET ISSUES:

The following challenges to state policy and the OEA's environmental outcomes exist:

- Rapid consolidation and vertical integration in the waste management industry have produced low disposal rates for waste, which fosters a "throw-away" mentality for businesses and consumers. The state needs to work to make sure these changes in the industry do not lead to short-sighted policies that would make us more dependent on land disposal of waste and inefficient in the use of our resources.
- Solid waste management costs Minnesotans over \$500 million per year. Achieving the state's 10% source reduction goal could substantially reduce our total expenditures for waste management.
- The existing solid waste management systems that are designed to reduce land disposal and recover resources face technical, economic and legal challenges. These systems need the state's help to meet these challenges and serve as a foundation from which we can build a materials recovery system to meet future demands given waste generation projections.

LCMR RECOMMENDATION:

- *Minnesota Environmentally Preferable Chemicals Project - Pass Through*

This LCMR recommendation provides for an agreement with the Institute for Local Self-Reliance to build an industry network of users and producers of petrochemicals and biochemicals, and to promote a shift to environmentally preferable chemicals. This appropriation must be matched by at least \$40,000 of nonstate money (\$150,000 from the Minnesota Environmental Trust Fund).

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: ENVIRONMENTAL ASSISTANCE
Program: OFFICE OF ENVIRONMENTAL ASSIST
Activity: RESEARCH, POLICY, PLANNING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	722	675	839	848	848	863	863	197	13.0%
OPERATING EXPENSES	166	141	440	239	239	183	183	(159)	-27.4%
SUBTOTAL STATE OPERATIONS	888	816	1,279	1,087	1,087	1,046	1,046	38	1.8%
LOCAL ASSISTANCE	0	0	0	0	75	0	75	150	
Total Expenditures	888	816	1,279	1,087	1,162	1,046	1,121	188	9.0%
CHANGE ITEMS:									
(B) LCMR - ENVIRON PREFERABLE CHEMICALS	<u>FUND</u> EVT				75			75	
Total Change Items					75			75	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	75	0	75		
GENERAL	808	725	1,105	991	991	988	988		
ENVIRONMENTAL	80	91	114	53	53	58	58		
STATUTORY APPROPRIATIONS:									
FEDERAL	0	0	60	43	43	0	0		
Total Financing	888	816	1,279	1,087	1,162	1,046	1,121		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	58	0	0	0	0	0	0		
FEDERAL	0	0	60	43	43	0	0		
Total Revenues Collected	58	0	60	43	43	0	0		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: RESEARCH, POLICY, PLANNING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	16.5	16.5	17.5	16.5	16.5	16.5	16.5
PART-TIME, SEASONAL, LABOR SER	1.5	1.5	2.7	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	18.0	18.0	20.2	16.5	16.5	16.5	16.5

2000-01 Biennial Budget

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

ACTIVITY PROFILE: The OEA uses financial and technical assistance to implement programs and policies that help counties, cities, businesses, communities, schools, the waste management industry, educators, and the public:

- Prevent waste and pollution.
- Recover materials and energy from waste.
- Reduce the use of land disposal.
- Coordinate development of waste management among counties and cities.
- Develop waste management systems and facilities that protect the environment and conserve resources and energy for today and into the future.
- Design products that have minimal impacts on the environment during their production, use and disposal.
- Balance community environmental considerations with economic and social concerns.

The OEA does this by creating strong partnerships with counties, businesses, cities, educators and communities. The OEA's service role is to offer technical expertise in areas that local resources cannot provide and financial incentives to develop and implement programs, policies and systems that protect the environment and conserve resources.

STRATEGIES AND PERFORMANCE:

Technical Assistance Strategies

- The OEA technical assistance priorities for counties 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. The county solid waste plans serve as the foundation for these technical assistance priorities.
- The OEA has targeted 4 materials for reduction to help achieve the state's goal of 10% waste reduction by the year 2000. The materials targeted include office paper, corrugated containers, food waste, and transport packaging.

These are large volume materials that will allow us to make a greater impact on the growing waste stream.

- The OEA works directly with businesses to develop manufacturing capacity for recyclable materials. OEA provides technical assistance in areas such as business development, recycled product development and marketing research. This effort has contributed to the establishment of an estimated 6,000 to 9,000 jobs in industries that use recycled feedstock.
- The Minnesota Technical Assistance Program (MnTAP) is an OEA funded program that provides direct assistance primarily to businesses with similar processes and waste streams. MnTAP helps businesses find ways to reduce waste and pollution via on-site and telephone assistance, interns, materials exchange and general research into process and raw material alternatives. In 1997, intern projects helped companies reduce 684,685 lbs of waste and emissions, conserve 7.8 million gallons of water and save more than \$1 million.
- A Design for the Environment (DFE) toolkit has been developed and piloted at several Minnesota manufacturers. OEA will target specific manufacturers over the next 2 years to implement specific product development projects. Also, lists of mercury-containing products have been developed and OEA will work with manufacturers to develop alternatives to mercury.
- The state purchasing contract for cleaners now contains many environmentally friendly alternatives to traditional cleaners. The OEA will work with the Department of Administration to revise other state purchasing contracts such as integrated pest management and electronics to include product stewardship components.
- The Governor's Awards for Excellence in Waste and Pollution Prevention will continue to recognize businesses and other organizations as leaders in cutting edge programs. Since its inception in 1991, over 50 organizations have been recognized with these awards.
- The Great Lakes Protection Fund has awarded OEA a \$305,000 grant to reduce Great Lakes contaminants that originate from medical waste streams, particularly those that are incinerated. Minnesota, Illinois, Michigan, and Wisconsin, will work with medical product manufacturers to design products with reduced environmental impacts and with healthcare procurement staff to evaluate the impact of products before they are purchased.

2000-01 Biennial Budget

BUDGET ACTIVITY: Project Implementation
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of (OEA)
(Continuation)

The primary contaminants of concern are medical products that may contain dioxin precursors and mercury.

Financial Assistance Strategies

■ Competitive Grant Awards

Since 1985, the OEA and its predecessors have awarded more than \$10 million in grants to entities across Minnesota. In 1998, the OEA provided \$1.25 million to 24 projects, leveraging nearly \$3 million in local financial contributions. The program emphasizes pollution and waste prevention, environmental education, materials reuse, source separation, recycling and market development of recyclables, and resource conservation -- activities that go beyond traditional treatment, control and disposal of wastes and pollution. Those eligible to apply for grants include Minnesota businesses, public entities, nonprofit organizations, schools and others involved in improving Minnesota's environment.

■ Capital Assistance Grant Program (CAP)

The OEA reviews and approves grants for integrated waste management facilities under the Solid Waste Processing Facilities Capital Assistance Grant Program (CAP). These activities foster the orderly and deliberate development of solid waste facilities necessary to protect the environment and public health and to conserve resources, as prescribed in county solid waste management plans. The state has funded 75 grants totaling \$37 million and has leveraged \$92 in million local contributions for the development of Minnesota's waste management infrastructure. Transfer stations, recycling facilities, waste-to-energy facilities and household hazardous waste facilities are eligible for these funds.

■ SCORE Grants

Each year, SCORE block grants of over \$14 million are disbursed to counties and Western Lake Superior Sanitary District to support and expand services to prevent waste generation, foster reuse of materials and expand recycling. A total of 46% of Minnesota's solid waste is now recycled. Solid waste plans must be approved to receive grant money.

■ Metropolitan Landfill Abatement Account

The OEA administers the Local Recycling Development Grant program for the 7 county metropolitan area to improve education, source reduction and waste exchange programs serving the region.

BUDGET ISSUES:

- Over the past 3 years, the OEA has been unable to fund 61 projects requesting financial assistance totaling \$2.6 million. The projects were all judged worthy of funding after a thorough review process. Contributions from these grantees would have leveraged an average additional \$6.2 million to match these state funds for F.Y. 1996, 1997 and 1998. Additional grant dollars will work towards meeting this need.
- A 1998 University of Minnesota survey of Minnesota counties identified source reduction as the second most frequently requested (43%) topical area for OEA technical assistance. This information further supports the need for these services established by the waste generation forecasts.

LCMR RECOMMENDATION:

- *Construction and Demolition Waste Abatement Demonstration Project - Pass Through.*

This LCMR recommendation provides for an agreement with the Green Institute to field test building deconstruction strategies, expanding markets for salvaged materials, and creating a community-based enterprise model. (\$250,000 from the Minnesota Future Resources Fund).

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: PROJECT IMPLEMENTATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	1,258	1,144	1,414	1,498	1,583	1,559	1,644	669	26.2%
OPERATING EXPENSES	449	315	796	499	499	420	420	(192)	-17.3%
OTHER EXPENSES	275	0	0	0	0	0	0	0	
SUBTOTAL STATE OPERATIONS	1,982	1,459	2,210	1,997	2,082	1,979	2,064	477	13.0%
LOCAL ASSISTANCE	18,355	17,111	19,008	17,218	18,490	17,161	18,183	554	1.5%
Total Expenditures	20,337	18,570	21,218	19,215	20,572	19,140	20,247	1,031	2.6%
CHANGE ITEMS:									
	FUND								
(B) FINANCIAL ASSISTANCE	GEN				1,107			1,107	
(B) LCMR - CONSTRUCT, DEMOLITION DEMO PRO	MNR				250				
Total Change Items					1,357			1,107	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	17,947	15,928	16,918	16,452	17,559	16,485	17,592		
MINNESOTA RESOURCES	0	95	0	0	250	0	0		
ENVIRONMENTAL	1,823	763	1,218	1,080	1,080	1,080	1,080		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	0	133	134	134	31	31		
FEDERAL	251	160	338	270	270	270	270		
ENVIRONMENTAL	316	1,624	2,611	1,279	1,279	1,274	1,274		
Total Financing	20,337	18,570	21,218	19,215	20,572	19,140	20,247		
REVENUE COLLECTED:									

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: PROJECT IMPLEMENTATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	0	0	137	137	137	31	31
FEDERAL	274	111	336	270	270	270	270
ENVIRONMENTAL	50	61	60	60	60	60	60
NONDEDICATED							
GENERAL	113	68	302	279	279	167	167
ENVIRONMENTAL	1,020	887	890	1,100	1,100	1,100	1,100
Total Revenues Collected	1,457	1,127	1,725	1,846	1,846	1,628	1,628
FTE BY EMPLOYMENT TYPE:							
FULL TIME	20.8	20.8	20.8	23.8	23.8	23.8	23.8
PART-TIME, SEASONAL, LABOR SER	3.0	6.3	4.8	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	23.8	27.1	25.6	23.9	23.9	23.9	23.9

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Environmental Assistance, Office of (OEA)
PROGRAM: Environmental Assistance
ACTIVITY: Project Implementation

ITEM TITLE: Financial Assistance

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$85	\$85	\$85	\$85
- Grants	\$1,022	\$1,022	\$1,022	\$1,022
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statutes(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The governor recommends an increased appropriation of \$1.107 million per year for the OEA's financial assistance programs.

RATIONALE:

This program has been instrumental in achieving environmental protection and resource conservation goals. Projects have contributed to a 70% reduction in toxic chemical releases and a 45% recycling rate for the state. As economic growth brings increasing prosperity to the state, the program represents a reinvestment to ensure that prosperity does not degrade our long-term environmental quality and public health. Significant challenges exist to inform and encourage Minnesotans to reduce waste. A goal of 10% waste reduction from 1994 to 2000 is in law. With additional funding, the OEA will expand its work and better address the following objectives:

- Help businesses develop new products and processes that provide alternatives to the use of toxic chemicals.

- Develop new markets and improve existing markets for recyclable materials.
- Ensure continued operation of existing solid waste management systems that currently are facing operational and financial challenges.
- Provide funding for 2 support staff to meet increasing demands for support services and changing computer technology. These 2 people are presently on staff and have been assisting OEA on a temporary basis. Because of the needs, funding is recommended to make these 2 positions permanent.

FINANCING:

Virtually all of the increase in funding for the OEA grants program will go directly to funding projects that meet the OEA's funding priorities. In addition, OEA is requesting funding for an accounting officer and an information technology specialist.

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Salaries	\$85,000	\$85,000
Grants	\$1,022,000	\$1,022,000

This request will be targeted toward these priority activities:

- Development of markets for recyclable materials and environmental technologies
- Improvements to solid waste management systems
- Minnesota Technical Assistance Program (MnTAP)

OUTCOMES:

Each year the OEA establishes funding priorities and seeks out projects that best meet those priorities. Priorities are placed on projects that reduce solid waste, emissions or increase recycling, thereby producing measurable environmental benefits and economic savings. This grant program produces solutions for the recipients and the state. These grants generally leverage more than double the awarded amounts in matching funds.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Education and Information

PROGRAM: Environmental Assistance

AGENCY: Environmental Assistance, Office of (OEA)

ACTIVITY PROFILE:

An integral part of OEA activities is providing environmental information and education to all Minnesotans. To carry out its planning and technical assistance functions, the OEA develops information and communication tools such as fact sheets, written reports, directories and videotapes. The OEA also develops workshops, attends key conferences and events to exhibit information as an interactive means to reach its audiences, and develop community networks for program implementation purposes.

The OEA facilitates various environmental education-based programming and partnerships statewide. Efforts include facilitating Minnesota Environmental Network for Diversity (MEND), Minnesota's Sustainable Communities Network, the Environmental Education Advisory Board (EEAB), and the implementation of environmental graduation standards.

STRATEGIES AND PERFORMANCE:

■ **Sustainable Communities**

The OEA works with communities so that environmental considerations are balanced with social and economic concerns. The results of OEA's work have contributed to over 1,400 members in the Minnesota Sustainable Communities Network and over 900 individuals who receive a bi-weekly e-mail newsletter. OEA is providing assistance to over 25 current sustainable community projects.

■ **Sharing Environmental Education Knowledge (SEEK)**

SEEK is a World Wide Web online directory of Minnesota environmental education resources. SEEK works as a clearinghouse for environmental education resources that come from a variety of organizations throughout Minnesota, including schools and colleges, government agencies, environmental learning centers and businesses. In 1998, SEEK's average daily users have been over 1,500, including 59 new users daily. At present, there are 93 contributors that input their environmental education resources on SEEK.

■ **Education and Information Clearinghouse**

Students, educators, businesses, and government officials benefit from resources available through the Clearinghouse. These resources include: printed materials such as fact sheets and brochures, reports, periodicals, educational materials for students and teachers, videos, tabletop displays, and educational software. Over 50% of the contacts are from students and educators.

■ **Environmental Education Capacity Building Workshops**

In May 1997, the OEA hosted the *Education Summit* for 18 state agencies and organizations receiving state funding. This meeting was the first in a series of meetings and workshops designed to increase the capacity in which environmental education can be developed and delivered. Due to the high interest level, the OEA held a second similar meeting in January 1998 called *Tools for Educating the Environment*. As a result, the OEA has also offered the following workshops:

- *Making the Graduation Standards Work for You*
- *What Tools are in the Toolbox and How do I Use Them?*
- *Untying Your Tongue and Other Useful Tips*
- *Reaching Adults Through Student Centered Learning*

■ **GreenPrint**

The OEA's role in education includes development of key strategies for state agency environmental education efforts through "GreenPrint for Minnesota" (GreenPrint). The GreenPrint series acts as a guide for environmental organizations and educators in delivering environmental education to all Minnesota audiences. The GreenPrint is currently under review by the OEA.

■ *The Resource* is the free quarterly newsletter. It covers a wide range of environmental issues ranging from Minnesota's integrated waste management system to the development of sustainable communities in our state. *The Resource* reaches approximately 6,000 residents, businesses and organizations in Minnesota as well as other states.

■ The OEA introduced its new website this past Earth Day. The site can be found at www.moea.state.mn.us and offers links to several other environmental resources. This technology now allows the OEA to make its resources more widely available and quickly accessible. We will continue to make our resources available through this medium and anticipate reducing the number of hard copies we print and distribute.

2000-01 Biennial Budget

BUDGET ACTIVITY: Education and Information

PROGRAM: Environmental Assistance

AGENCY: Environmental Assistance, Office of (OEA)

(Continuation)

BUDGET ISSUES:

- The OEA is part of a multi-state agency effort to improve the delivery and effectiveness of environmental education. By working in partnership, the agencies will enhance their existing tools and systems for building an environmentally aware citizenry that can make informed decisions about interactions between the natural and social system.
- A 1998 University of Minnesota survey identified waste education (47% frequency) and environmental education (36% frequency) as the first and third most frequently requested topical areas for OEA technical assistance.

LCMR RECOMMENDATION:

- *Sustainability Forums - - Pass Through*

This LCMR recommendation provides for an agreement with the Minnesota Division of the Izaak Walton League of America to conduct forums for the public and local units of government on sustainability and community-based planning objectives (\$200,000 from Minnesota Environmental Trust Fund).

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: EDUCATION AND INFORMATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	838	689	820	867	1,167	918	1,218	876	58.1%
OPERATING EXPENSES	504	334	515	304	374	290	360	(115)	-13.5%
SUBTOTAL STATE OPERATIONS	1,342	1,023	1,335	1,171	1,541	1,208	1,578	761	32.3%
LOCAL ASSISTANCE	1	36	0	0	100	0	100	164	455.6%
Total Expenditures	1,343	1,059	1,335	1,171	1,641	1,208	1,678	925	38.6%
<u>CHANGE ITEMS:</u>									
	FUND								
(B) EDUCATIONAL ASSISTANCE INITIATIVE	GEN				370			370	
(B) LMCR - SUSTAINABILITY FORUMS	EVT				100			100	
Total Change Items					470			470	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	202	53	0	0	100	0	100		
GENERAL	1,012	805	1,075	1,016	1,386	1,053	1,423		
MINNESOTA RESOURCES	0	36	0	0	0	0	0		
ENVIRONMENTAL	88	99	216	135	135	135	135		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	33	66	44	20	20	20	20		
GIFT	8	0	0	0	0	0	0		
Total Financing	1,343	1,059	1,335	1,171	1,641	1,208	1,678		
<u>REVENUE COLLECTED:</u>									

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: EDUCATION AND INFORMATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	6	22	22	20	20	20	20
ENVIRONMENTAL	15	0	0	0	0	0	0
GIFT	8	0	0	0	0	0	0
Total Revenues Collected	29	22	22	20	20	20	20
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	15.7	15.7	15.7	15.7	21.7	15.7	21.7
PART-TIME, SEASONAL, LABOR SER	3.0	2.0	1.5	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	18.7	17.7	17.2	15.7	21.7	15.7	21.7

F.Y. 2000-01 BUDGET CHANGE ITEM

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

ITEM TITLE: Educational Assistance

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$370	\$370	\$370	\$370
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statutes(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the OEA receive \$370,000 annually, to make further progress on the goals of Minnesota's state plan for environmental education (EE), called *A GreenPrint for Minnesota*.

RATIONALE:

With the direction of legislation and the GreenPrint, the OEA has produced and facilitated various EE programs and partnerships. Most educators, whether in agencies, communities, organizations or schools, are interested in environmental education assistance because they understand the need for coordination and cooperative efforts, as recommended by the GreenPrint.

Although the environmental education programs and assistance are available statewide, it is difficult to communicate, adapt, facilitate and deliver them out of a central office with a small education staff number. Therefore it is recommended to hire 6 regional EE staff to help solve the problem of lack of regional facilitation,

communication, skills, and coordination throughout Minnesota's environmental education community in working to achieve Minnesota's environmental education goals as stated in the GreenPrint.

Funding will be used to hire 5 environmental education and 1 communications staff members. The new staff will:

- Serve as an EE resource for the region by providing expertise and guidance for EE program development.
- Implement and facilitate source reduction and waste education programs by working with organizations, businesses, citizens, and schools.
- Continue to provide and increase access to EE information and provide SEEK training.
- Build Minnesota's capacity to deliver quality, inclusive environmental education to GreenPrint audiences.
- Aid in facilitating regional efforts toward achieving GreenPrint recommendations.
- Further the implementation of the Graduation Standards.
- Assist environmental educators and community leaders in incorporating sustainability issues into their programs.

FINANCING:

FTEs	6
Salaries	\$283,000
Operational	<u>\$87,000</u>
Total	\$370,000

OUTCOMES:

- The GreenPrint goal of having an environmentally literate citizenry in Minnesota will be further attained.
- Agencies, organizations, schools and others working in the EE field will experience better and wider collaboration and coordination.
- Minnesota's adults and youth will be better prepared to make informed decisions about the environment.

2000-01 Biennial Budget

BUDGET ACTIVITY: Management and Support Services
PROGRAM: Environmental Assistance
AGENCY: Environmental Assistance, Office of

ACTIVITY PROFILE:

Management provides leadership, coordination of programs and expertise to staff and customers. Support services provide financial, personnel, computer and clerical assistance to OEA staff and others.

The challenges facing this activity relate largely to the changing demands on government and evolving issues in dealing with the environment. Management must be able to anticipate future trends and problems and determine the best course of action. Support staff is expected to provide more service and technical assistance to staff while maintaining the same staffing resources. Computer networks must be maintained and periodically upgraded in order to allow staff to complete work and to be able to communicate electronically with others.

STRATEGIES AND PERFORMANCE:

Management has encouraged and assisted staff in developing OEA *Core Values*, behavior models that staff use when dealing with each other and with customers. OEA support services assist staff, the public and other customers in the most efficient and cost-effective manner possible. Contracts with Minnesota Pollution Control Agency (MPCA) and Department of Natural Resources (DNR) provide personnel, regional office space and assistance, and employee safety support. In-house computer software training is provided to staff. Financial oversight assures that taxpayer resources are protected and used in a responsible manner.

Performance measures:

- OEA received 3 exemplary audit reports during the last biennium from LCMR, Legislative, and Finance auditors. These audits covered all policies, processes and related control procedures, with only minor recommendations.
- The OEA local-area network is up and available for use 99% of annual hours. Down-time is usually on evenings or weekends.

Financing is provided by the General Fund. Expenditures under this activity account for 4% of the OEA's total spending and include salaries for 11 positions, a portion of building rent and other office-wide expenditures not costed out to budget activities.

BUDGET ISSUES:

Additional funding is needed for an accounting officer and an information technology specialist.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ENVIRONMENTAL ASSISTANCE

Program: OFFICE OF ENVIRONMENTAL ASSIST

Activity: MANAGEMENT & SUPPORT SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	657	695	775	748	748	766	766	44	3.0%
OPERATING EXPENSES	566	263	337	237	237	226	226	(137)	-22.8%
SUBTOTAL STATE OPERATIONS	1,223	958	1,112	985	985	992	992	(93)	-4.5%
Total Expenditures	1,223	958	1,112	985	985	992	992	(93)	-4.5%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	1,197	874	1,050	904	904	920	920		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	50	34	60	60	51	51		
ENVIRONMENTAL	26	34	28	21	21	21	21		
Total Financing	1,223	958	1,112	985	985	992	992		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	52	0	0	57	57	51	51		
NONDEDICATED									
GENERAL	1	0	1	0	0	1	1		
Total Revenues Collected	53	0	1	57	57	52	52		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
PART-TIME, SEASONAL, LABOR SER	1.5	2.5	2.5	1.4	1.4	0.5	0.5	0.5	0.5
Total Full-Time Equivalent	13.0	14.0	14.0	12.9	12.9	12.0	12.0		

2000-01 Biennial Budget

AGENCY: Minnesota-Wisconsin Boundary Area Commission

MISSION AND VISION:

The Minnesota-Wisconsin Boundary Area Commission is charged with promoting cooperation in the use, protection, and development in the public interest of the resources of the boundary river valleys – the St. Croix and Mississippi- a 266 mile corridor.

KEY SERVICE STRATEGIES:

The commission is a joint activity between the states under an interstate compact adopted in 1965. Minnesota is represented by 5 volunteer citizen commissioners appointed by the Governor. A legislative advisory committee of 5 senators and 5 representatives is appointed by statute to assist the commission.

While the commission is expressly denied any authority, it is directed by M.S. Chapter 1, Section 31, to employ:

- joint regional planning for the development of boundary areas;
- measures for controlling air and water pollution, maintaining water quality, and controlling water use;
- programs for control of soil and river bank erosion and the general improvement of the river basins;
- diversion of waters from and into the rivers;
- restrictions and regulation of land use development designed to preserve the scenic and recreational attributes of the river basins; and
- other restrictions, regulations or programs the commission may recommend to the party states.

In practical terms, the commission makes recommendations after studying issues according to an annual work program.

PERFORMANCE SUMMARY:

The commission evaluates itself against its annual work program.

REVENUES: None

EXPLANATION OF AGENCY'S BUDGET PLAN:

Wisconsin matches Minnesota appropriations. No significant spending change is planned from previous years. Salaries of 5 employees continue to be 3/4ths of budget

ISSUES AFFECTING AGENCY'S OPERATIONS:

Continued population growth in the St. Croix Valley intensifies competing interests. Threatened decrease in federal funding for environmental management in the Mississippi Valley requires continued vigilance. Gulf hypoxia is a new issue.

GOVERNOR'S RECOMMENDATION:

The Governor believes the commission represents an unnecessary duplication of effort, and should be eliminated. The commission's primary purpose is to conduct studies and make recommendations. It has no authority to enforce those recommendations, or to make them binding on any government entity. The purposes for which the commission was created largely overlap with existing programs in other agencies, and could be assumed by these agencies.

A one-time appropriation of \$70,000, to be matched by the State of Wisconsin, is recommended for the costs associated with closing the office.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: MINN-WISCONSIN BOUNDARY COMM

Program: MN/WISC BOUND AREA CO

Activity: MN/WISC BOUND AREA CO

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	15	2	3	4	0	4	0	(5)	-100.0%
SUBTOTAL STATE OPERATIONS	15	2	3	4	0	4	0	(5)	-100.0%
LOCAL ASSISTANCE	148	169	175	179	70	184	0	(274)	-79.7%
Total Expenditures	163	171	178	183	70	188	0	(279)	-79.9%
CHANGE ITEMS:									
	FUND								
(B) BOUNDARY AREA COMMISSION SUNSET	GEN				(80)			(154)	
(B) BOUNDARY AREA COMMISSION SUNSET	NRF				(33)			(34)	
Total Change Items					(113)			(188)	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	133	140	146	150	70	154	0		
NATURAL RESOURCES	30	31	32	33	0	34	0		
Total Financing	163	171	178	183	70	188	0		

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: MINN-WISCONSIN BOUNDARY

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	177	177	145	145	32	32	0	0
BASE ADJUSTMENTS								
SMALL AGENCY OPERATIONAL EXPENSE	2	3	1	1	1	2	0	0
2000-01 SAL. & BEN. BASE	4	8	4	8	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	6	11	5	9	1	2	0	0
BASE BUDGET	183	188	150	154	33	34	0	0

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Minnesota Zoological Garden (MZG)	PAGE
Agency Executive Summary	D-136
Budget Brief	D-140
Agency Level Revenue Summary	D-142
Change Item - F.Y. 1999 Operations Deficiency	D-144
Change Item - Zoo Operations	D-145

PROGRAMS, BUDGET ACTIVITIES, AND CHANGE ITEMS

MINNESOTA ZOO

Conservation	D-147
Education	D-151
Building Operations and Maintenance	D-156
Sales and Marketing	D-160
Administrative Support	D-164

2000-01 Biennial Budget Agency Executive Summary

AGENCY: Minnesota Zoological Garden (MZG)

AGENCY MISSION AND VISION:

The Zoological Garden (MZG) is an education, conservation and recreation organization created by M.S.Ch 85A for the collection, habitation, preservation, care, exhibition and the examination and study of wild and domestic animals.

Mission: *To strengthen the bond between people and the living earth.* This mission is accomplished through exhibits and programs to educate the public, to increase understanding of animals and nature and to encourage action on behalf of conservation efforts.

Vision: The MZG follows 7 vision strategies to achieve its mission:

- Create a magical experience
- Thrive as a special place for children
- Know our customers
- Manage visitors' moments of truth
- Link revenues to results
- Build a premier service organization
- Invest to keep the existing Zoo great

As required by Minnesota statute, the MZG is a public-private partnership and consists of adequate facilities and structures to meet its mission. The MZG enhances the quality of life in Minnesota by providing enjoyable education, conservation and recreation experiences to promote a better understanding of animals and nature and to encourage stewardship of natural resources. The MZG belongs to the people of Minnesota and its facilities and programs are accessible to all Minnesota citizens. The MZG also attracts many visitors from other states and countries.

KEY SERVICE STRATEGIES:

The MZG provides activities and programs for people of all ages and backgrounds to encourage stewardship for animals and nature and a greater appreciation for the rich diversity of the living earth.

- **Education** programs provide meaningful and entertaining interactions with the MZG's unique collection of plants and animals. Programs foster the development of values regarding species survival, biodiversity, habitat preservation and environmental stewardship. The MZG is a primary resource for Minnesota schools to achieve environmental education outcomes.

- **Conservation** efforts strive to preserve biodiversity and promote a better understanding of animals and nature. The MZG partners with local and global agencies and organizations to promote the survival of threatened and endangered species and ecosystems.
- **Recreation** opportunities are family-oriented educational experiences that are delivered both at the MZG and throughout Minnesota. Visitors to the MZG have fun and leave with a greater understanding, appreciation and respect for animals and nature.

MZG HISTORY:

In 1955, several organizations, including the Como Zoo, the Minnesota Zoological Society, the Citizens League and the Metropolitan Council began exploring the concept of a major metropolitan zoo. In 1969, this concept was expanded by the Minnesota State Legislature to encompass the entire state with the creation of the country's first state zoo. The Legislature established the MZG Board of Directors in 1969 and in 1973 approved the MZG master plan and passed a bonding bill that was signed by the Governor to fund the construction of the MZG. Ground breaking took place in May 1974 and the MZG officially opened to the public on May 22, 1978.

Since 1978, the MZG has been conserving wildlife and serving the public. Over 20.6 million people have visited the MZG. The MZG continually evaluates and improves its programs and services to provide the most effective and enjoyable experiences possible. More than 1.2 million people visit the MZG annually, including over 140,000 Minnesota K-12 students.

OPERATING ENVIRONMENT:

Issues affecting the MZG operations include:

- Approximately 70% of the MZG annual visits occur between Memorial Day and Labor Day.
- The expenses for maintenance of the facility and the management of the plant and animal collection are fixed and distributed throughout the year.
- The vast majority of revenue is generated by admission fees earned during the summer months.

Many factors beyond the MZG's control impact the levels of attendance and revenue, and, in part, determine whether MZG budget projections are realized.

- Growth in competing attractions.
- Adverse weather conditions.
- Decline in available leisure time.
- Economic conditions affecting disposable income.

**2000-01 Biennial Budget
Agency Executive Summary**

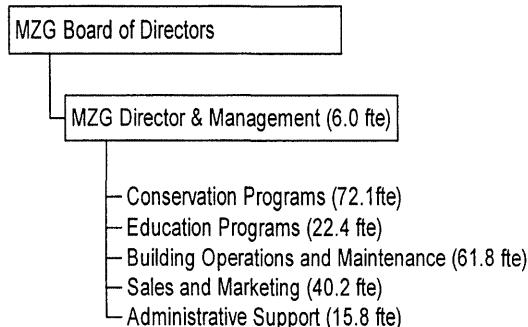
AGENCY: Minnesota Zoological Garden (MZG)
(Continuation)

The MZG is a valuable and unique education, conservation and recreation resource for all Minnesota citizens. As a state agency, the MZG is funded for F.Y. 1999 by MZG admission receipts (26%), state appropriation (35%), MZG revenue programs and activities (32%) and private philanthropic support (7%).

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>
BBS: excludes debt	\$16,115	\$16,152
Debt	<u>2,274</u>	<u>1,311</u>
TOTAL	\$18,389	\$17,463

The Minnesota Zoo debt for F.Y. 1997-98 is excluded from the budget system's expenditure totals because it was paid by an appropriation transfer between the Zoo and the Treasurer's Office. The Zoo's F.Y. 1999 through F.Y. 2001 budget expenditure totals include the debt expense as an expense item.

ORGANIZATION/PROGRAM STRUCTURE:



6/30/98 Total FTE's: 218.3

GOVERNOR'S RECOMMENDATION:

The Governor believes that the Zoo should not continue to be operated as a state agency. Rather, he recommends that the Zoo actively pursue a transition to private or non-profit management.

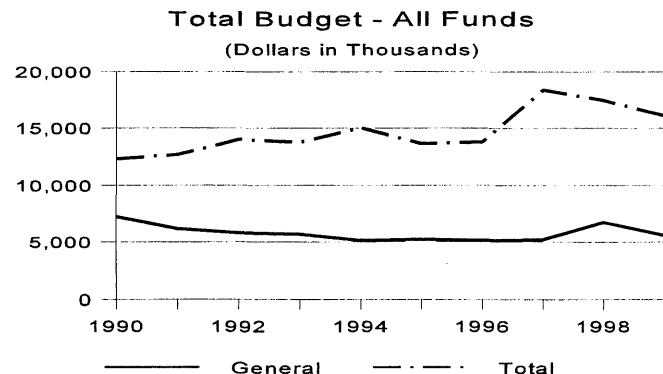
The Governor recommends supplemental funding of \$1 million for F.Y. 1999 and a total appropriation of \$7.449 million for F.Y. 2000 and \$7.929 million for F.Y. 2001. This level of support is approximately equal to the costs for physical plant operations and maintenance and the revenue loss for the free admission for students.

The increased level of funding in F.Y. 2001 (\$2.4 million) is contingent on the Zoo making significant progress toward an alternate operational management structure. The Zoo Board must submit a report to the Governor and the Legislature by February 1, 2000, recommending legislative changes needed to accomplish the alternate management structure.

**2000-01 Biennial Budget
Agency Executive Summary**

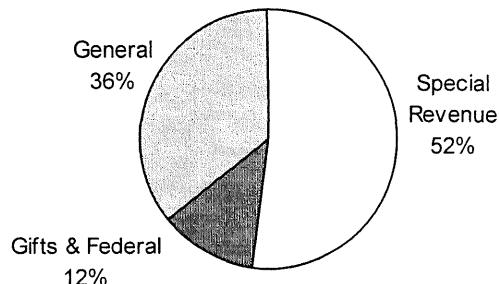
AGENCY: Minnesota Zoological Garden (MZG)
(Continuation)

TRENDS AND PERSPECTIVE:



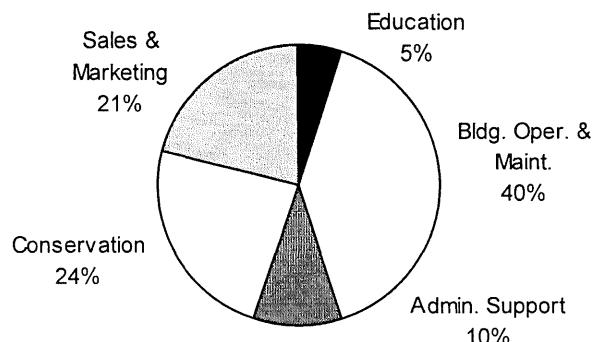
F.Y. 1998-99 Biennium Spending by Fund

Total Spending \$34 million



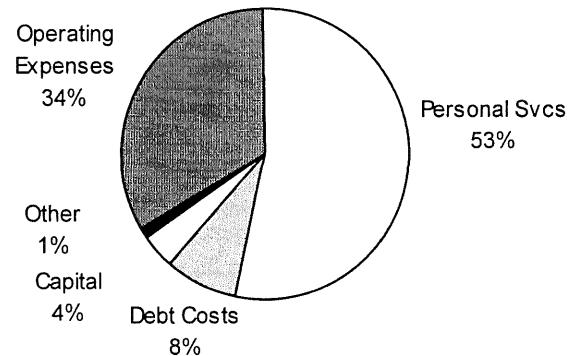
F.Y. 1998-99 Spending By Activity

Total Spending \$34 million



F.Y. 1998-99 Spending by Category

Total Spending \$34 million



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY ACTIVITY:</u>									
CONSERVATION PROGRAMS	3,703	3,928	4,266	3,553	3,962	3,592	4,287	55	.7%
EDUCATION PROGRAMS	996	1,011	1,007	657	1,082	657	1,110	174	8.6%
BUILDING OPERATIONS AND MAINT.	6,805	6,083	6,628	5,598	6,618	5,628	6,687	594	4.7%
SALES AND MARKETING	3,190	3,582	3,725	3,755	3,755	3,766	3,766	214	2.9%
ADMINISTRATIVE SUPPORT	1,421	1,548	1,912	1,854	2,000	1,854	2,047	587	17.0%
Total Expenditures	16,115	16,152	17,538	15,417	17,417	15,497	17,897	1,624	4.8%
<u>CHANGE ITEMS:</u>									
(P) FY99 OPERATIONS DEFICIENCY	GEN		1,000						
(P) ZOO OPERATIONS	GEN				2,000			2,400	
Total Change Items			1,000		2,000			2,400	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	5,241	5,568	6,626	5,449	7,449	5,529	7,929		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	8,404	8,495	9,031	8,907	8,907	8,907	8,907		
FEDERAL	59	14	0	0	0	0	0		
AGENCY	860	0	0	0	0	0	0		
GIFT	1,551	2,075	1,881	1,061	1,061	1,061	1,061		
Total Financing	16,115	16,152	17,538	15,417	17,417	15,497	17,897		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	151.8	157.9	151.3	135.0	157.0	133.1	160.0		
PART-TIME, SEASONAL, LABOR SER	47.3	56.6	41.5	40.3	50.3	39.4	49.8		
OVERTIME PAY	3.9	3.8	3.1	3.1	3.1	3.1	3.1		
Total Full-Time Equivalent	203.0	218.3	195.9	178.4	210.4	175.6	212.9		

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Minnesota Zoological Garden (MZG)

Fund: General

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)		\$5,368	\$5,368	\$10,736
<u>BASE ADJUSTMENT</u>				
F.Y.2000-01 Salary Inflation	79	159	238	
Pension Bill Reduction	(5)	(5)	10	
Statewide Administrative Systems	<u>7</u>	<u>7</u>	<u>14</u>	
<u>BASE LEVEL (for 2000 and 2001)</u>	\$5,449	\$5,529	\$10,978	
<u>CHANGE ITEMS</u>				
F.Y. 1999 Operational Deficiency	\$1,000			
Zoo Operations	<u>1,000</u>	<u>\$2,000</u>	<u>\$2,400</u>	<u>\$4,400</u>
<u>GOVERNOR'S RECOMMENDATION</u>	\$1,000	\$7,449	\$7,929	\$15,378

Brief Explanation of Budget Decisions:

- This plan includes base adjustments for salary inflation funding for both fiscal years, for the Uniform Pension Reduction Bill, and funding for Statewide Administrative Systems.

GOVERNOR'S RECOMMENDATION(S):

The Governor believes that the Zoo should not continue to be operated as a state agency. Rather, he recommends that the Zoo actively pursue a transition to private or non-profit management.

The Governor recommends supplemental funding of \$1 million for F.Y. 1999 and a total appropriation of \$7.449 million for F.Y. 2000 and \$7.929 million for F.Y. 2001. This level of support is approximately equal to the costs for physical plant operations and maintenance and the revenue loss for the free admission for students.

The increased level of funding in F.Y. 2001 (\$2.4 million) is contingent on the Zoo making significant progress toward an alternate operational management structure. The Zoo Board must submit a report to the Governor and the Legislature by February 1, 2000, recommending legislative changes needed to accomplish the alternate management structure.

This page intentionally left blank.

**2000-01 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 \$9.0 million in F.Y. 1999.

Gifts received from individuals, corporations and foundations are deposited in the gift fund and are estimated to be \$1.8 million in F.Y. 1999.

Interest earnings from Special Revenue and Gift Fund cash balances are estimated to be \$40,000 for F.Y. 1999.

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 4-1-2000."

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:

Attendance has been relatively steady in recent years and is forecast to remain the same. The revenues are expected to remain close to same levels.

FORECAST BASIS:

The F.Y. 2000-01 revenue forecast is based on attendance estimates of 1.3 million visitors in each year and no increase in admission prices.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: ZOOLOGICAL BOARD

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent			
<u>DEDICATED RECEIPTS:</u>												
DEPARTMENTAL EARNINGS:												
SPECIAL REVENUE	8,708	8,484	8,984	8,871	8,871	8,871	8,871	274	1.6%			
GRANTS:												
FEDERAL	56	14	0	0	0	0	0	(14)	-100.0%			
OTHER REVENUES:												
SPECIAL REVENUE	55	113	36	36	36	36	36	(77)	-51.7%			
GIFT	2,720	2,108	1,751	1,061	1,061	1,061	1,061	(1,737)	-45.0%			
OTHER SOURCES:												
SPECIAL REVENUE	422	0	0	0	0	0	0	0	0			
AGENCY	860	0	0	0	0	0	0	0	0			
Total Dedicated Receipts	12,821	10,719	10,771	9,968	9,968	9,968	9,968	(1,554)	-7.2%			
Agency Total Revenues	12,821	10,719	10,771	9,968	9,968	9,968	9,968		-7.2%			

F.Y. 2000-01 BUDGET CHANGE ITEM

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

ITEM TITLE: F.Y. 1999 Operations Deficiency

	1998-99 Biennium		
	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)			
General Fund			
- State Operations	\$1,000	\$-0-	\$-0-
Revenues: (\$000s)			
General Fund	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>			
If yes, statute(s) affected:			
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation	

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1.0 million in F.Y. 1999 for additional resources to maintain the operation of the MZG.

RATIONALE:

In exchange for the legislature's 1994 authorization to build the Marine Education Center, the Zoo agreed to pay the resulting debt service.

In June of 1997 the MZG opened Discovery Bay, a major new marine animal education exhibit. The annual operations cost for the exhibit is approximately \$1 million dollars and the Zoo is responsible for an additional \$1.2 million dollar payment on the debt service in F.Y. 1999.

Although the MZG and other zoos and aquaria across the country have routinely experienced increased attendance with openings of new major exhibits, attendance projections coinciding with the opening of Discovery Bay were not realized.

Discovery Bay provides excellent conservation and education program benefits, but did not yield sufficient additional revenue to cover the increased costs. The 1998-99 Biennial Budget was based on predicted higher attendance due to the opening of Discovery Bay. However, attendance fell short of projections resulting in revenues at less than projected level.

The MZG experienced a \$2.2 million budget deficit in F.Y. 1998. MZG management made adjustments to reduce this deficit by \$700,000 by not filling vacant positions, reducing part time/seasonal staffing and reassigning duties. During the 1998 legislative session, the MZG requested and received \$1.5 million supplemental funding for F.Y. 1998.

In October of 1998 the MZG projected a F.Y. 1999 deficit of \$2 million dollars from the planned budget. The Minnesota Zoo Foundation has made a commitment to increase its annual contribution for F.Y. 1999 by an estimated \$400,000. MZG management cost reductions of \$600,000 were also implemented, but the MZG requires supplemental funding of \$1 million in F.Y. 1999 to maintain adequate operations.

FINANCING:

Funds will be used for personnel and operating costs necessary to maintain adequate facilities and programs for the collection, habitation, preservation, care, exhibition and examination and study of wild and domestic animals.

OUTCOMES:

With \$1 million in supplemental funding, the MZG will continue at an adequate level of operation for F.Y. 1999. If this deficiency is not funded, the MZG will be unable to maintain operations and will need to lay off employees and reduce programs. This could result in the permanent layoff of 20 state employees. The MZG will be unable to operate or would reduce programs such as the Minnesota Trail, the Northern Trail, or Conservation and Education programs. Maintenance of the facility would be significantly reduced, which will ultimately increase costs. Program reductions will also reduce attendance, leading to a greater F.Y. 2000 budget deficit and further budget problems.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Minnesota Zoological Garden (MZG)

PROGRAM: Minnesota Zoo

ACTIVITY:

ITEM TITLE: Zoo Operations

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$2,000	\$2,400	\$2,400	\$2,400
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$2.0 million in F.Y. 2000 and \$2.4 million in F.Y. 2001 for the Minnesota Zoo operations. The total recommended level of General Fund appropriations is approximately the estimated current cost of operating and maintaining the physical plant, and revenue loss from the free admissions for students.

The increased level of funding in F.Y. 2001 (\$2.4 million) is contingent on the Zoo making significant progress toward an alternate operational management structure. The Zoo Board must submit a report to the Governor and Legislature by February 1, 2000, recommending legislative changes needed to accomplish the alternative management structure.

RATIONALE:

Pursuant to the legislative mandate of the 1998 session, the recommendations of the Legislative Auditor's Office and the direction of the members of the Minnesota Zoo Board, the Minnesota Zoo set out to review its budgeting practices and the operating assumptions of the Zoo. In completing this review, the Zoo assembled a group of the parties involved in the MZG. The parties included the Zoo,

represented by members of the Minnesota Zoo Board and the Minnesota Zoo Foundation Board, the executive branch, represented by the Department of Finance, and members of the legislature.

These parties met over several months with the specific purpose of defining long-term expectations and relationships. Consensus principles arising from the meetings included agreement that:

- the MZG should provide a quality zoo for all Minnesotans;
- responsibilities of the partners need be clearly defined;
- emphasis on attendance should be reduced but not eliminated;
- provide funding for conservation and education programs;
- all partners will participate in new facility development decisions.

One goal of these meetings was to determine and agree upon a funding relationship between the state and the Minnesota Zoo Board.

The Governor believes that the Zoo should not continue to be operated as a state agency. Rather, he recommends that the Zoo actively pursue a transition to private or non-profit management.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Conservation
PROGRAM: Minnesota Zoo
AGENCY: Minnesota Zoological Garden (MZG)

ACTIVITY PROFILE:

Conservation Programs fulfill the MZG mission *to strengthen the bond between people and the living earth* by managing programs for the collection, habitation, preservation, care, exhibition and the examination and study of wild and domestic animals. Conservation Programs provide the MZG visitors with interpretive programs and activities related to the management of the MZG plant and animal collection.

- Comprehensive Animal Collection and Conservation Plans are being established to continually evaluate and update animal exhibits according to their conservation significance and impact for visitors.
- MZG research promotes the survival of threatened and endangered species. The MZG is a partner in a global network to manage animal reproduction and population studies.
- The MZG works closely with and houses the international headquarters of both the Conservation Breeding Specialist Group (CBSG) and the International Species Information System (ISIS). CBSG manages captive and wild populations of over 3,000 endangered species around the world. ISIS is a database used to manage breeding programs for more than 6,000 threatened and endangered species in 58 countries. These are self-supporting organizations that lease space from the MZG and greatly enhance MZG conservation programs.

Functional work areas within the Conservation Programs are as follows:

- *Biological Programs Administration* manages the activities of the Conservation Programs.
- *Conservation Office* develops, coordinates and implements conservation activities as part of global efforts to protect threatened and endangered animal species and ecosystems. Public education is an integral part of the Conservation Office efforts.
- *Animal Care* provides professional care for the acquisition, breeding and health of the MZG's diverse collection of animal species.

- *Animal Health* provides preventative health care, medical treatment according to the best veterinary practices and maintenance of accurate accession and health records.
- *Animal Interpretive Programs* provide entertaining and educational programs utilizing the MZG animal collection. These programs include the World of Birds Show, Dolphin Show, Zoolab and the Zoomobile programs both at the MZG and throughout Minnesota.
- *Horticulture* manages the care of the interior and exterior flora to provide enrichment for the animal collection and to enhance the visitor experience.

These work areas function cooperatively to deliver the best practice care of the MZG plant and animal collection. Conservation Programs also interacts with internal and external customers to support MZG education and recreation efforts.

STRATEGIES AND PERFORMANCE:

- The Conservation Programs staff will provide professional care for the collection of plants and animals according to the guidelines of the American Zoo and Aquarium Association.
- The Animal Collection Plan will be completed to guide the MZG long-range planning and the cooperative efforts of the conservation and education programs to create rich and thought provoking experiences.
- The Conservation Plan will be completed to define, prioritize and guide the MZG local and international conservation goals.
- An Exhibit Master Plan will be completed to evaluate and define each trail's mission, organization and species selection.
- Visitor understanding and enjoyment of MZG mission and exhibits will be measured through surveys.

2000-01 Biennial Budget

BUDGET ACTIVITY: Conservation

PROGRAM: Minnesota Zoo

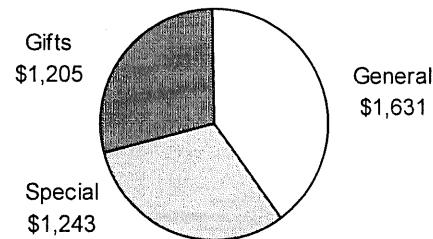
AGENCY: Minnesota Zoological Garden (MZG)

(Continuation)

FINANCING INFORMATION:

F.Y. 1999 Expenditure by Source of Fund

(Dollars in Thousands)



BUDGET ISSUES:

- The Conservation Programs budget includes all operational costs related to the care of the animal collection. The annual fixed costs include staff salaries, animal feed and veterinary care.
- These fixed costs do not vary based on the number of guests visiting the MZG.
- Conservation Programs operational costs increased with the expansion of the collection and programs related to the opening of Discovery Bay in June 1997. Although an increase in earned revenue was anticipated to fund the increased operational costs, the MZG has experienced lower than projected revenue.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: CONSERVATION PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	2,918	3,166	3,447	2,830	3,239	2,869	3,564	190	2.9%
OPERATING EXPENSES	785	762	819	723	723	723	723	(135)	-8.5%
SUBTOTAL STATE OPERATIONS	3,703	3,928	4,266	3,553	3,962	3,592	4,287	55	.7%
Total Expenditures	3,703	3,928	4,266	3,553	3,962	3,592	4,287	55	.7%
<u>CHANGE ITEMS:</u>									
	FUND								
(P) FY99 OPERATIONS DEFICIENCY	GEN		187						
(P) ZOO OPERATIONS	GEN				409			695	
Total Change Items			187		409			695	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	834	1,278	1,818	1,614	2,023	1,632	2,327		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,325	2,073	1,243	1,211	1,211	1,232	1,232		
FEDERAL	59	14	0	0	0	0	0		
GIFT	485	563	1,205	728	728	728	728		
Total Financing	3,703	3,928	4,266	3,553	3,962	3,592	4,287		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
SPECIAL REVENUE	554	518	207	184	184	184	184		
FEDERAL	56	14	0	0	0	0	0		
GIFT	104	197	226	226	226	226	226		
Total Revenues Collected	714	729	433	410	410	410	410		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: CONSERVATION PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	59.0	60.8	60.7	50.1	57.1	49.2	61.1
PART-TIME, SEASONAL, LABOR SER	9.7	10.2	10.3	9.5	9.5	9.5	9.5
OVERTIME PAY	1.2	1.1	1.1	1.1	1.1	1.1	1.1
Total Full-Time Equivalent	69.9	72.1	72.1	60.7	67.7	59.8	71.7

2000-01 Biennial Budget

BUDGET ACTIVITY: Education

PROGRAM: Minnesota Zoo

AGENCY: Minnesota Zoological Garden (MZG)

ACTIVITY PROFILE:

Education Programs fulfill the MZG mission *to strengthen the bond between people and the living earth* by providing education through interactions with the MZG plant and animal collection designed to foster the development of values regarding species survival, biodiversity, habitat preservation and environmental stewardship.

- The MZG is the only zoo with an education department that is accredited as a Special Function School by the North Central Association of Schools and Colleges.
- The MZG is a primary resource for Minnesota schools to achieve environmental education learning outcomes.
- The MZG is the largest environmental learning center in Minnesota, serving almost 250,000 program participants annually.
- In F.Y. 1998, 145,000 K-12 students and chaperones from 2,017 schools visited the MZG. This included 77,427 students who visited the MZG with free admission.
- Education Programs continue to provide leadership and instruction for the innovative curriculum at the School of Environmental Studies in partnership with Independent School District No. 196.
- Education Programs serve daily MZG visitors through interpretive graphics and programs such as Monorail tours, Shark Reef Feeding Sessions and special events.

Functional work areas within the Education Programs are as follows:

- *Education Programs Administration* manages the activities of the Education Programs.
- *Public and Community Programs* provide fun and informative programs for families, preschool-age children, scouts, college and university students,

community organizations and general public. Programs include Family Zoo Adventures, Zoo Camp, Scout Overnights, Minority Mentor Program, Zoo Career Nights and Internships.

- *School Programs* design and distribute curriculum materials and provide specialized education programs at the MZG. Programs include Guided Tours, Wildlife Quest Classes, Aquatic Overnights, Special Events, Zoolab Mornings, Monorail programs and Teacher Training and Development. Staff is developing methods to incorporate technology to extend the reach of MZG education programs.
- *Volunteer Services Programs* provide a variety of activities and programs for education classes and general public visitors. Volunteers provide animal demonstrations, lead tours, respond to visitor questions and assist staff in many ways. Volunteers have donated over 1 million hours of service to the MZG.
- *Monorail Programs* provided interpretive tours of the Northern Trail exhibits for 251,656 visitors in F.Y. 1998. Staff naturalists also developed and delivered a variety of educational programs for K-12 audiences.

These work areas function cooperatively to deliver high quality education programming. Education Programs partner with local and regional environmental and educational agencies and organizations to maximize the impact of efforts *to strengthen the bond between people and the living earth*.

STRATEGIES AND PERFORMANCE:

- Make significant program links to the MZG mission and vision strategies and assist in the development and implementation of the MZG Collection and Conservation Plans.
- Increase the participation base, especially from historically under served audiences, through knowledge of their backgrounds, use of innovative programming, new marketing approaches and outreach.
- Encourage return visits through unique visitor experiences and dynamic program development by ensuring that programs are new and relevant throughout the year. Add value to the visitor experience by infusing fun, innovation and recreation into the MZG experience.
- Develop indicators that will evaluate the overall effectiveness and efficiency of the Education Programs in fulfilling its mission and vision.

2000-01 Biennial Budget

BUDGET ACTIVITY: Education

PROGRAM: Minnesota Zoo

AGENCY: Minnesota Zoological Garden (MZG)
(Continuation)

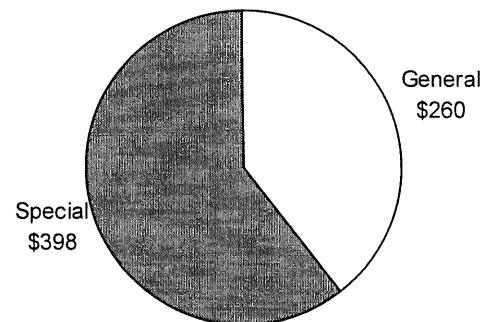
- Technology will improve customer service through more timely and efficient program scheduling processes and, contingent to funding, expand Education Programs to new audiences through distance-learning opportunities.

FINANCING INFORMATION:

F.Y. 1999 Expenditure by

Source of Fund

(Dollars in Thousands)



BUDGET ISSUES:

The Education Programs department is vital to meet the MZG mission.

- The Education Programs budget supports staff salaries, educational materials, professional development and program development, implementation and evaluation.
- Insufficient education classroom facilities limits the ability to meet the growing demand for programming.
- In accordance with M.S. Ch.85A.02 Subd. 17, Minnesota elementary school children are admitted at no charge when they are part of an organized school activity.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: EDUCATION PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	747	834	790	437	862	437	890	128	7.9%			
OPERATING EXPENSES	249	177	217	220	220	220	220	46	11.7%			
SUBTOTAL STATE OPERATIONS	996	1,011	1,007	657	1,082	657	1,110	174	8.6%			
Total Expenditures	996	1,011	1,007	657	1,082	657	1,110	174	8.6%			
CHANGE ITEMS:												
	<u>FUND</u>											
(P) FY99 OPERATIONS DEFICIENCY	GEN		349									
(P) ZOO OPERATIONS	GEN				425			453				
Total Change Items			349		425		453					
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
GENERAL	0	0	609	259	684	259	712					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	996	1,011	398	398	398	398	398					
Total Financing	996	1,011	1,007	657	1,082	657	1,110					
REVENUE COLLECTED:												
DEDICATED												
SPECIAL REVENUE	376	463	841	841	841	841	841	841				
Total Revenues Collected	376	463	841	841	841	841	841	841				

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: EDUCATION PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	7.2	7.6	4.8	4.4	5.4	4.0	5.0
PART-TIME, SEASONAL, LABOR SER	12.0	14.4	6.2	6.2	16.2	6.2	16.6
OVERTIME PAY	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	19.7	22.4	11.4	11.0	22.0	10.6	22.0

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Building Operations and Maintenance
PROGRAM: Minnesota Zoo
AGENCY: Minnesota Zoological Garden (MZG)

ACTIVITY PROFILE:

Building Operations and Maintenance ensures that adequate facilities are provided so that education, conservation and recreation programs are delivered efficiently, effectively and safely.

Functional work areas within Building Operations and Maintenance are as follows:

- *Operation Administration* manages the activities of the Building Operations and Maintenance.
- *Building Services* maintains the cleanliness of all interior MZG facilities (.5 million square feet) and provides support for guest services, education programs, conservation programs, special events and facility rentals.
- *Grounds Maintenance* maintains the cleanliness of all exterior MZG facilities (500 acres) and provides support for guest services, education programs, conservation programs, special events and facility rentals.
- *Supporting Trades* provide support services to all MZG programs and activities, including carpentry, electrical, exhibit design and fabrication, painting, plumbing, vehicle maintenance and welding.
- *Project Management* provides leadership for special operation, construction and maintenance projects.
- *Engineering* maintains climate control for the comfort of visitors and management of the collection of plants and animals.
- *Life Support* maintains the quality of the aquatic environments for the animal collection.

These areas work cooperatively to provide adequate care for the MZG facility within budget limitations. Building Operations and Maintenance interacts with internal and external customers to support MZG education, conservation and recreation efforts.

STRATEGIES AND PERFORMANCE:

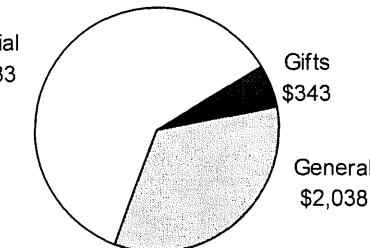
- Provide efficient and thorough support for all special events, including the 1999 American Zoo and Aquarium Association national conference.
- Maintain cleanliness and aesthetic appearance for all facilities to enhance the visitor experience.

- Implement a preventative maintenance program to correct and standardize various internal systems.
- Participate in the development of the Conservation Plan to ensure that environmentally friendly cleaning products are utilized and to reduce, recycle and reuse MZG consumption of natural resources.

FINANCING INFORMATION:

F.Y. 1999 Expenditure by Source of Fund

(Dollars in Thousands)



BUDGET ISSUES:

- Building Operations and Maintenance programs budget supports staff salaries, utilities and maintenance supplies and equipment required to maintain MZG facilities. These costs are fixed and do not vary according to attendance levels.
- The aging infrastructure of the MZG requires increased attention to preventative maintenance to allow for the professional care of the MZG plant and animal collection and the enjoyment by visitors.
- Appropriate increased investments in infrastructure maintenance will reduce the long-term need for major capital repair expenditures.
- Building Operations and Maintenance operational costs increased with the opening of Discovery Bay in June 1997. Although an increase in earned revenue was anticipated to fund the increased operational costs, the MZG has experienced less than projected revenue.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: BUILDING OPERATIONS AND MAINT.

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	2,388	2,625	2,729	2,102	3,012	2,164	3,113	771	14.4%			
OPERATING EXPENSES	2,762	2,218	1,998	2,027	2,137	2,027	2,137	58	1.4%			
OTHER EXPENSES	360	259	196	196	196	196	196	(63)	-13.8%			
TRANSFERS	0	0	1,274	1,238	1,238	1,206	1,206	1,170	91.8%			
SUBTOTAL STATE OPERATIONS	5,510	5,102	6,197	5,563	6,583	5,593	6,652	1,936	17.1%			
CAPITAL OUTLAY	1,295	981	431	35	35	35	35	(1,342)	-95.0%			
Total Expenditures	6,805	6,083	6,628	5,598	6,618	5,628	6,687	594	4.7%			
CHANGE ITEMS:												
	FUND											
(P) FY99 OPERATIONS DEFICIENCY	GEN		464									
(P) ZOO OPERATIONS	GEN				1,020			1,059				
Total Change Items			464		1,020			1,059				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
GENERAL	4,041	3,540	2,502	2,092	3,112	2,154	3,213					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	1,088	1,309	3,783	3,506	3,506	3,474	3,474					
AGENCY	860	0	0	0	0	0	0					
GIFT	816	1,234	343	0	0	0	0					
Total Financing	6,805	6,083	6,628	5,598	6,618	5,628	6,687					
REVENUE COLLECTED:												

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: BUILDING OPERATIONS AND MAINT.

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	637	38	0	0	0	0	0
AGENCY	860	0	0	0	0	0	0
GIFT	2,279	330	500	210	210	210	210
Total Revenues Collected	3,776	368	500	210	210	210	210
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	49.6	53.2	51.1	45.9	59.9	45.9	59.9
PART-TIME, SEASONAL, LABOR SER	4.5	7.2	0.0	0.0	0.0	0.0	0.0
OVERTIME PAY	1.5	1.4	0.7	0.7	0.7	0.7	0.7
Total Full-Time Equivalent	55.6	61.8	51.8	46.6	60.6	46.6	60.6

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Sales and Marketing

PROGRAM: Minnesota Zoo

AGENCY: Minnesota Zoological Garden (MZG)

ACTIVITY PROFILE: Sales and Marketing promotes the MZG to the public to encourage participation and highlight MZG education, conservation and recreation activities and programs. Sales and Marketing develops and delivers activities to attract guests and enhance the MZG experience.

Functional work areas within Sales and Marketing are as follows:

- *Sales and Marketing Administration* manages the activities of the Sales and Marketing program.
- *Guest Services* provide customer service to MZG visitors and support all initiatives for the public.
- *Public Relations and Marketing* defines and implements the media relations plan, advertising and promotions.
- *Development* interacts with internal and external customers to develop private support for MZG programs and activities.
- *Special Events* develops and implements special activities for the public to utilize the MZG facility.
- *Gift Store* is a retail operation with a variety of souvenirs, gift items and educational materials for the public to purchase. Total Gift Store sales in F.Y. 1998 were \$1.3 million.
- *Group Sales* interacts with a variety of community and corporate groups to promote their use of the MZG facility.
- *Travel Programs* provide MZG led experiences in a variety of exotic ecosystems.
- *Membership Program* promotes and administers the MZG Member program.
- *Concession Management* supervises MZG relationships with private vendors in their delivery of services to MZG visitors.

These areas work cooperatively to promote the MZG and its mission through interaction with customers to support MZG education, conservation and recreation efforts.

STRATEGIES AND PERFORMANCE:

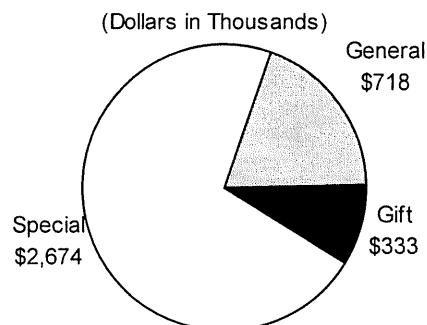
- Surveys will determine the effectiveness of marketing efforts and visitor satisfaction with the MZG plant and animal collection, programs and facilities.

Data from surveys will be utilized by the MZG Board of Directors and all MZG program areas to improve customer service and maintain program quality.

- The Marketing Plan will focus on MZG education and conservation efforts and correlate to the Conservation Plan, Collection Plan and Education Plan.
- Sales and Marketing efforts will generate sufficient attendance, program participation and revenue to meet or exceed budget projections.
- Development efforts will continue to increase private support for MZG programs and activities.

FINANCING INFORMATION:

F.Y. 1999 Expenditure by Source of Fund



BUDGET ISSUES:

- The Sales and Marketing programs are essential to ensure MZG attendance levels necessary to meet the projected revenues. The Sales and Marketing budget supports staff salaries, efforts to promote attendance and participation in MZG programs and special events such as concerts, Halloween and holiday special events.
- Due to increased competition for quality family recreational opportunities, the MZG Sales and Marketing efforts need to be maintained to achieve budget projections.
- Increased use of technology will improve customer services through more efficient and streamlined admissions procedures, membership programs, inventory, retail and scheduling procedures.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: SALES AND MARKETING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,375	1,502	1,555	1,584	1,584	1,595	1,595	122	4.0%
OPERATING EXPENSES	1,818	2,080	2,170	2,171	2,171	2,171	2,171	92	2.2%
OTHER EXPENSES	(5)	0	0	0	0	0	0	0	
SUBTOTAL STATE OPERATIONS	3,188	3,582	3,725	3,755	3,755	3,766	3,766	214	2.9%
CAPITAL OUTLAY	2	0	0	0	0	0	0	0	
Total Expenditures	3,190	3,582	3,725	3,755	3,755	3,766	3,766	214	2.9%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	718	723	723	723	723	723	
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,940	3,304	2,674	2,699	2,699	2,710	2,710	2,710	
GIFT	250	278	333	333	333	333	333	333	
Total Financing	3,190	3,582	3,725	3,755	3,755	3,766	3,766		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
SPECIAL REVENUE	7,182	7,498	7,810	7,810	7,810	7,810	7,810	7,810	
GIFT	337	527	1,025	625	625	625	625	625	
Total Revenues Collected	7,519	8,025	8,835	8,435	8,435	8,435	8,435		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: SALES AND MARKETING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	18.2	17.8	17.8	17.8	17.8	17.8	17.8
PART-TIME, SEASONAL, LABOR SER	17.9	21.7	21.9	21.5	21.5	20.6	20.6
OVERTIME PAY	0.5	0.7	0.7	0.7	0.7	0.7	0.7
Total Full-Time Equivalent	36.6	40.2	40.4	40.0	40.0	39.1	39.1

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Administrative Support

PROGRAM: Minnesota Zoo

AGENCY: Minnesota Zoological Garden (MZG)

ACTIVITY PROFILE:

Administrative Support provides management and support for the daily operation of the MZG. Administrative Support manages the MZG staff, financial and capital resources and ensures that the policies and initiatives of the MZG Board of Directors are effectively and efficiently implemented.

Functional work areas within Administrative Support are as follows:

- *Human Resources* ensures that state of Minnesota regulations regarding the management of and services for MZG employees are adhered to.
- *Finance and Purchasing* maintains financial records according to state of Minnesota guidelines and manages the MZG's procurement and inventory of supplies and materials.
- *Information Systems* manages the effective use of technology to improve customer service and maximize business operation efficiency.
- *Health, Safety and Security* maintains a safe and secure environment for customers, staff and the animal collection.

These areas work cooperatively to manage the MZG facility and its plant and animal collection. Administrative Support manages all MZG program areas and interacts with the MZG Board of Directors and external customers to support MZG education, conservation and recreation efforts.

STRATEGIES AND PERFORMANCE:

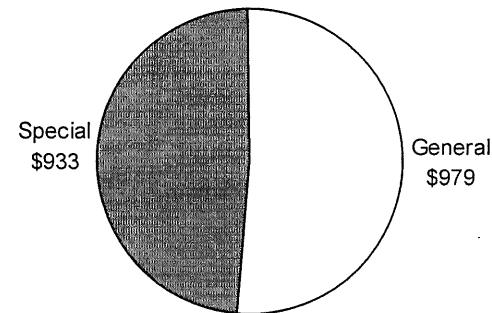
- Manage the MZG to meet or exceed F.Y. 2000-01 attendance and budget projections.
- Maintain high level of visitor satisfaction (The August 1998 Visitor Survey indicated that 71% of visitors rated their overall satisfaction with their Zoo visit as excellent.)
- Continue to promote preventative initiatives to improve safety for staff and visitors.
- Implement computerized ticketing and scheduling system to increase efficiency and improve customer service. The new system will be evaluated through visitor surveys.

- Host an informative and enjoyable 1999 American Zoo and Aquarium Association national conference.
- Implement computerized inventory bar coding system to improve internal efficiency.

FINANCING INFORMATION:

F.Y. 1999 Expenditure by Source of Fund

(Dollars in Thousands)



BUDGET ISSUES:

- The Administrative Support budget includes staff salaries and expenses related to the management of the MZG operation.
- Increased attendance expected from the opening of Discovery Bay in June 1997 was projected to be sufficient to fund the debt service obligation. The projected increase in attendance and associated increase in revenue was not realized and the \$1.25 million annual obligation for debt service has created annual budget deficits.
- Continued implementation of technology initiatives will improve customer experiences through more efficient and streamlined services.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: ADMINISTRATIVE SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	1,103	1,230	1,176	1,171	1,261	1,171	1,261	116	4.8%			
OPERATING EXPENSES	308	318	736	683	739	683	786	471	44.7%			
OTHER EXPENSES	10	0	0	0	0	0	0	0				
SUBTOTAL STATE OPERATIONS	1,421	1,548	1,912	1,854	2,000	1,854	2,047	587	17.0%			
Total Expenditures	1,421	1,548	1,912	1,854	2,000	1,854	2,047	587	17.0%			
<u>CHANGE ITEMS:</u>												
(P) ZOO OPERATIONS	<u>FUND</u> GEN				146			193				
Total Change Items					146			193				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	366	750	979	761	907	761	954					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	1,055	798	933	1,093	1,093	1,093	1,093					
Total Financing	1,421	1,548	1,912	1,854	2,000	1,854	2,047					
<u>REVENUE COLLECTED:</u>												
DEDICATED												
SPECIAL REVENUE	436	80	90	0	0	0	0	0				
Total Revenues Collected	436	80	90	0	0	0	0					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ZOOLOGICAL BOARD

Program: MINNESOTA ZOO

Activity: ADMINISTRATIVE SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	17.8	18.5	16.9	16.8	16.8	16.2	16.2
PART-TIME, SEASONAL, LABOR SER	3.2	3.1	3.1	3.1	3.1	3.1	3.1
OVERTIME PAY	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	21.2	21.8	20.2	20.1	20.1	19.5	19.5

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Natural Resources, Department of	PAGE
Agency Executive Summary	D-170
Budget Brief	D-175
Agency Level Revenue Summary	D-179
Federal Funds Summary	D-183
 PROGRAMS, BUDGET ACTIVITIES, AND CHANGE ITEMS	
MINERALS RESOURCE MANAGEMENT	D-188
WATER RESOURCE MANAGEMENT	D-194
Change Item - Red River Basin Flood Water Management	D-199
FOREST MANAGEMENT	D-201
Change Item - Base Budget Reductions	D-205
Forest Management	D-206
Fire Fighting	D-212
Youth Programs	D-217
Sustainable Restoration Act Implementation	D-221
Change Item - Sustainable Forest Resources Management Act Implementation	D-224
PARKS AND RECREATION MANAGEMENT	D-227
Change Item - State Park Operations	D-231
Change Item - DNR Workforce 2000 Initiative	D-232
TRAILS AND WATERWAYS MANAGEMENT	D-235
Trails and Waterways Management	D-240
Water Access and Recreation	D-244
Change Item - Federal Wallop/Breaux	D-249
Trails Recreation	D-251
Change Item - Snowmobile Budget Reduction	D-255
Change Item - Off-Highway Vehicle (OHV) Management	D-257
FISH AND WILDLIFE MANAGEMENT	D-259
Change Item - Game and Fish Fund Budget Reduction	D-265

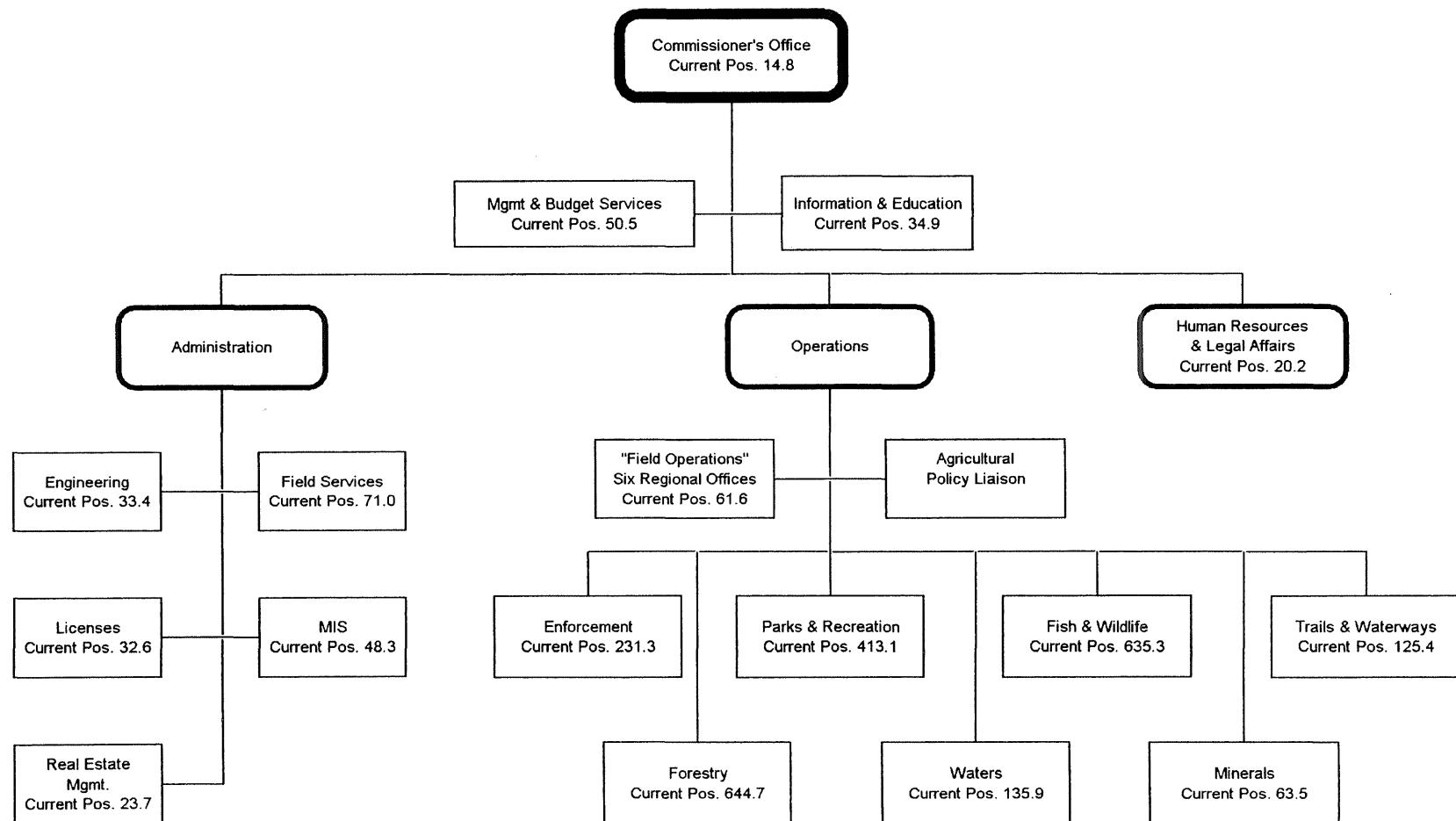
2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

(Continued)

AGENCY: Natural Resources, Department of	PAGE
PROGRAM, BUDGET ACTIVITIES, AND CHANGE ITEMS	
Fish Management	D-267
Wildlife Management	D-272
Change Item - Wildlife Dedicated Account Balances Initiative	D-277
Ecological Services	D-279
ENFORCEMENT - DNR LAWS AND RULES	D-284
Change Item - Law Enforcement 800 MHZ Radio Conversion	D-289
Change Item - Personal Watercraft Surcharge Repeal	D-290
OPERATIONS SUPPORT	D-291
Field Operations Support	D-297
Change Item - Statewide Asset Preservation and Repair	D-301
Change Item - Lakeshore Lease Land Exchange	D-303
Regional Operations Support	D-305
Administrative Management	D-309
IT Item - DNR Project IT Infrastructure	D-313
Change Item - Electronic Licensing System - Point of Sale System	D-315
Change Item - The Outdoors on the Line	D-316
IT Item - Project Cedar	D-317
Recreation and Local Initiative Grants	D-320

Minnesota Department of Natural Resources

Organization Chart



June 30, 1998 FTE: 2,640.2

PAGE D-169

2000-01 Biennial Budget Agency Executive Summary

AGENCY: Natural Resources, Department of (DNR)

AGENCY MISSION AND VISION:

The **mission** of the Department of Natural Resources as defined in statute (M.S. Chapter 84) is to manage the state's public lands, parks, timber, waters, minerals and wild animals for their commercial and recreational use.

In carrying out its mission, the DNR administers 12 million acres in mineral rights and 5.3 million acres of land for state forests, wildlife management areas, parks, recreation areas, scientific and natural areas, state trails and public water access sites.

Activities regulated by the department include hunting, trapping, fishing, boating, snowmobiling, wild rice gathering, timber harvesting, mineral exploration, mining and mineland reclamation, dredging, filling and draining protected waters and wetlands, constructing and maintaining dams, appropriating surface and ground waters, establishing lake levels and permitting work in the lake beds, development on shorelands, floodplains and wild and scenic rivers, private game farms, fish hatcheries, roadside zoo operations and open burning.

To guide the actions of all employees, DNR worked with citizens state wide to create its vision:

“Work with the people to manage the state’s diverse natural resources for a sustainable quality of life.”

DNR's vision hinges on the concept of sustainability. Surveys have shown that Minnesota citizens strongly support this concept and its underlying philosophy of integrating environmental, social, and economic factors in such a way that benefits the health of all three.

To implement this vision, the department's goals are:

to maintain, enhance or restore the health of Minnesota’s ecosystems so that they can continue to serve environmental, social and economic purposes;

to foster an ethic of natural resource stewardship among all Minnesotans.

KEY SERVICE STRATEGIES:

The department works with citizens, providing scientific and technical expertise, to set priorities and approaches in managing the diverse ecosystems of the state. Operationally, this is done through 7 divisions and nine support bureaus. Staff are located in 6 regions and over 200 field offices to provide services throughout the state. Key strategies as outlined in the department's strategic plan, *Directions for Natural Resources*, are the following:

- Expand development of partnerships with organizations and other agencies to develop common resource management objectives.
- Promote integrated approaches to managing resources.
- Accelerate the collection, interpretation, and dissemination of scientific information describing Minnesota's ecosystems and natural resources.
- Expand efforts to provide technical assistance to citizens and local governments.
- Improve communication with all stakeholders and citizens.
- Establish environmental education as a cornerstone for developing a natural resource stewardship ethic among all Minnesotans.
- Establish standards for evaluating and monitoring ecosystem health and effectiveness of ecosystem-based management efforts.
- Improve integration of planning and budgeting.
- Place more authority with area staff to manage budget and staffing priorities.

OPERATING ENVIRONMENT:

Minnesota's population increased from 4.1 million in 1980 to 4.6 in 1994, a 12.1% increase, the fastest growth rate in the Upper Midwest. The population is expected to increase to nearly 5.1 million by 2020.

Nearly 80% of Minnesotans live in cities.

Surveys indicate that most Americans prefer a single family dwelling in a non-urban setting.

Population growth, housing preferences and the economy are contributing to intense pressures on Minnesota's natural resources. Similarly, technological changes (jet skis, fish finders, off road vehicles) are putting unprecedented recreational pressure on Minnesota's resources. Increased demand on natural resources along with changes in land use and outdoor recreation challenge DNR's ability to meet its vision of sustainability.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

- Many ecological communities require restoration and improved management to reverse trends of declining health.
- Land use conversion continues to fragment and reduce the extent of ecological communities.

Declining health, fragmentation and loss weaken the ability of natural ecosystems to renew themselves and to provide resource products and services on a sustained basis.

"We abuse land because we regard it as a commodity belonging to us. When we see land as a community to which we belong, we may begin to treat it with love and respect." Aldo Leopold

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base budget, and the following change items:

General Fund

- Red River Basin Flood Water Mgmt - \$2 million in F.Y. 2000 and \$1 million in F.Y. 2001 to implement the agreements made in the Red River Mediation process.
- Base Budget Reductions - A reduction of \$1.208 million each year to eliminate state spending on lower priority programs..
- Sustainable Forest Resources Act - A biennial appropriation of \$1.5 million to continue the work of the Forest Resources Council for 2 more years.
- Workforce 2000 Initiative - \$390,000 in F.Y. 2000 and \$403,000 in F.Y. 2001 to continue the effort to reach out to minority Minnesotans.
- State Park Operations - \$1.088 million each year to fund operating standards.
- 800 MHZ Radio Conversion - A one-time appropriation of \$302,000 each year to convert to the 800 MHZ radio system in the metro area.

- Project IT Infrastructure - \$1.298 million in F.Y. 2000, and \$616,000 in F.Y. 2001 to expand and enhance computer infrastructure.
- Statewide Asset Preservation and Repair - An annual appropriation of \$2.5 million to maintain and repair the public's infrastructure investment.
- Outdoors On the Line - \$205,000 each year to increase the Information Center's capacity to meet growing customer demands for information.
- Project Cedar - \$2.461 million in F.Y. 2000, and \$246,000 in F.Y. 2001 to develop customer service and business applications.

Natural Resources Fund:

- Snomobile Budget Reduction - A reduction of \$1.1 million each year to reflect the reduction in the unrefunded gas tax from .1%, to .75%.
- Personal Watercraft Surcharge Repeal - \$450,000 each year in reduced revenue and expense to eliminate the discriminatory \$50 surcharge.
- Off Highway Vehicle Management - \$500,000 in F.Y. 2000 and \$1.0 million in F.Y. 2001 to expand off-road facilities.

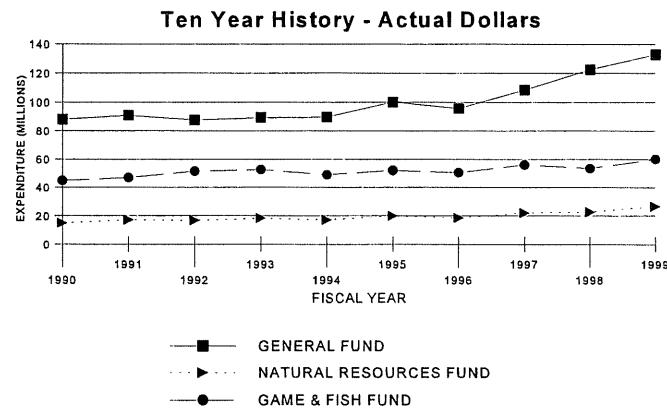
Game and Fish Fund

- Electronic Licensing System - to expand the 4 county pilot to statewide implementation, and provide an open appropriation to pay the vendor on a per transaction basis. Costs of \$800,000 in F.Y. 2000 and \$1.9 million in F.Y. 2001 will be funded from savings realized in ending the paper license process.
- Wildlife Dedicated Account Balances - \$715,000 in F.Y. 2000 and \$715,000 in F.Y. 2001 to use the current and projected balances in wildlife dedicated accounts.
- Federal Wallup/Breaux - \$1,488,000 in F.Y. 2000, which includes a one-time adjustment for prior years, and \$556,000 for F.Y. 2001. for additional resources mandated by the Federal Sport Fish Restoration Program.
- Game and Fish Fund Budget Reduction - a reduction of \$1,122,000 for F.Y. 2000 and \$989,000 for F.Y. 2001 to maintain a positive fund balance through the F.Y. 2002-03 biennium.

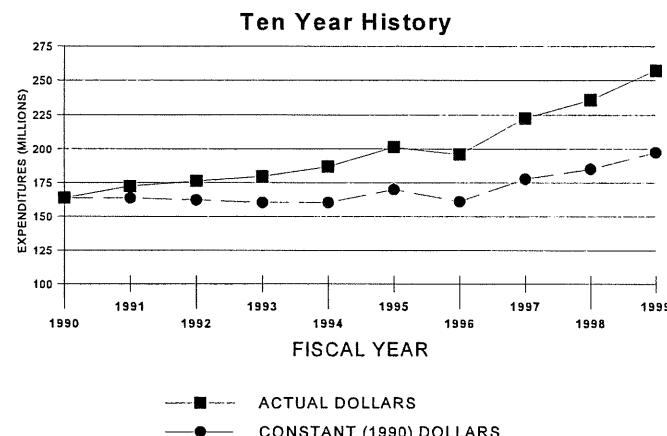
**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

TRENDS AND PERSPECTIVE:

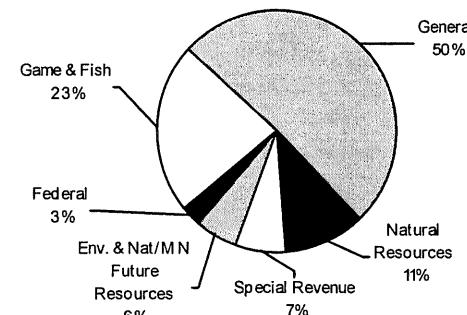


When adjusted for inflation the DNR budget has shown an increase of only 2.1% per year during this decade.



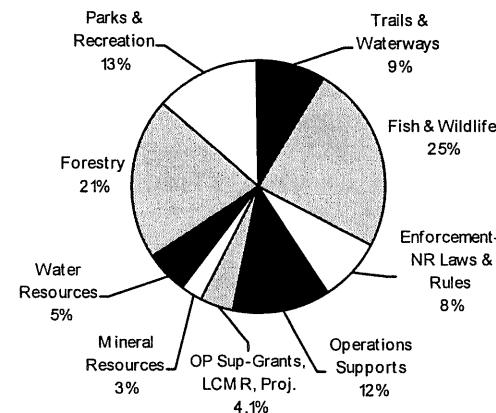
F.Y. 1998-99 Expenditures by Fund

Total: \$495 Million



F.Y. 1998-99 Expenditures by Program

Total: \$495 Million



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
MINERAL RESOURCES MGMT	6,822	5,354	7,642	6,469	6,894	6,705	7,030	928	7.1%
WATER RESOURCES MGMT	10,443	13,530	12,462	12,307	14,307	12,296	13,296	1,611	6.2%
FOREST MANAGEMENT	47,550	50,419	62,198	53,008	54,033	53,674	54,429	(4,155)	-3.7%
PARKS & RECREATION MGMT	31,264	32,332	34,459	31,365	33,421	32,050	34,106	736	1.1%
TRAILS & WATERWAYS MGMT	15,293	19,308	25,343	19,480	22,089	19,775	20,433	(2,129)	-4.8%
FISH & WILDLIFE MANAGEMENT	51,693	52,151	65,183	65,019	66,333	65,609	67,048	16,047	13.7%
ENFORCEMENT--NR LAWS&RULES	19,421	19,935	20,784	21,490	21,211	21,929	21,658	2,150	5.3%
OPERATIONS SUPPORT	39,460	42,839	39,823	33,069	52,542	33,580	43,371	13,251	16.0%
Total Expenditures	221,946	235,868	267,894	242,207	270,830	245,618	261,371	28,439	5.6%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	9,326	11,748	6,748	0	8,239	0	8,239
GENERAL	92,352	104,134	116,454	106,655	116,441	108,620	114,522
MINNESOTA RESOURCES	6,844	7,375	3,605	0	9,787	0	0
STATE GOVERNMENT SPECIAL REVENUE	63	150	0	0	0	0	0
NATURAL RESOURCES	21,124	22,208	25,387	24,333	23,283	24,683	24,133
GAME AND FISH (OPERATIONS)	54,651	52,171	59,141	59,994	61,055	61,259	61,521
IRON RANGE RESOURCES & REHAB	0	0	750	0	0	0	0
SOLID WASTE	100	100	100	100	100	100	100
AGENCY	250	0	0	0	0	0	0
OPEN APPROPRIATIONS:							
GENERAL	15,303	17,476	21,536	19,682	19,682	19,682	19,682
NATURAL RESOURCES	209	317	313	313	313	313	313
GAME AND FISH (OPERATIONS)	836	1,167	1,167	1,167	1,967	1,167	3,067

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	399	928	3,275	500	500	500	500
NATURAL RESOURCES	638	287	832	184	184	184	184
SPECIAL REVENUE	11,100	11,007	16,198	11,178	11,178	11,242	11,242
GAME AND FISH (OPERATIONS)	234	38	373	206	206	206	206
FEDERAL	6,371	5,038	9,591	16,709	16,709	16,536	16,536
ENVIRONMENTAL	22	2	51	0	0	0	0
AGENCY	936	194	104	80	80	80	80
GIFT	1,043	1,338	2,019	955	955	995	995
PERMANENT SCHOOL	145	190	250	151	151	51	51
Total Financing	221,946	235,868	267,894	242,207	270,830	245,618	261,371

FTE BY EMPLOYMENT TYPE:							
FULL TIME	2,012.6	2,029.8	2,028.8	2,020.4	2,057.0	2,020.4	2,058.0
PART-TIME, SEASONAL, LABOR SER	543.2	546.9	545.2	547.4	577.7	549.4	585.0
OVERTIME PAY	65.2	63.5	63.4	63.4	63.4	63.4	63.4
Total Full-Time Equivalent							
	2,621.0	2,640.2	2,637.4	2,631.2	2,698.1	2,633.2	2,706.4

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
MINERAL RESOURCES MGMT	6,822	5,354	7,642	6,469	6,894	6,705	7,030	928	7.1%
WATER RESOURCES MGMT	10,443	13,530	12,462	12,307	14,307	12,296	13,296	1,611	6.2%
FOREST MANAGEMENT	47,550	50,419	62,198	53,008	54,033	53,674	54,429	(4,155)	-3.7%
PARKS & RECREATION MGMT	31,264	32,332	34,459	31,365	33,421	32,050	34,106	736	1.1%
TRAILS & WATERWAYS MGMT	15,293	19,308	25,343	19,480	22,089	19,775	20,433	(2,129)	-4.8%
FISH & WILDLIFE MANAGEMENT	51,693	52,151	65,183	65,019	66,333	65,609	67,048	16,047	13.7%
ENFORCEMENT--NR LAWS&RULES	19,421	19,935	20,784	21,490	21,211	21,929	21,658	2,150	5.3%
OPERATIONS SUPPORT	39,460	42,839	39,823	33,069	52,542	33,580	43,371	13,251	16.0%
Total Expenditures	221,946	235,868	267,894	242,207	270,830	245,618	261,371	28,439	5.6%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	9,326	11,748	6,748	0	8,239	0	8,239
GENERAL	92,352	104,134	116,454	106,655	116,441	108,620	114,522
MINNESOTA RESOURCES	6,844	7,375	3,605	0	9,787	0	0
STATE GOVERNMENT SPECIAL REVENUE	63	150	0	0	0	0	0
NATURAL RESOURCES	21,124	22,208	25,387	24,333	23,283	24,683	24,133
GAME AND FISH (OPERATIONS)	54,651	52,171	59,141	59,994	61,055	61,259	61,521
IRON RANGE RESOURCES & REHAB	0	0	750	0	0	0	0
SOLID WASTE	100	100	100	100	100	100	100
AGENCY	250	0	0	0	0	0	0
OPEN APPROPRIATIONS:							
GENERAL	15,303	17,476	21,536	19,682	19,682	19,682	19,682
NATURAL RESOURCES	209	317	313	313	313	313	313
GAME AND FISH (OPERATIONS)	836	1,167	1,167	1,167	1,967	1,167	3,067

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	399	928	3,275	500	500	500	500
NATURAL RESOURCES	638	287	832	184	184	184	184
SPECIAL REVENUE	11,100	11,007	16,198	11,178	11,178	11,242	11,242
GAME AND FISH (OPERATIONS)	234	38	373	206	206	206	206
FEDERAL	6,371	5,038	9,591	16,709	16,709	16,536	16,536
ENVIRONMENTAL	22	2	51	0	0	0	0
AGENCY	936	194	104	80	80	80	80
GIFT	1,043	1,338	2,019	955	955	995	995
PERMANENT SCHOOL	145	190	250	151	151	51	51
Total Financing	221,946	235,868	267,894	242,207	270,830	245,618	261,371

FTE BY EMPLOYMENT TYPE:							
FULL TIME	2,012.6	2,029.8	2,028.8	2,020.4	2,060.5	2,020.4	2,061.5
PART-TIME, SEASONAL, LABOR SER	543.2	546.9	545.2	547.4	577.7	549.4	585.0
OVERTIME PAY	65.2	63.5	63.4	63.4	63.4	63.4	63.4
Total Full-Time Equivalent	2,621.0	2,640.2	2,637.4	2,631.2	2,701.6	2,633.2	2,709.9

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$107,990	\$107,990	\$215,980
<u>BASE ADJUSTMENT</u>			
One-Time Appropriations	(1,680)	(2,130)	(3,810)
Annualization of New Program Costs	308	308	616
Program/Agency Sunsets	(1,029)	(1,029)	(2,058)
Fund Changes/Fund Consolidation	(1,522)	(1,522)	(3,044)
Uniform Pension Bill Reductions	(101)	(101)	(202)
1999 Salary Supplement Transfers	308	345	653
2000-01 Salary and Benefit Base	2,115	4,287	6,402
Documented Space Rental/Lease Increases	43	83	126
Statewide Administrative Systems	127	127	254
Attorney General Costs	41	82	123
Capital Project Operating Costs	<u>55</u>	<u>180</u>	<u>235</u>
BASE LEVEL (for 2000 and 2001)	\$106,655	\$108,620	\$215,275
<u>CHANGE ITEMS</u>			
Red River Basin Flood Water Mgmt	2,000	1,000	3,000
Base Budget Reductions	(1,208)	(1,208)	(2,416)
Sustainable Forest Resources Act	750	750	1,500
Workforce 2000 Initiative	390	403	793
State Park Operations	1,088	1,088	2,176
800 MHz Radio Conversion	302	302	604
Project IT Infrastructure	1,298	616	1,914
Statewide Asset Preservation	2,500	2,500	5,000
Outdoors On the Line	205	205	410
Project Cedar	<u>2,461</u>	<u>246</u>	<u>2,707</u>
GOVERNOR'S RECOMMENDATION	\$116,441	\$114,522	\$230,963

Brief Explanation of Budget Decisions:

- The following one-time appropriation base adjustments were made: \$200,000 for SE Asian Officers, \$170,000 for early childhood environment education grants, \$100,000 for brownfield mitigation, \$630,000 for flood related activities, \$200,000 for lake boundaries, \$300,000 for the MN Forest Resources

Council, \$50,000 for forest stewardship grants, \$460,000 for Fort Snelling operations, \$500,000 for North St. Paul trail grants, \$50,000 for habitat improvement, \$100,000 for a lake classification system, \$150,000 for lake development affects, \$600,000 for river and stream restoration, \$100,000 for brushland and forest habitat, \$200,000 for a grant to Swede Hollow Park.

- The Annualization of New Program costs provides \$616,000 of Police State Aid apportionment for the Enforcement Program as authorized by Laws '97, Chapter 233, Sections 13 and 71.
- The Sustainable Forest Resources Act (SFRA) sunset provision is effective 6-30-99 and requires removal of \$2.058 million in base level funds.
- The fund change base adjustment removed a one-time appropriation of \$3.044 million to benefit the Game and Fish Fund enacted by the 1997 Legislature.
- The 1999 Salary Supplement Transfers provides \$653,000 to the agency for cost increases due to the extension of eligibility for employer-paid premiums for health, dental, and life insurance to part-time seasonal employees as provided in collective bargaining agreements and in Laws of 1998, Chapter 366, Section 10.
- The Statewide Administrative System provides \$254,000 for direct billings for the statewide accounting, procurement, and personnel systems.
- The Capital Project Operating Costs category provides \$235,000 for the operations of new state park facilities that are constructed with capital budget funds and scheduled to come online in the F.Y. 2000-01 biennium.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the change items listed below. A full description of each change item can be found following the program or budget activity in which it appears.

- Red River Basin Flood Water Mgmt - \$2 million in F.Y. 2000 and \$1.0 million in F.Y. 2001 to implement the agreements made in the Red River Mediation process.
- Base Budget Reductions - A reduction of \$1.208 million each year to eliminate state spending on lower priority programs.

**2000-01 Biennial Budget
Agency Budget Brief**

Agency: Natural Resources, Department of
(Continuation)

Fund: General

- Sustainable Forest Resources Act - A biennial appropriation of \$1.5 million to continue the work of the Forest Resources Council for 2 more years.
- Workforce 2000 Initiative - \$390,000 in F.Y. 2000 and \$403,000 in F.Y. 2001 to continue the effort to reach out to minority Minnesotans.
- State Park Operations - \$1.088 million each year to improve operating standards.
- 800 MHZ Radio Conversion - A one-time appropriation of \$302,000 in F.Y. 2000, and \$302,000 in F.Y. 2001 to convert to the 800 MHZ radio system in the metro area.
- Project IT Infrastructure - \$1.298 million in F.Y. 2000, and \$616,000 in F.Y. 2001 to expand and enhance computer infrastructure.
- Statewide Asset Preservation and Repair - An annual appropriation of \$2.5 million to maintain and repair the public's infrastructure investment.
- Outdoors On the Line - \$205,000 each year to increase the Information Center's capacity to meet growing customer demands for information.
- Project Cedar - \$2.461 million in F.Y. 2000, and \$246,000 in F.Y. 2001 to develop customer service and business applications.

The Governor also recommends a F.Y. 1999 deficiency appropriation of \$515,000 for the Lakeshore Lease Land appraisals.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: Natural Resources

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$23,853	\$23,853	\$47,706
<u>BASE ADJUSTMENT</u>			
Annualization of New Program Costs	60	60	120
1999 Salary Supplement Transfers	60	66	126
Statewide Administrative Systems	28	28	56
2000-01 Salary and Benefit Base	325	660	985
Documented Space Rental/Lease Increases	<u>7</u>	<u>16</u>	<u>23</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$24,333	\$24,683	\$49,016
<u>CHANGE ITEMS</u>			
Snowmobile Budget Reduction	(1,100)	(1,100)	(2,200)
Personal Watercraft Surcharge Repeal (Exp)	(450)	(450)	(900)
Off Highway Vehicle Management	<u>500</u>	<u>1,000</u>	<u>1,500</u>
GOVERNOR'S RECOMMENDATION	\$23,283	\$24,133	\$474,416

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the change items listed below. A full description of each change item can be found following the program or budget activity in which it appears.

- Snomobile Budget Reduction - A reduction of 1.1 million each year to reflect the reduction in the unrefunded gas tax from .1%, to .75%.
- Personal Watercraft Surcharge Repeal - \$450,000 each year in reduced revenue and expense to eliminate the discriminatory \$50 surcharge.
- Off Highway Vehicle Management - \$500,000 in F.Y 2000 and \$1.0 million in F.Y. 2001 to expand off-road facilites.

Brief Explanation of Budget Decisions:

- The Annualization of New Program costs provides \$120,000 of Police State Aid apportionment for the Enforcement Program as authorized by Laws '97, Chapter 233, Sections 13 and 71.
- The 1999 Salary Supplement Transfer provides \$126,000 to the agency for cost increases due to the extension of eligibility for employer-paid premiums for health, dental, and life insurance to part-time seasonal employees as provided in collective bargaining agreements and in Laws of 1998, Chapter 366, Section 10.
- The Statewide Administrative System provides \$56,000 for direct billings for the statewide accounting, procurement, and personnel systems.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Natural Resources, Department of

Fund: Game and Fish

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$56,354	\$56,354	\$112,708
<u>BASE ADJUSTMENT</u>			
Annualization of New Program Costs	732	732	1,464
Fund Changes/Fund Consolidation	1,522	1,522	3,044
Statewide Administration Systems	95	95	190
1999 Salary Supplement Transfers	81	91	172
2000-01 Salary and Benefit Base	1,198	2,438	3,636
Documented Space Rental/Lease Increases	12	27	39
<u>BASE LEVEL (for 2000 and 2001)</u>	\$59,994	\$61,259	\$121,253
<u>CHANGE ITEMS</u>			
Wildlife Dedicated Account Balances	695	695	1,390
Federal Wallup/Breaux	1,488	556	2,044
Game and Fish Fund Budget Reduction	(1,122)	(989)	(2,111)
<u>GOVERNOR'S RECOMMENDATION</u>	\$61,055	\$61,521	\$122,576

Brief Explanation of Budget Decisions:

- The Annualization of New Program costs provides \$1.464 million of Police State Aid apportionment for the Enforcement Program as authorized by Laws '97, Chapter 233, Sections 13 and 71.
- The \$3.044 million Game and Fish Fund cost transfer to the General Fund enacted by the 1997 Legislature for the Operations Support Program reverts back to the Game and Fish Fund in the F.Y. 2000-01 biennium.
- The Statewide Administrative System provides \$190,000 for direct billings for the statewide accounting, procurement, and personnel systems.
- The 1999 Salary Supplement Transfers provides \$172,000 to the agency for cost increases due to the extension of eligibility for employer-paid premiums for health, dental, and life insurance to part-time seasonal employees as provided in collective bargaining agreements and in Laws of 1998, Chapter 366, Section 10.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the change items listed below. A full description of each change item can be found following the program or budget activity in which it appears.

- Wildlife Dedicated Account Balances - \$715,000 in F.Y. 2000 and \$715,000 in F.Y. 2001 to use the current and projected balances in wildlife dedicated accounts. Of this amount, \$20,000 each year is a statutory appropriation from the Wild Rice Management account.
- Federal Wallup/Breaux - \$1,488,000 in F.Y. 2000, which includes a one-time adjustment for prior years, and \$556,000 for F.Y. 2001. for additional resources mandated by the Federal Sport Fish Restoration Program.
- In addition, the Governor recommends expanding the Electronic Licensing System 4 county pilot, to statewide implementation, and an *open appropriation* to pay the vendor on a per transaction basis. Costs of \$800,000 in F.Y. 2000 and \$1.9 million in F.Y. 2001 will be offset by savings realized by ending the paper license process and increased non-dedicated receipts.
- Game and Fish Fund Budget Reduction - a reduction of \$1.122 million for F.Y. 2000 and \$989,000 for F.Y. 2001 is incorporated to restrain spending to the resources currently forecast under current law.
- In dealing with the fishing license fee proposal last year, the legislature allowed game and fish user funded programs to continue at levels which could not be supported with ongoing resources. Those actions now necessitate reduction of game and fish fund program expenditures. While neither the Governor nor outdoor enthusiasts are eager to see the reductions outlined above, the Governor supports the policy that the individuals who benefit from these programs should bear the cost. Therefore, in the event that those parties interested in game and fish programs bring forward an agreement raising user fees as a permanent funding source, the Governor is willing to consider the reinstatement of program expenditures.

2000-01 Biennial Budget Agency Level Revenue Summary

AGENCY: Natural Resources, Department of

REVENUE SOURCES:

In F.Y. 1998, the DNR collected revenues of \$115.343 million plus \$12.391 million in unrefunded gasoline tax. Total expenditures that year were \$235.868 million. Revenues generate an amount in excess of 50% 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:

- **General Fund - Dedicated and Non-Dedicated.** Total \$15.237 million. 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, \$3 million; 2) sales tax, \$630,000; 3) timber sales, \$2.7 million; and 4) park permits, etc., \$3 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 \$11.3 million. In addition, \$12.3 million of unrefunded gasoline tax was collected by the Department of Revenue and transferred in. Major categories include watercraft registrations, \$4.7 million; snowmobile

registrations, \$4 million; all-terrain vehicle registrations, \$703,000; nongame wildlife, \$930,000; and land sales, \$353,000. 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 fishing, \$17 million; hunting, \$15 million; federal grants, \$14 million; and other revenues, including interest, fines, and sale of natural resources, \$9.6 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, \$3.2 million; 2) Forest Nursery Account, \$1.6 million; 3) Consolidated Conservation Account, \$2.6 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, \$7.7 million.
- **Federal Funds.** Numerous grant agreements and reimbursements \$4.9 million per year. This amount does not include the Dingell-Johnson/Pittman-Robertson federal reimbursements deposited to the Game and Fish Fund.
- **Gift Funds.** \$1.5 million. Largest gift *Volunteer* magazine \$661,000.
- **Permanent School.** \$10.9 million. Proceeds from timber sales, mining rents and royalties, land sales, and leases

RECENT CHANGES:

The DNR has an extremely complex revenue structure taking in more than \$115 million deposited to over 400 distinct accounting strings from numerous locations, many in outstate locations. We 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 to continue the development of a new department-wide revenue management system.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Natural Resources, Department of
(Continuation)

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.

CHANGE ITEMS:

Repeal of Personal Watercraft Surcharge.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent			
<u>NON-DEDICATED REVENUE:</u>												
DEPARTMENTAL EARNINGS (INTER-AGENCY):												
GAME AND FISH (OPERATIONS)	0	0	96	0	0	0	0	(96)	-100.0%			
DEPARTMENTAL EARNINGS:												
NATURAL RESOURCES	8,736	9,897	9,948	10,460	10,010	10,640	10,190	355	1.8%			
CAMBRIDGE DEPOSIT FUND	11,107	12,762	12,102	12,534	12,534	12,606	12,606	276	1.1%			
GAME AND FISH (OPERATIONS)	52,452	56,399	57,484	59,179	59,979	59,600	61,500	7,596	6.7%			
OTHER REVENUES:												
GENERAL	179	72	1	1	1	1	1	(71)	-97.3%			
STATE GOVERNMENT SPECIAL REVENUE	0	2	0	0	0	0	0	(2)	-100.0%			
NATURAL RESOURCES	20	56	234	234	234	234	234	178	61.4%			
GAME AND FISH (OPERATIONS)	84	38	752	650	650	550	550	410	51.9%			
OTHER SOURCES:												
GENERAL	11	10	5	5	5	5	5	(5)	-33.3%			
GAME AND FISH (OPERATIONS)	1	0	1	1	1	1	1	1	100.0%			
TAXES:												
GENERAL	607	630	638	636	636	636	636	4	.3%			
Total Non-Dedicated Receipts	73,197	79,866	81,261	83,700	84,050	84,273	85,723	8,646	5.4%			
<u>DEDICATED RECEIPTS:</u>												
DEPARTMENTAL EARNINGS (INTER-AGENCY):												
SPECIAL REVENUE	0	4	0	0	0	0	0	(4)	-100.0%			
GAME AND FISH (OPERATIONS)	119	59	55	55	55	55	55	(4)	-3.5%			
AGENCY	13	15	10	10	10	10	10	(5)	-20.0%			
DEPARTMENTAL EARNINGS:												
GENERAL	284	322	254	200	200	200	200	(176)	-30.6%			
NATURAL RESOURCES	55	117	71	64	64	64	64	(60)	-31.9%			
SPECIAL REVENUE	11,113	11,994	12,560	11,414	11,414	11,662	11,662	(1,478)	-6.0%			
GAME AND FISH (OPERATIONS)	26	288	284	293	293	301	301	22	3.8%			
FEDERAL	5	0	0	0	0	0	0	0	0			
AGENCY	3,769	2,010	2,230	4,143	4,143	2,597	2,597	2,500	59.0%			
PERMANENT SCHOOL	8,142	9,872	12,267	13,762	13,762	13,336	13,336	4,959	22.4%			

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
<u>DEDICATED RECEIPTS:</u>									
GRANTS:									
GENERAL	0	251	250	250	250	250	250	(1)	-.2%
FEDERAL	7,906	4,982	7,843	16,699	16,699	16,536	16,536	20,410	159.1%
OTHER REVENUES:									
GENERAL	286	1,262	2,098	50	50	50	50	(3,260)	-97.0%
NATURAL RESOURCES	1,240	1,228	1,035	1,020	1,020	1,020	1,020	(223)	-9.9%
SPECIAL REVENUE	539	485	544	507	507	507	507	(15)	-1.5%
GAME AND FISH (OPERATIONS)	91	6	0	0	0	0	0	(6)	-100.0%
FEDERAL	0	4	0	0	0	0	0	(4)	-100.0%
ENVIRONMENTAL	9	3	0	0	0	0	0	(3)	-100.0%
AGENCY	166	71	80	85	85	85	85	19	12.6%
GIFT	1,013	1,546	1,260	1,220	1,220	1,260	1,260	(326)	-11.6%
PERMANENT SCHOOL	911	1,007	1,525	925	925	925	925	(682)	-26.9%
OTHER SOURCES:									
GENERAL	93	(72)	0	0	0	0	0	72	-100.0%
SPECIAL REVENUE	31	23	0	0	0	0	0	(23)	-100.0%
FEDERAL	(1,583)	0	0	0	0	0	0	0	
AGENCY	4	0	0	0	0	0	0	0	
Total Dedicated Receipts	34,232	35,477	42,366	50,697	50,697	48,858	48,858	21,712	27.9%
Agency Total Revenues	107,429	115,343	123,627	134,397	134,747	133,131	134,581	30,358	12.7%

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Natural Resources, Department of (DNR)

This report includes all federal revenues in federal (300) fund, as well as those for the Sportfish Restoration and Wildlife Restoration Programs deposited into the Game and Fish Fund. In general, the estimates for fiscal years 1999 and beyond are based on historical analysis of federal funding by program, as well as federal appropriations and current negotiations with federal funding sources.

There are expected increases for several major programs. In 1998 Congress reauthorized the Aquatic Resources Trust Fund, also known as the Wallop Breaux Trust Fund. Both the related Sport Fish Restoration Program and the Boating Safety Program will see increases this biennium.

- Sport Fish Restoration is expecting an increase of \$1.8 million from F.Y. 1999 to F.Y. 2000, as well as a change in the water access allocation portion of this grant from 12.5% to 15%.
- The Boating Safety Program funding is expecting to increase by \$500 thousand from F.Y. 1999 to F.Y. 2000.
- A new program under this funding "umbrella", Boating Infrastructure, provides funds for the development and maintenance of facilities for transient non-trailerable recreational boats. Initially, DNR expects funding for a public boat access needs survey, for which a 10% state match is required. Thereafter DNR expects funding for constructing, renovating or maintaining facilities for these boats (25% state match).

The Recreational Trails Program (Symms) was reauthorized this year by Congress. This program, sponsored by the Federal Highway Administration is part of the Transportation Equity Act for the 21st Century (TEA-21) replacing the Intermodal Systems Transportation Act (ISTEA). This program experienced a significant increase in the F.Y. 1998 -99 biennium, and expects funding of about \$1 million annually for the next biennium. The funding formula includes 30% for motorized trail interests, 30% for non-motorized trail interests, and 40% for diversified trail projects. the Minnesota Recreation Trail Users Association assists the DNR by recommending projects for funding.

We are also seeing the return of the Conservation Reserve Program and a few new federal funding sources. One of those is "Teaming With Wildlife." On October 7, 1998, bills were introduced in both the U.S. house of Representatives and the U.S. Senate for the funding proposal known as "Teaming With Wildlife." This proposal has been included as Title III of new natural resources bills referred to as H.R. 4717 and S.2566. The bills will be tabled at the close of the current Congressional Session and reintroduced in January 1999 for congressional action. The proposed federal funding for Teaming With Wildlife will be generated from off shore oil lease revenues. As proposed, Teaming With Wildlife would be a reimbursement program similar to the Sportfishing Restoration and Wildlife Restoration Programs. The initial reimbursement rate is expected to be 90% federal/10% state match and 75%/25% thereafter. Minnesota could receive up to \$8 million annually for the conservation, management, and protection of non-game wildlife resources under the terms of the Act. Donations to the Nongame Wildlife check-off would provide the state with matching funds to receive these federal funds.

2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)

Agency: Natural Resources, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
Federal Flood Plain Management	Yes	SO	102	176	136	108
Coastal Zone Management	Yes	SO	180	600	600	600
Mississippi National Riverway	Yes	SO	89	115	115	115
Waters CCEH Program	Yes	SO	10	0	0	0
Federal Flood Forecast	Yes	SO	502	100	38	0
Waters Coastal Issues	Yes	SO	0	14	10	0
National Dam Safety Program	No	SO	0	11	5	0
Hazard Mitigation -North Shore Hazard Issues-Forestry	Yes	SO	0	93	100	0
MN Conservation Corps-AmeriCorps Insurances	Yes	SO	98	65	65	65
MN Conservation Corps- AmeriCorps Ed. Vouchers	No	GI	9	5	5	5
Rural Community Fire Protection	Yes	GPS	79	51	79	79
Federal Aid Forestry	Yes	SO	847	500	500	500
Forestry-Federal Aid Focus Project	Yes	SO	135	100	136	136
Special Forestry Federal	Yes	SO	0	100	100	100
Conservation Reserve Program	No	GI	0	13	50	50
Urban Forestry	Yes	GPS	143	100	149	149
Forest Health Program	Yes	SO	181	200	276	276
Forest Stewardship	Yes	GPS	136	100	157	157
GAP Analysis-Forestry	Yes	SO	0	99	99	99
Itasca Bark Beetle	Yes	SO	72	5	5	0
Clean Vessel Act	Yes	GI	17	217	150	150

2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)

Agency: Natural Resources, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
Forest Service Challenge Grants	Yes	SO	0	10	10	10
Symms National Recreational Trails	Yes	GPS	26	800	1,000	1,000
National Boating Infrastructure Grant Program	Yes	SO	0	0	400	500
EPA Consolidated Pesticide Enforcement Act	Yes	SO	26	26	25	25
EPA Great Lakes Program	Yes	SO	0	35	150	150
EPA Surveys Studies, Investigations, Special Purpose Grants	Yes	SO	183	202	175	175
EPA Wetlands Protection-Development Grants	Yes	SO	46	60	110	110
National Biological Service Fish & Wildlife Coord. Act	No	SO	55	50	50	50
NOAA Interjurisdictional Fisheries Act	Yes	SO	13	13	13	13
USDA Forest Service-Forest Research (F & W)	No	SO	6	10	10	10
USFWS Fish & Wildlife Coordination Act	No	SO	0	14	64	64
USFWS Conservation and Appreciation	No	SO	7	12	14	14
USFWS Endangered Species Research	Yes	SO	0	75	25	25
USFWS North American Waterfowl Act	Yes	SO	262	825	767	767
USFWS Sportfish Restoration (D-J) Admin Grants	No	SO	129	150	150	150
USFWS Sportfish Restoration(D-J)Program*	Yes	SO	9,850	9,000	10,800	11,000
USFWS Wildlife Restoration (P-R) Program*	Yes	SO	4,450	4,500	5,000	5,200
USFWS Wildlife Harvest Information	No	SO	35	36	36	36
USGS Research and Data Acquisition	No	SO	0	18	10	10
USGS Upper Mississippi River System Long Term Resource Monitoring	No	SO	319	350	350	350

**2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Natural Resources, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
Teaming With Wildlife Program	Yes	SO	0	0	8,000	8,000
Disaster Public Assistance(subgrant from DEM)	Yes	SO	**351	596	138	61
Recreational Boating Safety	Yes	SO	786	1,800	2,300	2,300
Land & Water Conservation Fund	Yes	GPS	142	97	127	127
Integrated Resource Management-Blufflands	Yes	SO	0	0	0	0
Agency Total			19,286	21,343	32,499	32,736

*this revenue is deposited to the Game and Fish Fund

** an additional \$440,403 of receipts were earned in non federal (300 fund) accounts in F.Y. 1998 for the 1997 flood disaster

KEY:

SO - State Operations

GPS - Grants to Political Subdivisions

GI - Grants to Individuals

This page intentionally left blank.

2000-01 Biennial Budget

PROGRAM: Minerals Resource Management

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

The Division of Minerals is responsible for managing Minnesota's mineral resources. Its primary responsibility is to lease state-owned land for exploration and mining, and to generate revenue for state trust funds and local taxing districts.

The division manages land held in trust for the Permanent School Fund, Permanent University Fund, and local units of government. These lands include:

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

The program also has regulatory authority. In the 1980s and early 1990s, the division developed rules for regulating the mining of iron ore and taconite, non-ferrous metallics, and peat, to ensure that all aspects of mining are planned and implemented to minimize impacts to the environment, and to ensure that lands are reclaimed and can be used productively in the future.

Division responsibilities include:

Fiduciary and Leasing. Negotiating royalty rates, lease terms, and stockpiling agreements with exploration and mining companies, and increasing the amount of state-owned lands available for exploration and mining.

Mineland Reclamation. Granting permits and monitoring mining and reclamation activities to ensure that regulatory standards are met for all iron ore, taconite, and peat mining operations in the state (Reclamation of industrial mineral pits and quarries is regulated by local units of government).

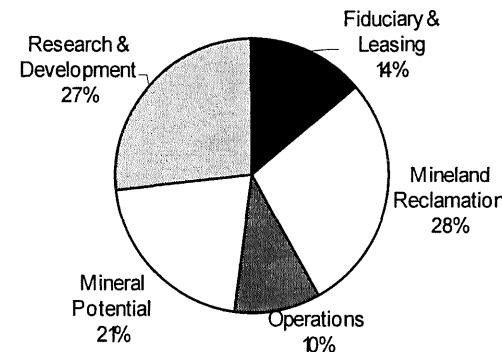
Operations. Inspect and monitor mining operations to verify royalty, tonnage, and reserve reports are accurate and to ensure the state receives proper payments.

Mineral Potential Evaluations. Identify and evaluate new mineral resources to meet current and future demand.

Research and Development. Conduct mineral processing research, environmental research, and geological and mineralogical investigations through the *Iron Ore Cooperative Research*, *Environmental Cooperative Research*, and *Minerals Diversification* programs and other special appropriations.

Projected Allocation of Funding

F.Y. 2000-01



STRATEGIES AND PERFORMANCE:

The overall goal of the division is to generate mining revenue through environmentally-sound mining practices and to sustain the strength and viability of Minnesota's mineral industry. In 1997, Minnesota's \$1.6 billion nonfuel mineral production ranked 8th in the U.S.

The state is the nation's leading taconite producer. Iron ore and taconite production account for 83% of the nonfuel mineral production in the state. Other major nonfuel minerals mined in Minnesota include horticultural peat and construction sand and gravel (ranked 4th and 5th in the nation, respectively). In addition, the state is a significant producer of silica sand, crushed stone, agricultural lime, kaolin and common clay, and dimension stone. Minnesota is home to the largest producer of granite in the nation.

Leasing and Fiduciary Responsibilities. The current biennium was one of the most active periods of state iron ore and taconite leasing since the 1950s. In F.Y. 1998, negotiations resulted in amendments of the terms of 46 leases and issuance of 9 new leases. At the close of the year, 113 taconite and iron ore leases covering

2000-01 Biennial Budget

PROGRAM: Minerals Resource Management

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

9,637 acres were in effect. The division also negotiated an 80-acre taconite lease on behalf of the University of Minnesota that will provide \$4-5 million to the endowed chair, mineral research, and scholarship accounts within the next 6 years. The division expanded opportunities in non-ferrous metallic minerals leasing and started a new leasing program for higher value industrial minerals such as dimension stone and diamonds. In addition, the division provides legal assistance to other disciplines in the department that manage sand and gravel resources. Further taconite lease negotiations will occur as companies request leases on lands that adjoin existing mining areas, and as older amendments to lease extension agreements expire.

Mineland Reclamation. During the current biennium, staff developed reclamation rule amendments for iron ore and taconite that address current mining practices. Hearings on these amendments are expected to be completed by the end of the biennium. The division also implemented a program of wetland compensation for mining companies, and all wetland replacement plans for mining companies are now current. Staff also initiated a study of the Mesabi Iron Range to develop data to direct the future restoration of watersheds disturbed by mining so that flows can be reestablished or preserved for the benefit of downstream users.

Operations. During the current biennium, operations staff inspected all mining properties that had state leases in effect. Staff also developed resource estimates that were used in lease negotiations for new mine proposals and expansions.

Mineral Potential. The division continued marketing Minnesota's mineral potential by developing and distributing information on Minnesota's mineral resources. The unit accelerated the mapping of regional and county construction aggregate resources on state lands, and completed aggregate valuation inventories for a variety of state-administered lands.

Research and Development. The Iron Ore Cooperative Research and Environmental Cooperative Research programs have exceeded their match requirements each year since their inception. Although the Mineral Diversification program contains no match requirements, the division acquired \$110,000 in matching funds to support the program objectives. Examples of current research include:

Iron Ore Cooperative Research

- Determining the potential environmental impacts of disposing of taconite tailings in existing mine pits. In-pit disposal of wastes is a mining practice that could reduce mining costs and optimize land use on the Mesabi Iron Range.
- Modeling fluid dynamics for the taconite pelletizing process. After initial startup success, the division transferred the modeling work to the University of Minnesota so that proprietary work could be done for individual taconite plants. Cost savings for the first plant implementation were recovered in 8 days.

Environmental Cooperative Research

- Restoring a depleted gravel mining area to native prairie in Buffalo River State Park. This was funded in cooperation with Clay County, the mining industry, and The Nature Conservancy.
- Testing of biosolids (dredge spoil, municipal and industrial waste products) as soil amendments at sites at EVTAC and National Steel Pellet Co. in cooperation with Blandin Paper Co., Consolidated Paper, Army Corps of Engineers, and the Quad Cities Sludge Disposal Authority.

Minerals Diversification

- Updating the photogrammetric coverage of the Mesabi Iron Range by developing a digital terrain model containing 5-foot contours on a photographic base. This was jointly funded by Itasca and St. Louis counties, the Range Association of Municipalities and Schools, the Iron Range Resources and Rehabilitation Board, the Western Mesabi Mine Planning Board, and the taconite industry.
- Mapping aggregate resources in Blue Earth County to identify resources for local use, and land use planning and zoning decisions.

Direct Reduced Iron

The division continues to find ways to produce *Direct Reduced Iron* (DRI) and other iron products in the state. Currently, the division is discussing funding partnerships with Minnesota Iron and Steel, Cleveland Cliffs, Inc., and NorthStar Steel, Inc.

FINANCING INFORMATION:

The Mineral Resources Management program is funded by General Fund dollars. No dedicated funding sources support the program.

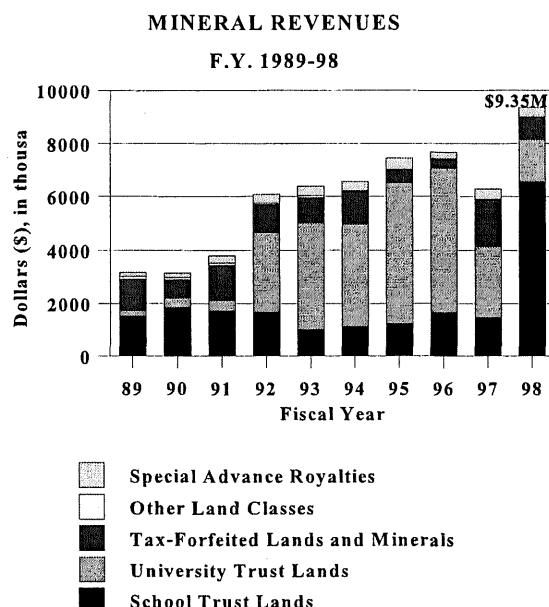
2000-01 Biennial Budget

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

REVENUE SUMMARY

Mining and exploration on state lands generated about \$9.35 million in F.Y. 1998. Approximately 97% of rental and royalty revenue was generated from iron ore and taconite leases. Future revenues are likely to hinge on the level of foreign steel imports and the effect this has on domestic producers.

The graph illustrates revenue generated from state mineral leases for the 10-year period through F.Y. 1998. Revenues are classified by the account the revenue was deposited in. F.Y. 1998 revenues include a one-time transfer of \$4.2 million from the Taconite Iron Ore Special Advance Royalty Account, to the Permanent School Fund. The \$4.2 million will be used as a credit against royalties due on several state leases in future years.



Mineral Revenue Distributed to Counties. Under M.S. 93.335, Subd. 4, the department distributes 80% of the mineral rents and royalties from tax-forfeited lands to the counties in which the lands lie. Twenty percent goes to the General Fund. In F.Y. 1998 counties received \$675,000 (80% of \$844,000).

BUDGET ISSUES:

- *Watershed reclamation on the Mesabi Iron Range.* To preserve and protect downstream water resources by finding ways for industry, local government, and citizens, to cooperatively manage watersheds disturbed by mining in northeastern Minnesota.
- *Maintaining the long-term viability of the taconite industry.* Supporting efforts to maintain Minnesota's position as the major pellet supplier in the US. Proactive effort is needed to negotiate new leases, provide accurate and timely engineering evaluations, and to develop innovative reclamation techniques to support an expanding industry.
- *Increase demand for sand and gravel from state lands.* Using construction aggregates on state-owned lands to meet local and regional demand. Recent division work in Bayport and in northwestern Minnesota illustrate how detailed inventories and engineering analyses can lead to market-based returns for the sale of natural resource commodities.
- *Continue technological advances in iron and steelmaking.* Demands for increased steel quality at cost competitive prices is driving innovative processing technologies. Minnesota should make every effort to take part in industry changes by supporting research and fostering capital investment to produce new products from Minnesota resources.

LCMR Recommendations - Direct:

- *Mesabi Iron Range: Water and Mineral Resource Planning*
This project provides \$400,000 to the DNR and \$250,000 to the University of Minnesota to develop and assemble data on stockpile composition and ownership, to complete hydrogeologic base maps, to site and design an overflow outlet, and to distribute the results to local government and industry. This project is to be coordinated by the Range Association of Municipalities and Schools. (\$650,000 Environmental Trust Fund)
- *Public Access to Mineral Knowledge.*
This project provides funds to accelerate the automation of historic mineral exploration information and to make the database accessible and searchable. (\$100,000 Minnesota Future Resources Fund)

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the program budget, but makes no recommendation on the LCMR projects.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: MINERAL RESOURCES MGMT

Activity: MINERAL MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	3,364	3,529	3,665	3,549	3,729	3,656	3,764	299	4.2%			
OPERATING EXPENSES	2,027	1,147	3,046	1,890	2,135	1,893	2,110	52	1.2%			
TRANSFERS	0	0	0	23	23	23	23	46				
SUBTOTAL STATE OPERATIONS	5,391	4,676	6,711	5,462	5,887	5,572	5,897	397	3.5%			
CAPITAL OUTLAY	43	3	0	0	0	0	0	(3)	-100.0%			
LOCAL ASSISTANCE	1,388	675	931	1,007	1,007	1,133	1,133	534	33.3%			
Total Expenditures	6,822	5,354	7,642	6,469	6,894	6,705	7,030	928	7.1%			
CHANGE ITEMS:												
	FUND											
(B) MINERALS LCMR ALLOCATIONS	EVT				325			325				
(B) MINERALS LCMR ALLOCATIONS	MNR				100							
Total Change Items					425			325				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	325	0	325					
GENERAL	4,855	4,346	5,839	5,054	5,054	5,164	5,164					
MINNESOTA RESOURCES	52	0	0	0	100	0	0					
AGENCY	250	0	0	0	0	0	0					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	1,639	997	1,803	1,415	1,415	1,541	1,541					
FEDERAL	26	0	0	0	0	0	0					
GIFT	0	11	0	0	0	0	0					
Total Financing	6,822	5,354	7,642	6,469	6,894	6,705	7,030					
REVENUE COLLECTED:												

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: MINERAL RESOURCES MGMT

Activity: MINERAL MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	1,957	1,274	1,750	1,666	1,666	1,824	1,824
FEDERAL	26	0	0	0	0	0	0
AGENCY	3,086	1,924	2,180	4,091	4,091	2,544	2,544
PERMANENT SCHOOL	1,462	2,305	6,071	6,666	6,666	6,124	6,124
NONDEDICATED							
GENERAL	2	1	1	0	0	0	0
CAMBRIDGE DEPOSIT FUND	11	17	11	11	11	0	0
Total Revenues Collected	6,544	5,521	10,013	12,434	12,434	10,492	10,492
FTE BY EMPLOYMENT TYPE:							
FULL TIME	58.1	55.7	55.7	55.7	59.7	55.7	58.2
PART-TIME, SEASONAL, LABOR SER	6.1	7.7	7.7	7.7	7.7	7.7	7.7
OVERTIME PAY	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	64.3	63.5	63.5	63.5	67.5	63.5	66.0

This page intentionally left blank.

2000-01 Biennial Budget

PROGRAM: Water Resources Management

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

DNR Waters is the principal state water resources management agency responsible for the technical assistance and management of our water supply. This responsibility includes ground and surface water appropriation and diversion, dam safety, construction in protected waters and wetlands, technical ground water and surface water analysis, and the management of shore land and floodplain.

Water Supply. To sustain the states water supply needs for current and future generations, we:

- proactively manage water resource issues with Canada, federal agencies, adjacent states, Minnesota state agencies, and local units of government;
- enforce elimination of once-through heating and cooling systems;
- regulate the amount of water used for agricultural, commercial, industrial, municipal, and other uses, so conflicts between competing users are minimized;
- review, approve, and monitor emergency conservation plans for public water supplies.

Dam Safety. To ensure dams are safe, properly maintained, and responsibly operated, we:

- inspect existing dams and regulate construction of new dams;
- repair, reconstruct, or remove existing dams;
- provide matching grants to local governments in support of priority dam projects.

Construction in Protected Waters and Wetlands. To minimize the impact of construction activity within wetlands and protected waters, we:

- regulate construction activities in protected waters through a permit system;
- simplify the permit process by delegation of permit approval authority and issuance of general permits;
- provide statewide standards and policies on uses of surface and ground water;
- inventory existing calcareous fens and evaluate options for management to protect their unique characteristics;
- provide technical assistance and training to local government units to regulate alterations of wetlands within the scope of the Wetland Conservation Act.

Technical Ground and Surface Water Analysis. To provide technical information for management programs and enhance the public understanding of water issues, we:

- gather, analyze, and interpret information on climate, ground water, and surface water to support water resources decisions;
- expand river, lake, and groundwater gaging networks and data management systems;
- provide water resource information and technical assistance to local governments for use in the development of their water plans;
- continue subsurface exploration by means of drilling and geophysics;
- prevent degradation of ground water resources by describing geological sensitivity to pollution;
- develop county geologic atlases and regional hydro geologic assessments.

Manage Shore land and Floodplain Development. To assure orderly development, improve habitat quality in and near shorelines, and to reduce potential damage caused by floods, we:

- support and train local government officials to manage development in floodplain and shore lands of their communities;
- provide grants to local governments to reduce damages from future floods;
- educate and train local government officials, lake associations, K-12 teachers, and various interest groups.

STRATEGIES AND PERFORMANCE:

The following strategies are from the DNR Waters Strategic Plan (revised October, 1998) titled: "A Guide for Addressing Water Resource Issues into the 21st Century" (copies are filed with the DNR Library and the Legislative Reference Library).

- *Using Social, Economic, and Environmental Information:* DNR Waters will work with others to improve the information that measures social, environmental and economic values of our water resources and will make better use of this information in water resources decisions.
- *Regulatory Effectiveness:* DNR Waters will provide greater regulatory effectiveness by aligning the objectives for permits with the goal of sustainability while also providing more flexibility to tailor regulations for geographic differences.

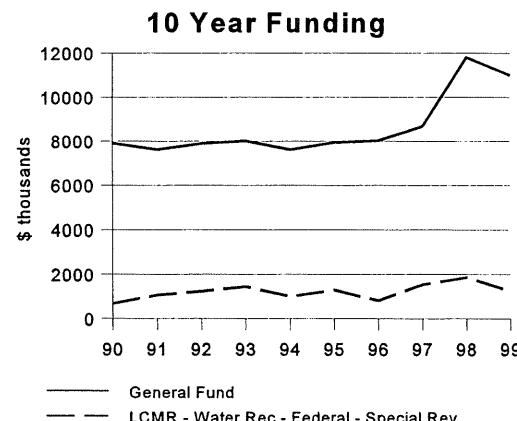
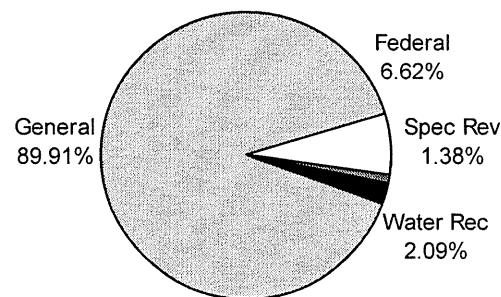
2000-01 Biennial Budget

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

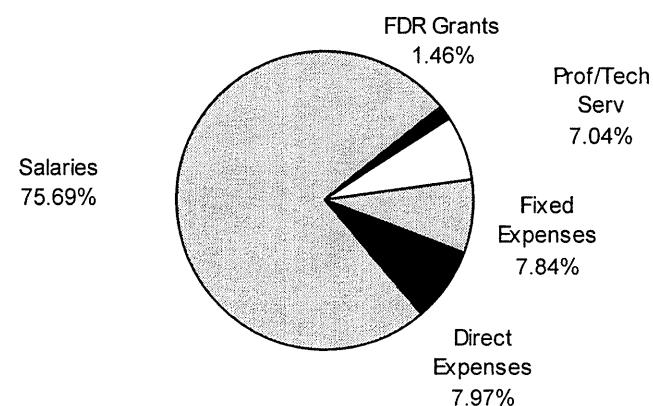
FINANCING INFORMATION:

DNR Waters is primarily funded through the General Fund. Other funding sources include the Water Recreation Fund, Special Revenue, Federal Project Funds, and the Capital Budget (not included in graph).

1999 Funding Source



1998 General Fund Expenditures



REVENUES:

- Non-dedicated fees are collected for permit applications and annual water use fees totaling approximately \$3 million annually.
- Fees collected from once-through cooling and heating systems during F.Y. 1998 and F.Y. 1999 were deposited into the General Fund as directed by Laws of 1997, Chapter 216, Section 5. Beginning F.Y. 2000-2001, 75% of all deposits will again be credited to a special account and appropriated to the Minnesota public facilities authority for loans under section M.S. 446A.21.

GRANTS:

The budget for grants administered through the Waters Division is \$1.9 million annually for the F.Y. 2000-2001 biennium. Sixty percent of this amount provides funds for flood damage reduction grants to assist local governments that demonstrate that they have flooding problems. These cost sharing grants are made on a 50% local match basis. Another 25% of the grant budget is used to equally match funds with the United States Geological Survey (USGS) for drilling observation wells for water monitoring activities. The remaining 15% provides grant funds to the Joint Powers Board for the Lewis and Clark Rural Water System and other miscellaneous grants.

BUDGET ISSUES:

There is a growing public demand for inspection of medium or low-hazard dams and technical services to provide ground and surface water studies, conduct county geologic atlases, and make Ordinary High Water level determination.

2000-01 Biennial Budget

PROGRAM: Water Resources Management

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

The awareness and interest in floodplain management increased significantly with the 1997 flood, creating additional demands for floodplain mapping, new hydrologic studies, and state cost sharing for flood damage reduction activities.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget and \$2.0 million in F.Y. 2000, and \$1.0 million in F.Y. 2001 for planning and flood mitigation in the Red River basin.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: WATER RESOURCES MGMT

Activity: WATER RESOURCES MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	6,611	7,178	7,367	7,545	7,545	7,641	7,641	641	4.4%			
OPERATING EXPENSES	1,869	2,596	2,882	2,592	2,592	2,482	2,482	(404)	-7.4%			
OTHER EXPENSES	628	0	0	0	0	0	0	0	0			
TRANSFERS	0	0	0	254	254	262	262	516				
SUBTOTAL STATE OPERATIONS	9,108	9,774	10,249	10,391	10,391	10,385	10,385	753	3.8%			
CAPITAL OUTLAY	0	0	11	5	5	0	0	(6)	-54.5%			
LOCAL ASSISTANCE	1,335	3,756	2,202	1,911	3,911	1,911	2,911	864	14.5%			
Total Expenditures	10,443	13,530	12,462	12,307	14,307	12,296	13,296	1,611	6.2%			
<u>CHANGE ITEMS:</u>												
	<u>FUND</u>											
(B) RED RIVER BASIN FLOOD WATER MGMT	GEN				2,000			1,000				
Total Change Items					2,000			1,000				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	300	0	0	0	0	0	0	0			
GENERAL	8,301	11,523	10,884	10,926	12,926	10,949	11,949					
MINNESOTA RESOURCES	529	300	0	0	0	0	0	0	0			
NATURAL RESOURCES	272	239	268	262	262	269	269	269				
STATUTORY APPROPRIATIONS:												
GENERAL	0	148	4	0	0	0	0	0	0			
SPECIAL REVENUE	174	116	232	149	149	149	149	149				
FEDERAL	539	897	1,028	904	904	823	823	823				
AGENCY	628	0	0	0	0	0	0	0	0			
GIFT	0	7	46	66	66	106	106	106				
Total Financing	10,443	13,530	12,462	12,307	14,307	12,296	13,296					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: WATER RESOURCES MGMT

Activity: WATER RESOURCES MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>REVENUE COLLECTED:</u>							
DEDICATED							
GENERAL	0	148	0	0	0	0	0
SPECIAL REVENUE	141	110	185	149	149	149	149
FEDERAL	466	883	1,016	904	904	823	823
AGENCY	627	0	0	0	0	0	0
GIFT	1	9	42	66	66	106	106
NONDEDICATED							
GENERAL	12	6	0	0	0	0	0
CAMBRIDGE DEPOSIT FUND	2,354	2,982	3,027	3,027	3,027	3,027	3,027
Total Revenues Collected	3,601	4,138	4,270	4,146	4,146	4,105	4,105
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	112.6	119.7	119.7	119.7	119.7	119.7	119.7
PART-TIME, SEASONAL, LABOR SER	17.6	15.9	15.8	15.8	15.8	15.8	15.8
OVERTIME PAY	0.7	0.3	0.3	0.3	0.3	0.3	0.3
Total Full-Time Equivalent	130.9	135.9	135.8	135.8	135.8	135.8	135.8

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of (DNR)

PROGRAM: Water Resources Management

ACTIVITY:

ITEM TITLE: Red River Basin Flood Water Management

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations				
- Grants	\$2,000	\$1,000	\$1,000	\$1,000
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends funds for the Department of Natural Resources in cooperation with the Board of Water and Soil Resource and the Pollution Control Agency for the following items to be funded as part of the agreements made during the Flood Damage Reduction mediation in the Red River Valley.

- Planning Grants for phase two watershed planning by the local watershed districts that will include natural resources as well as water management goals.
- Establish and operate local/state/federal agency interdisciplinary teams for each watershed in the Red River Valley
- Implement the approved project permit and environmental review processes including early coordination and public participation.
- Establish and maintain a basin data repository and project monitoring and evaluation system including data on land use affects on flood flows and water supply.

RATIONALE:

The flood of 1997 in the Red River Basin caused millions of dollars in damage and disrupted the economy of the area. This natural disaster increased the concerns from statewide interests in how water was being managed in the Red River Basin. State and Federal agencies completed a Tier 1 EIS on the cumulative impact expected from flood control impoundments. Public controversy has increased and law suits have been filed. The mediation, representing all interested parties has been completed. The resulting recommendations now will need to be implemented and should result in better, more innovative, cost effective and environmentally friendly flood control.

FINANCING:

Laws of 1997, Chapter 216, provided for a one time appropriation of \$100,000 for a Flood Damage Reduction mediation process to be implemented in the Red River Basin. This process has been successfully completed and the recommendations identify the need for additional funding for planning and grants.

OUTCOMES:

Program Impacts:

- Flood control and the often protracted conflicts over water management projects have proven to be very time consuming and expensive. The implementation of the mediation will result in significantly better flood damage reduction. Centralized data, monitoring and evaluation will supply better and more timely information to all decision makers. Comprehensive and interdisciplinary planning will result in managed public expectations, sustainable natural resources in the basin and targeted and cost effective flood damage reduction projects and techniques.
- This partnership among the state and federal agencies, local units of government through the watershed districts, landowners, special interest groups and the general public will immediately start decreasing the long standing level of conflict concerning water management in the basin.

Long Term Impacts:

Better and more environmentally friendly water management. Greatly decreased public expenditures for flood damages.

This page intentionally left blank.

PROGRAM: Forest Management

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

The Division of Forestry employs over 400 people to help achieve the forest management program goals, which include:

- providing a long-term, sustainable yield of forest resources, including timber and other forest crops, fish and wildlife habitat, biological diversity, clean water, recreation, rare and distinctive flora and fauna, air, soil, and educational, aesthetic and historic values;
- managing school trust fund lands to meet our fiduciary responsibility;
- improving the health and productivity of other public and private (including community) forests;
- protecting life, property, and natural resources from wildfires;
- providing meaningful natural resource work and educational experience for unemployed youth and young adults while accomplishing significant natural resource conservation/management work.

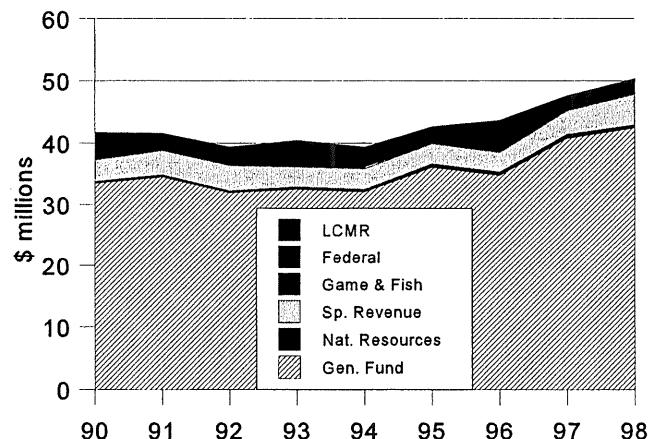
The Forest Management Program is composed of the 4 budget activities listed below. Each is discussed in a separate narrative.

- Forest Management
- Fire Fighting
- Youth Programs
- Sustainable Forest Resources Act Implementation (M.S. 89A).

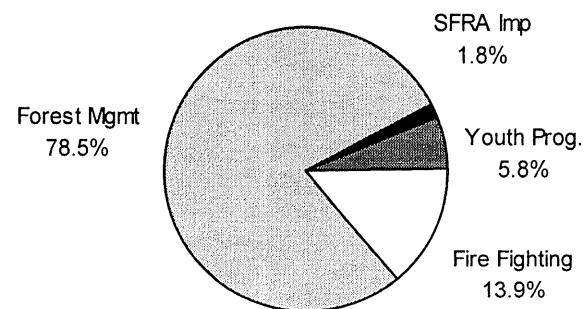
STRATEGIES AND PERFORMANCE:

These are discussed at the activity level.

Comprehensive site-level forest management guidelines have been developed by the Minnesota Forest Resources Council. Public comment and Council approval are expected to be completed before the end of the year, with implementation beginning early in 1999. Budget activity narratives provide more detail.

Forest Management Program**Expenditures by Source by FY****Forest Management Program****Expenditures by BACT**

F.Y. 1997-99



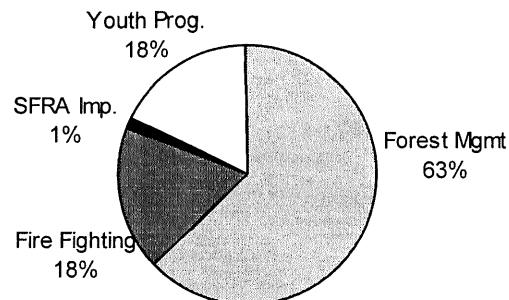
2000-01 Biennial Budget

PROGRAM: Forest Management

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

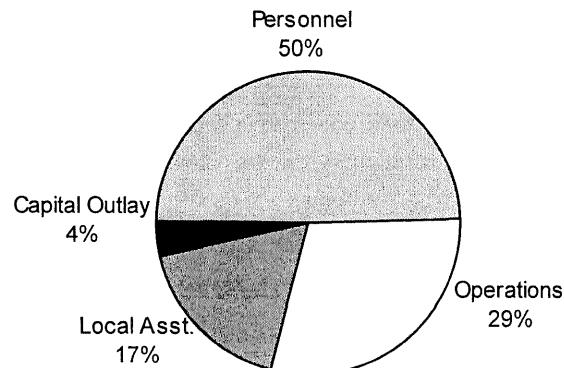
Forest Management Program

FTE by BACT
F.Y. 1997-99



Forest Management Program

Expenditures by Object F.Y. 1997-99



REVENUE: This program generates dedicated and non-dedicated revenue of approximately \$15-17 million each year.

GRANTS: This program distributes approximately \$8-9 million each year to other units of government, communities, local fire departments, education/research institutions, and non-government organizations.

LCMR RECOMMENDATIONS:

- *Minnesota ReLeaf Matching Grant Program - Continuation*
This program provides funds for the fourth biennium, with matching grants to local communities to protect native oak forests from oak wilt and to provide technical assistance and cost sharing with communities for tree planting (\$580,000 Environmental Trust Fund, \$270,000 MN Future Resources Fund).

BUDGET ISSUES:

- Reauthorization of the Sustainable Forest Resources Act (M.S. 89A).
- Implementation of MN Forest Resources Council voluntary site-level forest management guidelines.
- Increasing the productivity of forest land for timber.
- Improving the management of non-industrial private forest lands.
- Threats to community forests from expanding development, insects and diseases, and natural disaster.
- Providing off-highway vehicle trails and facilities.
- Third party certification of forest management.
- Maintaining efforts to increase state forest campground monitoring and customer service.
- Wildfire suppression management.
- Retaining well trained and seasonal fire fighters.
- Need for additional prescribed burning resources.
- Increasing demand for DNR Youth Programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and the following change items. In the Forest Management Activity a base reduction of \$275,000 each year in the Forest Stewardship Grants program. In the Youth Programs Activity, a biennial reduction of \$20,000 in the MN Conservation Corps as part of the Snowmobile Account reduction. In the Sustainable Resources Act Implementation Activity, a biennial appropriation of \$1.5 million for implementation of the SFRA for 2 more years. He makes no recommendation on the LCMR project.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
FOREST MANAGEMENT	36,996	38,157	44,144	39,825	40,110	40,352	40,367	(1,824)	-2.2%
FIRE FIGHTING	7,000	8,931	13,269	10,499	10,499	10,588	10,588	(1,113)	-5.0%
YOUTH PROGRAMS	2,742	2,571	3,539	2,684	2,674	2,734	2,724	(712)	-11.7%
SUSTAIN RES ACT IMPLEMENTATION	812	760	1,246	0	750	0	750	(506)	-25.2%
Total Expenditures	47,550	50,419	62,198	53,008	54,033	53,674	54,429	(4,155)	-3.7%

CHANGE ITEMS:	FUND				
(A) BASE BUDGET REDUCTIONS	GEN			(275)	(275)
(A) SNOWMOBILE BUDGET REDUCTION	NRF			(10)	(10)
(B) FORESTRY LCMR ALLOCATIONS	EVT			290	290
(B) FORESTRY LCMR ALLOCATIONS	MNR			270	
(B) SUSTAINABLE FOREST RES ACT IMPLEMENT	GEN			750	750
Total Change Items				1,025	755

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE							
GENERAL	0	0	400	0	290	0	290
	32,061	31,725	37,385	33,657	34,132	34,376	34,851
MINNESOTA RESOURCES	26	889	422	0	270	0	0
STATE GOVERNMENT SPECIAL REVENUE	63	0	0	0	0	0	0
NATURAL RESOURCES	513	398	497	463	453	474	464
OPEN APPROPRIATIONS:							
GENERAL	8,453	10,463	14,000	12,000	12,000	12,000	12,000
STATUTORY APPROPRIATIONS:							
GENERAL	284	270	452	450	450	450	450
NATURAL RESOURCES	80	14	154	60	60	60	60
SPECIAL REVENUE	3,676	4,813	6,100	4,525	4,525	4,578	4,578
FEDERAL	2,306	1,740	2,521	1,733	1,733	1,616	1,616
AGENCY	23	68	101	80	80	80	80
GIFT	65	39	166	40	40	40	40

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	47,550	50,419	62,198	53,008	54,033	53,674	54,429
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	466.4	474.5	474.5	466.1	472.1	466.1	472.1
PART-TIME, SEASONAL, LABOR SER	135.7	138.4	138.4	139.6	138.6	139.6	138.6
OVERTIME PAY	30.0	31.8	31.8	31.8	31.8	31.8	31.8
Total Full-Time Equivalent	632.1	644.7	644.7	637.5	642.5	637.5	642.5

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Forestry, T&W, Operations Support
ACTIVITY:
ITEM TITLE: Base Budget Reductions

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - Grants	\$1,208	\$1,208	\$1,208	\$1,208
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends eliminating the following General Fund appropriations from the agency's base budget:

\$275,000 - Forest Stewardship grants
\$600,000 - Snowmobile Trail GIA
\$43,000 - Cross-Country Ski grants
\$290,000 - Operations Support

RATIONALE:

The base budget reductions recommended by the Governor reflect his views that spending has extended beyond what he considers to be the proper role of government. He believes in a process of systematic evaluation and review of base level spending.

Given the limited time available to prepare a budget, no systematic evaluation was possible, but the Governor wants to communicate his commitment to reducing base level spending, and identified expenditures to be reduced.

Some of the guidelines used in identifying these spending reductions are:

- Not every new idea has to be financed with new money.
- Non-essential expenditures should be eliminated.
- Expenditures should reflect the proper role of state government.
- Eliminate narrow interest programs that only benefit a few at the expense of many.
- Eliminate expenditures that duplicate the efforts of others.
- Eliminate expenditures that shift user costs to the general taxpayer.

The Forest Stewardship grants were chosen because they represent an area where benefits are narrowly focused, but the costs are widely spread. The snowmobile and cross-country ski trail grants were chosen because they shift the costs of benefits to non-users. Operations Support was reduced to fund higher priorities.

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

ACTIVITY PROFILE:

This activity exists to sustain and enhance forest ecosystems, to provide a sustainable supply of forest products to meet human needs, and to provide income to the permanent school trust fund.

Specific activities and services:

- Managing 4.3 million acres of land.
- Technical urban forestry and cost-share assistance to Minnesota communities.
- Producing and selling tree and shrub seedlings for conservation planting.
- Monitoring the health, growth and composition of Minnesota' forests.
- Technical assistance to counties.
- Developing, monitoring and evaluating evolving management concepts.
- Coordinating forestry related education programs in schools.

Our goals are to:

- Provide a long-term, sustainable yield of forest resources.
- Manage school trust lands to fulfill the fiduciary responsibilities to the permanent school trust.
- Improve the health and productivity of forest lands.

The basic purposes for which these forestry programs were created are still valid:

- Maintain the forest land base, encouraging professional management of forest lands to meet public demand for products and uses.
- Restoring forest lands altered by harvesting, wildfires, insects and diseases, wind storms, and flooding.

Minnesota's growing population has intensified pressures on forest lands:

- Urban and lakeshore development is now the major cause of forest land loss.
- Expanding development in forested areas increases the risks and frequency of wildfires, and reduces the quality of, and ability to, manage forest lands.
- Recreational use of forest lands and recreational facilities have both increased.
- The list of recreational users has grown to include off-highway vehicles, horse-back riders, mountain biking, cross-country skiing, and snowmobiling.

- Timber harvesting has increased to meet growing demand.

These pressures will continue to grow and challenge forest managers to achieve a proper balance between meeting human needs and protecting other values of the forest. Greater understanding of biological processes has helped with this challenge, but has also increased the complexity of forest management decision making.

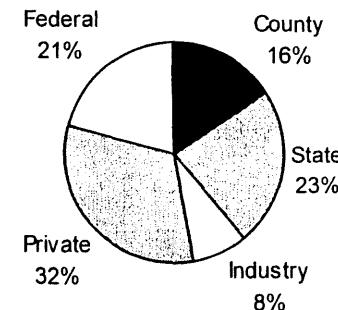
This activity serves a wide range of stakeholders, including:

- non-industrial private forest landowners,
- forest industries,
- environmental groups,
- outdoor recreationist communities,
- other state agencies and levels of government,
- consulting foresters and other forestry professionals.

Other units of government and the private sector are also involved in the management of forest lands.

**Minnesota Forest Land
Ownership - 1990**

16.7 Million Acres



2000-01 Biennial Budget

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

STRATEGIES AND PERFORMANCE:

The DNR Division of Forestry embraces voluntary collaborative approaches in the management of Minnesota forests, including critical efforts supported by the 1995 Sustainable Forest Resources Act.

Program strategies include a mix of:

- direct action,
- technical and cost-share assistance,
- enforcement,
- standard setting and monitoring,
- information and education.

Specific efforts to respond to evolving issues and scientific information:

- *Best management practices* (BMPs) are being applied across all ownerships to protect water quality, wetlands, and aesthetic quality. Site-level guidelines developed by the MN Forest Resources Council will address soil productivity, riparian area management, wildlife habitat, and historical/cultural resources.
- *Old-growth forest* identification and protection on state lands.
- *Extended rotation forest* management on state lands.
- *Ecological classification system* (ECS) to provide landscape-based information to guide planning and site-level management decisions.
- *Annual forest inventory*, a pilot to provide continual updates to the statewide permanent plot forest inventory.
- *White pine* protection, planting, and research.
- *Green certification* of public lands in Aitkin County as meeting international standards for sustainable forest management.
- *Continuing logger education and training* through the Minnesota Logger Education Program (MLEP).

Performance Measure	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998
Cords (millions) of wood harvested statewide from all ownerships.	4.1	3.7	3.8	3.8	3.8 (est.)
Cords (000's) of wood sold from DNR lands.	661.3	678.0	749.7	603.7	575.8
Cords (000's) of wood harvested from DNR lands	677.8	563.6	549.8	635.1	605.6
Acres (000's) of reforestation on DNR-administered lands	33.7	26.4	26.5	31.4	29.0 (est.)
Acres (000's) of private land for which Woodland Stewardship plans were prepared (cumulative since 1990)	410.0	488.0	564.0	643.0	735.0
Tree and shrub seedlings (millions) sold by DNR nurseries.	11.1	10.3	9.7	8.7	11.9

FINANCING INFORMATION:

Revenue summary:

This activity generates of approximately \$15 million each year. The major sources are:

- timber sales (\$10-12 million per year)
- tree seedling sales (\$1.5 million per year)

Grants summary:

\$(000's)	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
County Forest Roads	\$297	\$290	\$290	\$290
Federal Forest Health, Urban Forestry, and Stewardship	\$245	\$87	\$0	\$0
MN ReLeaf & Community Forest Ecosystem Health	\$490	\$249	\$580	\$0
High Water Disaster	\$300	\$0	\$0	\$0
White Pine Restoration & Research	\$357	\$390	\$390	\$390
Payment in Lieu of Taxes	\$5,502	\$6,000	\$6,000	\$6,000
Consolidated Conservation Areas	\$1,320	\$1,102	\$1,192	\$1,233

2000-01 Biennial Budget

BUDGET ACTIVITY: Forest Management

PROGRAM: Forest Management

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET ISSUES:

- Reauthorization of the 1995 Sustainable Forest Resources Act.
- Implementation of the voluntary comprehensive site-level forest management guidelines developed by the Minnesota Forest Resources Council.
- Increasing the productivity of forest lands for timber.
- Improving the management of non-industrial private forest land. LCMR is recommending \$450,000 for the F.Y. 2000-01 biennium for Stewardship planning and cost-share assistance.
- Addressing threats to community forests from residential and commercial development, construction damage insects, and diseases and natural disasters. LCMR has recommended \$580,000 for the Minnesota ReLeaf planting and protection program for the F.Y. 2000-01 biennium.
- Off-highway vehicle (OHV) trail system planning and facilities.
- Increasing the presence of white pine in areas of Minnesota.
- Third-party certification of forest management. The LCMR recommended \$150,000 for the F.Y. 2000-01 biennium to increase third party certification.
- Maintaining efforts to increase state forest campground monitoring and customer service.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Budget Activity Summary	Actual	Actual	Budgeted	F.Y. 2000		F.Y. 2001		Biennial Change		
	F.Y. 1997	F.Y. 1998		Base	Governor	Recomm.	Base	Governor	Dollars	
EXPENDITURES BY CATEGORY:										
STATE OPERATIONS										
PERSONAL SERVICES	18,692	19,369	20,051	19,304	19,304		19,888	19,888	(228) -6%	
OPERATING EXPENSES	10,215	7,983	11,900	9,290	9,240		9,150	9,100	(1,543) -7.8%	
TRANSFERS	0	0	1	72	72		74	74	145 *****	
SUBTOTAL STATE OPERATIONS	28,907	27,352	31,952	28,666	28,616		29,112	29,062	(1,626) -2.7%	
CAPITAL OUTLAY	943	1,569	3,235	2,697	2,697		2,702	2,702	595 12.4%	
PAYMENTS TO INDIVIDUALS	3	0	0	0	0		0	0	0 0	
LOCAL ASSISTANCE	7,143	9,236	8,957	8,462	8,797		8,538	8,603	(793) -4.4%	
Total Expenditures	36,996	38,157	44,144	39,825	40,110		40,352	40,367	(1,824) -2.2%	
CHANGE ITEMS:										
	FUND									
(A) BASE BUDGET REDUCTIONS	GEN				(275)			(275)		
(B) FORESTRY LCMR ALLOCATIONS	EVT				290			290		
(B) FORESTRY LCMR ALLOCATIONS	MNR				270					
Total Change Items					285			15		
FINANCING BY FUND:										
DIRECT APPROPRIATIONS:										
ENVIRONMENT & NATURAL RESOURCE	0	0	400	0	290		0	290		
GENERAL	26,781	25,670	30,015	28,162	27,887		28,753	28,478		
MINNESOTA RESOURCES	0	889	422	0	270		0	0		
STATE GOVERNMENT SPECIAL REVENUE	63	0	0	0	0		0	0		
OPEN APPROPRIATIONS:										
GENERAL	5,471	5,519	6,000	6,000	6,000		6,000	6,000		
STATUTORY APPROPRIATIONS:										
NATURAL RESOURCES	80	14	154	60	60		60	60		
SPECIAL REVENUE	3,517	4,362	4,629	3,900	3,900		3,953	3,953		
FEDERAL	1,031	1,664	2,370	1,663	1,663		1,546	1,546		
GIFT	53	39	154	40	40		40	40		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FOREST MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	36,996	38,157	44,144	39,825	40,110	40,352	40,367
REVENUE COLLECTED:							
DEDICATED							
NATURAL RESOURCES	74	59	40	60	60	60	60
SPECIAL REVENUE	4,181	4,862	4,067	4,218	4,218	4,298	4,298
FEDERAL	1,329	1,521	1,356	1,646	1,646	1,546	1,546
AGENCY	43	67	45	47	47	48	48
GIFT	41	41	80	40	40	40	40
PERMANENT SCHOOL	5,323	6,032	5,111	6,111	6,111	6,327	6,327
NONDEDICATED							
GENERAL	34	24	26	26	26	26	26
STATE GOVERNMENT SPECIAL REVENUE	0	2	0	0	0	0	0
CAMBRIDGE DEPOSIT FUND	1,945	2,759	2,027	2,451	2,451	2,534	2,534
Total Revenues Collected	12,970	15,367	12,752	14,599	14,599	14,879	14,879
FTE BY EMPLOYMENT TYPE:							
FULL TIME	352.7	348.8	348.8	348.8	348.8	348.8	348.8
PART-TIME, SEASONAL, LABOR SER	48.4	52.7	52.7	54.7	54.7	54.7	54.7
OVERTIME PAY	2.7	1.6	1.6	1.6	1.6	1.6	1.6
Total Full-Time Equivalent	403.8	403.1	403.1	405.1	405.1	405.1	405.1

This page intentionally left blank.

2000-01 Biennial Budget

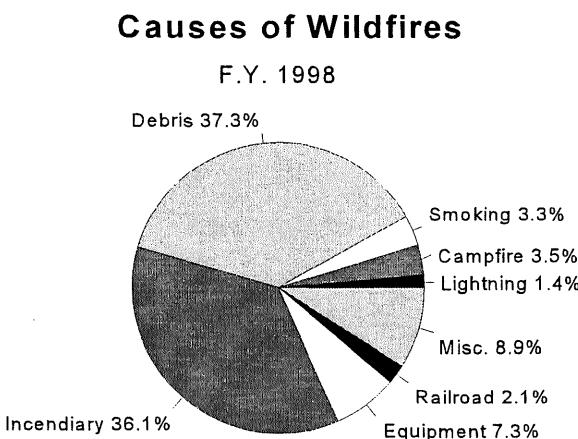
BUDGET ACTIVITY: Fire Fighting
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

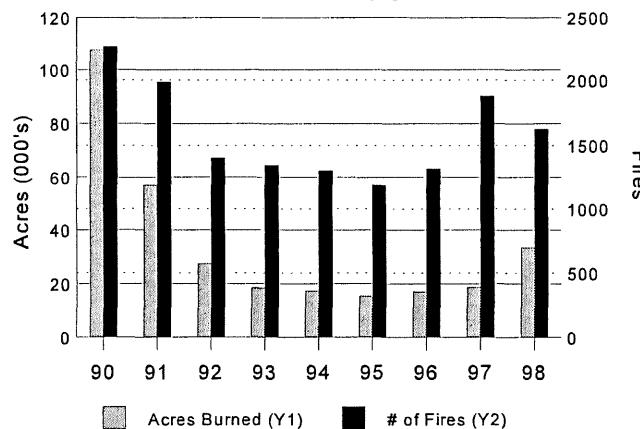
The Division of Forestry is charged with preventing and suppressing wildfires on 45.5 million acres of public and private land in Minnesota. Our goals are to:

- provide wildfire protection to avoid loss of life;
- minimize the loss of property and natural resources;
- provide emergency response in Minnesota and other states;
- use prescribed fire as an effective natural resource management tool.

Wildfire control efforts under state authority originated in the early 1900's after a series of devastating wildfires that destroyed Hinckley, Baudette, Chisholm, and Cloquet. After a severe wildfire season in 1976, the legislature created an open appropriation account to fund emergency fire suppression efforts. Since then, we have worked with legislature to find the appropriate balance between direct and open appropriation.



Wildfires Suppressed



STRATEGIES AND PERFORMANCE:

- *Prevention* activities include:
 - education,
 - regulation of open burning,
 - enforcement of state wildfire and open burning statutes.
- *Presuppression* activities include:
 - train firefighters and support personnel;
 - develop and maintain partnerships with other fire protection agencies;
 - operate the Minnesota Interagency Fire Center;
 - maintain a national interagency fire equipment cache;
 - contract for heavy ground and aerial suppression equipment;
 - maintain a radio communications network;
 - develop mobilization and dispatch plans.
- *Suppression* is accomplished by a balanced force of trained firefighters, support personnel, and aerial and ground equipment. Activities include:
 - locating wildfires using aircraft and lookout towers;
 - getting to wildfires quickly;
 - controlling the spread and extinguish the fire.

2000-01 Biennial Budget

BUDGET ACTIVITY: Fire Fighting

PROGRAM: Forest Management

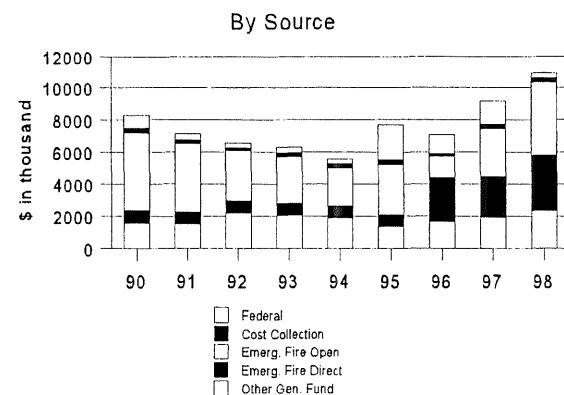
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

- *Emergency response assistance* includes:
 - maintaining expertise in the national Incident Command System (ICS) providing direct emergency response assistance with equipment and staff trained in ICS command, support, and other overhead functions.
- *Prescribed burning* helps prepare sites for seeding and reduces the risk and severity of wildfires. It also helps control insects, diseases, and invasive weeds. It improves wildlife habitat, and helps maintain certain natural communities, and provides valuable fire suppression training. Activities include:
 - prescribed fire planning;
 - conducting prescribed fires;
 - reporting, monitoring and evaluation;
 - training.
- *Federal Excess Property Program.* Through grants, contracts, and cooperative agreements, this program enables federal excess personal property to be loaned to local fire forces.

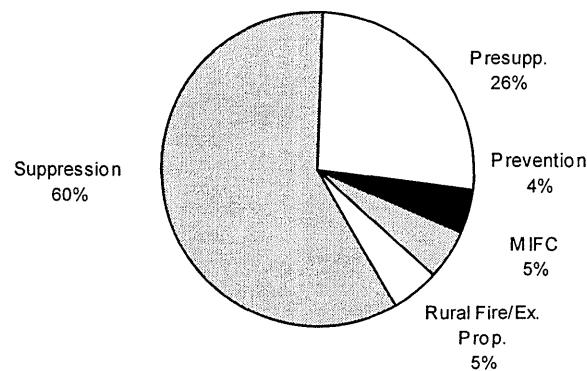
FINANCING INFORMATION:

Beginning in F.Y. 1998, the legislature increased our direct appropriation for emergency fire fighting to \$3.5 million annually. This has enabled us to operate at a level that more closely approximates our 'normal year' expenses.

Fire Fighting Expenditures



Fire Fighting Expenditures by Activity F.Y. 1992-96



2000-01 Biennial Budget

BUDGET ACTIVITY: Fire Fighting
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

REVENUE

This activity generates dedicated and non-dedicated revenue in the amount of approximately \$1-2 million annually. The major source of this revenue is reimbursements from the U.S. Forest Service for assistance in fighting fires outside Minnesota.

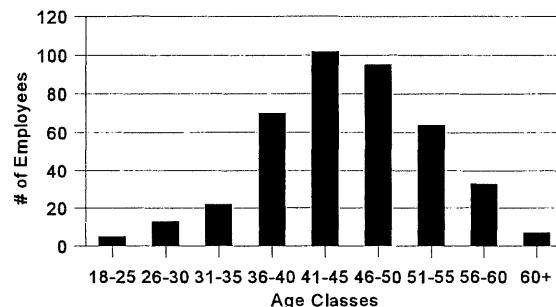
GRANTS

This activity distributes approximately \$200,000 per year to communities with populations under 10,000 to organize, train, and equip their fire departments for preventing and suppressing fires.

BUDGET ISSUES:

Age Distribution of Employees

Division of Forestry 1998



- Each year, the DNR hires several hundred emergency appointments as "smokechasers" and fire dispatchers to help fight wildfires. We established 42 seasonal positions in F.Y. 1999 to help retain well trained and experienced lead smokechasers and dispatchers whose responsibilities and time commitment have grown. These positions will continue to be funded from the emergency fire funds as appropriate. However, additional work needs to be done on prescribed burning and other land management activities.
- Reductions of federal grants and surplus equipment limit our ability to work with rural fire departments to help reduce wildfire suppression costs. Rural community fire departments' difficulties in recruiting and retaining experienced and trained personnel also limit their ability to work with us.

- Our aging workforce and reduced number of seasonal positions impacts our ability to effectively fight wildfires. This will potentially lead to a critical shortage in the number of trained and experienced firefighters within the next 5-10 years. Staffing for wildfire and rural structural fire response is reaching a crisis nationally as well as in Minnesota.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	3,952	4,237	4,861	3,651	3,651	3,740	3,740	(1,707)	-18.8%
OPERATING EXPENSES	3,048	4,694	8,388	6,828	6,828	6,828	6,828	574	4.4%
OTHER EXPENSES	0	0	20	20	20	20	20	20	100.0%
SUBTOTAL STATE OPERATIONS	7,000	8,931	13,269	10,499	10,499	10,588	10,588	(1,113)	-5.0%
Total Expenditures	7,000	8,931	13,269	10,499	10,499	10,588	10,588	(1,113)	-5.0%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	2,553	3,473	3,527	3,599	3,599	3,688	3,688		
OPEN APPROPRIATIONS:									
GENERAL	2,982	4,944	8,000	6,000	6,000	6,000	6,000		
STATUTORY APPROPRIATIONS:									
GENERAL	284	270	452	450	450	450	450		
SPECIAL REVENUE	44	244	1,290	450	450	450	450		
FEDERAL	1,137	0	0	0	0	0	0		
Total Financing	7,000	8,931	13,269	10,499	10,499	10,588	10,588		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
GENERAL	284	522	450	450	450	450	450		
SPECIAL REVENUE	172	220	1,150	450	450	450	450		
FEDERAL	1,093	0	0	0	0	0	0		
Total Revenues Collected	1,549	742	1,600	900	900	900	900		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: FIRE FIGHTING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	18.5	15.6	15.6	15.6	15.6	15.6	15.6
PART-TIME, SEASONAL, LABOR SER	59.1	70.2	70.2	70.2	70.2	70.2	70.2
OVERTIME PAY	27.1	30.1	30.1	30.1	30.1	30.1	30.1
Total Full-Time Equivalent	104.7	115.9	115.9	115.9	115.9	115.9	115.9

2000-01 Biennial Budget

BUDGET ACTIVITY: Youth Programs
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

The Youth Programs Activity operates the Minnesota Conservation Corps (MCC), the Youth in Natural Resources (YINR), and the Greater Twin Cities Urban Corps programs.

The Minnesota Conservation Corps program provides natural resources work experience and community service opportunities to unemployed youth and young adults, and high quality, cost-effective natural resource conservation work statewide. It has 2 components: a residential summer youth program that employs 15-18 year olds; and a non-residential year-round young adult program for 18-26 year olds.

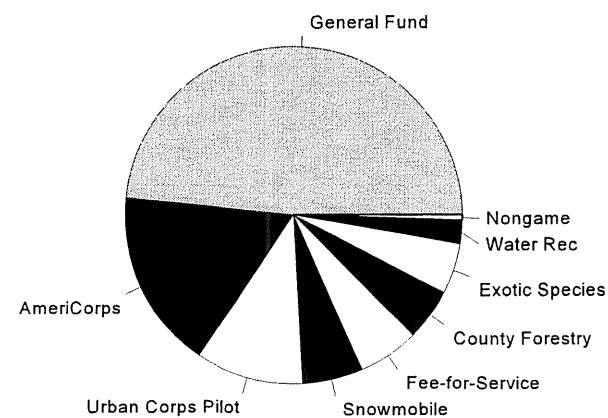
Enrollment preference is given to protected classes and to those with economic, social, physical, or educational disadvantages. Entry level members earn the federal minimum wage.

Projects include not only conservation projects, but also environmental education assistance to schools and natural disaster response statewide.

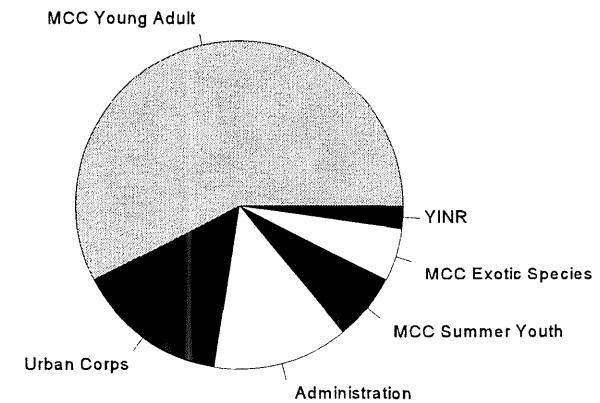
The Youth in Natural Resources program is a career exploration opportunity for protected-class youth, ages 15-18. The program works in partnership with several minority organizations to provide members with 8 weeks of training in natural resource careers and educational options.

Greater Minnesota youth work in teams and experience a broad exposure to resource issues and management techniques. In the metro area, youth have individualized internships tailored to match their interests and abilities.

Funding Summary



Expenditure Summary



2000-01 Biennial Budget

BUDGET ACTIVITY: Youth Programs

PROGRAM: Forest Management

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET ISSUES:

The number of youth and young adults interested in participating in our programs greatly exceeds program capacity. In the MCC Summer Youth program, over 500 applications were received for 70 positions.

STRATEGIES AND PERFORMANCE:

All our programs employ an experiential learning model to teach youth and young adults work and life skills, while completing high priority natural resource projects and other community service projects throughout the state. We also encourage protected-class persons to consider career opportunities in the DNR.

We have been recognized for leadership and accomplishment by the National Association of Service and Conservation Corps, the National Youth Leadership Council, Partnership Minnesota, and the Corporation for National Service.

FINANCING INFORMATION:

Our overall budget is approximately \$3.5 million. Approximately 85% of the budget goes for member and staff salaries. The rest pays for fleet, equipment and supplies. Ninety percent of all funding is spent on field operations.

The federal Corporation for National Service has established a post-service education award of \$4,725 for corpsmembers who successfully complete their term of enrollment. The National Service Trust has granted \$597,713 in federal F.Y. 1999 to be used by Minnesota Conservation Corps and Urban Corps members to retire existing student loans or help members pursue post-secondary education and training.

The MCC Young Adult program has successfully developed contractual "fee-for-service" agreements with other government and non-profit agencies. This arrangement allows for increased program funding while offering quality, cost-effective assistance to other conservation based projects that might otherwise go undone.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: YOUTH PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,901	1,958	2,320	1,994	1,984	2,044	2,034	(260)	-6.1%
OPERATING EXPENSES	666	474	1,110	584	584	584	584	(416)	-26.3%
SUBTOTAL STATE OPERATIONS	2,567	2,432	3,430	2,578	2,568	2,628	2,618	(676)	-11.5%
PAYMENTS TO INDIVIDUALS	136	129	88	85	85	85	85	(47)	-21.7%
LOCAL ASSISTANCE	39	10	21	21	21	21	21	11	35.5%
Total Expenditures	2,742	2,571	3,539	2,684	2,674	2,734	2,724	(712)	-11.7%
<u>CHANGE ITEMS:</u>									
	FUND								
(A) SNOWMOBILE BUDGET REDUCTION	NRF					(10)		(10)	
Total Change Items						(10)		(10)	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	1,915	1,822	2,597	1,896	1,896	1,935	1,935		
MINNESOTA RESOURCES	26	0	0	0	0	0	0		
NATURAL RESOURCES	513	398	497	463	453	474	464		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	115	207	181	175	175	175	175		
FEDERAL	138	76	151	70	70	70	70		
AGENCY	23	68	101	80	80	80	80		
GIFT	12	0	12	0	0	0	0		
Total Financing	2,742	2,571	3,539	2,684	2,674	2,734	2,724		
<u>REVENUE COLLECTED:</u>									

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: YOUTH PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	161	152	175	175	175	175	175
FEDERAL	158	107	70	70	70	70	70
AGENCY	104	81	80	80	80	80	80
GIFT	0	4	0	0	0	0	0
Total Revenues Collected	423	344	325	325	325	325	325
FTE BY EMPLOYMENT TYPE:							
FULL TIME	92.2	101.7	101.7	101.7	101.7	101.7	101.7
PART-TIME, SEASONAL, LABOR SER	27.7	14.7	14.7	14.7	13.7	14.7	13.7
OVERTIME PAY	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	120.1	116.5	116.5	116.5	115.5	116.5	115.5

2000-01 Biennial Budget

BUDGET ACTIVITY: Sustainable Forest Resources Act Implementation
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This budget activity supports implementation of the Sustainable Forest Resources Act (SFRA), MS § 89A. The SFRA was identified by a broad cross-section of the state's forest resource interests as the most effective way to implement the major recommendations contained in the Timber Harvesting GEIS. The Timber Harvesting GEIS was commissioned by the Minnesota Environmental Quality Board to analyze the effects expanded timber harvesting might have on the state's forest resources.

The public goal to be achieved through the SFRA is promoting the sustainable management of Minnesota's forest resources. The SFRA does so by bringing together the state's forest resource interests to develop and implement programs that promote sustainable site- and landscape-based forest management practices. It also provides the information needed to support sustainable forest management through research, monitoring, and information management initiatives. With the likelihood that forests will be increasingly looked to for their commodity, ecological, and amenity values, the SFRA provides a framework by which varying perspectives can work collaboratively to determine how best to use, manage, and protect Minnesota's forest resources.

STRATEGIES AND PERFORMANCE:

Strategies for achieving sustainable forest resources management through the SFRA include the following:

- *Addressing important state forest resource issues.* The Minnesota Forest Resources Council (MFRC), representing a wide range of interests in the state's forest resources, serves as a forum for developing recommendations to address important state forest resource issues. The MFRC also coordinates implementation of the SFRA.
- *Encouraging the use of appropriate site-based forest management practices.* The MFRC has developed voluntary timber harvesting and forest management

guidelines. These guidelines identify recommended practices for managing forested riparian areas, for enhancing forest wildlife habitat and visual quality, and for protecting forest soil productivity, historic/cultural resources, water quality, and forest wetlands.

- *Promoting the sustainability of large forest landscapes.* Through the landscape planning and coordination program, forest sustainability is promoted by: 1) encouraging better coordination among the state's resource managers in carrying out forest management activities; 2) developing comprehensive regional (substate) forest resource assessments; and 3) promoting the discussion and resolution of locally-based forest resource issues.
- *Addressing forest resources research needs.* Through its research advisory committee, the MFRC has prepared an assessment of important forest resources research needs, and is sponsoring research to evaluate the effectiveness of alternative forest management practices on riparian areas, wildlife habitat, and soil productivity.
- *Monitoring forest resource conditions, trends, and management practices.* The DNR, with input and direction from the MFRC, is monitoring changes occurring in the state's forest resources, and the use and effectiveness of various forest management practices. The MFRC has established a process for gathering information on negligent timber harvesting and forest management practices reported by the public.
- *Managing forest resources information.* An interagency information cooperative has been established to coordinate the development and increase the availability of forest resource data to forest managers and the public.
- *Promoting continuing education for Minnesota's loggers and natural resource professionals.* Support the education and training efforts of the Minnesota Logger Education Program and the College of Natural Resources' Institute for Sustainable Resource Management Education.

SFRA implementation performance will ultimately be judged by the degree to which its initiatives contribute to the state's goal of sustainable forest management. Information on the extent and condition of Minnesota's forest resources will be generated through both regional forest resource assessments as well as monitoring overall forest health conditions. Use of voluntary forest practice guidelines will be measured and compared to desired use rates established by the MFRC. Field evaluations of forest practices will also evaluate the effectiveness of recommended

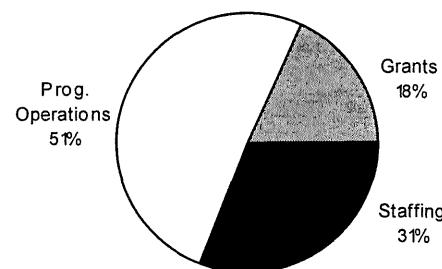
2000-01 Biennial Budget

BUDGET ACTIVITY: Sustainable Forest Resources Act Implementation
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

forest management practices, as well as forest resources research initiatives sponsored by the MFRC.

FINANCING INFORMATION:

SFRA Implementation Expenditures by Object



Program Financing:

(\$ 000's)	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
General Fund	\$ 1,018	\$1,180	\$0	\$0

GRANTS:

Authority: 1997 Session Laws: Chapter 216, Section 5, Subdivision 4.

Forest Resources Research. Funding is provided to conduct research that addresses important forest resources information needs as identified by the MFRC's research advisory committee (\$280 in F.Y. 1998-99).

Institute for Sustainable Resource Management Education. Funding is provided to the Institute, Sustainable Resource Management Education, College of Natural Resources, to assist in providing continuing education programs for natural resource professionals (\$75 in F.Y. 1998-99).

Interagency Information Cooperative. Funding to Minnesota county land departments for participation in the Interagency Information Cooperative (\$75 in F.Y. 1998-99).

BUDGET ISSUES:

The SFRA contains a repealer that sunsets the entire Act effective 6-30-99. The repealer was included when the legislation was passed in 1995 as a mechanism for evaluating SFRA usefulness and implementation progress. Because of the repealer clause, no F.Y. 2000-01 base appropriations for this activity are included.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FOREST MANAGEMENT

Activity: SUSTAIN RES ACT IMPLEMENTATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	200	470	500	0	358	0	368	(244)	-25.2%			
OPERATING EXPENSES	287	190	556	0	292	0	282	(172)	-23.1%			
SUBTOTAL STATE OPERATIONS	487	660	1,056	0	650	0	650	(416)	-24.2%			
LOCAL ASSISTANCE	325	100	190	0	100	0	100	(90)	-31.0%			
Total Expenditures	812	760	1,246	0	750	0	750	(506)	-25.2%			
<u>CHANGE ITEMS:</u>												
(B) SUSTAINABLE FOREST RES ACT IMPLEMENT	GEN				750		750					
Total Change Items					750		750					
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	812	760	1,246	0	750	0	750					
Total Financing	812	760	1,246	0	750	0	750					
<u>FTE BY EMPLOYMENT TYPE:</u>												
FULL TIME	3.0	8.4	8.4	0.0	6.0	0.0	6.0					
PART-TIME, SEASONAL, LABOR SER	0.5	0.8	0.8	0.0	0.0	0.0	0.0					
Total Full-Time Equivalent	3.5	9.2	9.2	0.0	6.0	0.0	6.0					

F.Y. 2000-01 BUDGET CHANGE ITEM

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

ITEM TITLE: Sustainable Forest Resources Management Act Implementation

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$750	\$750	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u>X</u> No _____				
If yes, statute(s) affected: M.S. 89A				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$750,000 per year to continue implementation of the Sustainable Forest Resources Act (SFRA) for 2 more years. This is necessary to implement a comprehensive strategy for sustaining forest resources to meet the state's economic, ecological, and social needs. It also provides a means for many organizations with an interest in forest resources to work together to address and resolve state forest resource issues, thereby avoiding potentially costly confrontations regarding how forests are managed, used, and protected. The Governor recommends that the sunset date of the SFRA be moved back to 6-30-01 to give him the opportunity to evaluate the continuation of the program.

RATIONALE:

The SFRA was established in 1995 as a comprehensive strategy for addressing timber harvesting and forest management concerns. It includes developing and implementing programs to promote sustainable forest management on specific sites as well as across large forest landscapes. Additionally, research, monitoring, information, and continuing education programs are established. The Minnesota

Forest Resources Council provides a forum for many of the state's diverse forest resource interests to address and resolve important forest resource issues.

The proposed budget initiative will provide for continued implementation of the SFRA. Because the SFRA contains a repealer clause effective the end of the current biennium, the entire budget for SFRA implementation is presented as a budget initiative. The proposed budget initiative is needed in order for the programs initiated under the SFRA to continue as indicated below.

FINANCING:

Funding allocation among the SFRA's programs is as follows:

Expenditure Category (\$000's)	F.Y. 2000	F.Y. 2001
<i>MN Forest Resources Council -- Coordinate SFRA implementation; examine/make recommendations to address important state forest resource issues. (2 FTE)</i>	\$193	\$213
<i>Timber Harvesting/Forest Management Guidelines -- Printing and distribution of guidelines; guideline use training/demonstrations to the state's loggers, resource professionals, and forest landowners.</i>	\$60	\$30
<i>Landscape-Level Planning Coordination -- Implementation of the Landscape Planning/Coordination Program across three MFRC landscape regions. (2 FTE)</i>	\$183	\$187
<i>Forest Resources Research -- Sponsoring forest resources research that supports effective implementation of site-and landscape-level sustainable forestry programs.</i>	\$102	\$102
<i>Monitoring -- Implementation of resource, compliance/effectiveness monitoring programs; administration of public concerns registration process. (2 FTE)</i>	\$212	\$218
Total:	\$750	\$750

OUTCOMES:

Specific outcomes include:

- Major forest resource issues being addressed/resolved by the state's forest resource interests.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of

PROGRAM: Forest Management

ACTIVITY: Sustainable Forest Resources Management Implementation

ITEM TITLE: Sustainable Forest Resources Management Act
Implementation

(Continuation)

- Widespread understanding/application of timber harvesting and forest management guidelines by MN's timber harvesters, natural resource managers, and forest landowners.
- Enhanced regionally-based coordination among forest landowners, detailed regional forest resource assessments, locally-based interests collaborating to address/resolve regional forest resource issues in three MFRC landscape regions.
- Research providing important information on sustainable forest management practices.
- Better understanding of: major conditions and trends in MN's forest resources; use and effectiveness of timber harvesting/forest management guidelines; and public concerns over timber harvesting and forest management practices.

This page intentionally left blank.

PROGRAM: Parks and Recreation Management

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

The mission of the Minnesota State Park System is to provide a state park system which preserves and manages Minnesota's natural, scenic, and cultural resources for present and future generations, while providing appropriate recreational and educational opportunities.

This program provides management, maintenance, operation, and development of 240,400 acres of outstanding natural resources that comprise 66 state parks, 4 state recreation areas, and 9 waysides. The 230 permanent staff are assisted by approximately 500 seasonal and part-time employees and 50 needy/elderly people employed under a contract with Greenview, Incorporated. Together, this staff:

- maintains and operates the park system's diverse recreational facilities,
- manages natural and cultural resources,
- enforces state laws and rules,
- operates and leases concessions,
- provides night security, and
- conducts environmental education and interpretative programs.

The issues associated with these activities are:

- providing adequate funding to insure quality public service,
- implementing sustainable management practices to preserve our natural, cultural, archeological, and historical resources,
- providing appropriate recreational opportunities, and
- fostering a sense of citizen stewardship through interpretive services.

State parks provide personal, social, economic, and environmental benefits for Minnesota citizens and visitors. They generate one-third of their operating cost directly through fees. The remaining two-thirds comes from the General Fund. State parks generate additional income by attracting out-of state visitors that spend their money in Minnesota. A 1991 study found that the income state parks generate was slightly larger than that paid for parks through the General Fund ("Do State Parks Pay for Themselves?", Dr. Tim Kelly, 1992).

STRATEGIES AND PERFORMANCE:

The division will continue to increase the amount of state park lands managed for their desired future condition. At the close of F.Y. 1999, the division will have completed a resource assessment on 24 parks to identify a desired future condition for the ecosystems within each park.

The number of sustainable ecosystem-based management projects that state park staff are involved in will increase. State park administrative staff will support park staff involvement in appropriate ecosystem-based management programs. This management philosophy will be part of annual performance reviews and annual awards will continue to be presented to staff for outstanding efforts in sustainable ecosystem-based management. At the close of F.Y. 1999, the division will be involved in 80 ecosystem-based management projects.

The state park system is for the preservation and management of 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 ownership of land within a state park. Private in-holdings within state parks create numerous constraints for effective park operations. The division will work to acquire the remaining 23,600 acres of private land within the statutory boundaries of state parks by the year 2020. (The division will approve the acquisition of about 2000 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 activities. Both of these activities are necessary to continue to satisfy our customers. Each visitor has a different idea of what the mix should be. Division managers will decide as each budget is distributed what staff hours can be dedicated to providing public service as compared to managing park resources. The division's goal is to ensure that 94% or more of state park customers are satisfied with the services. Visitor research is needed to help determine these funding priorities and measure results.

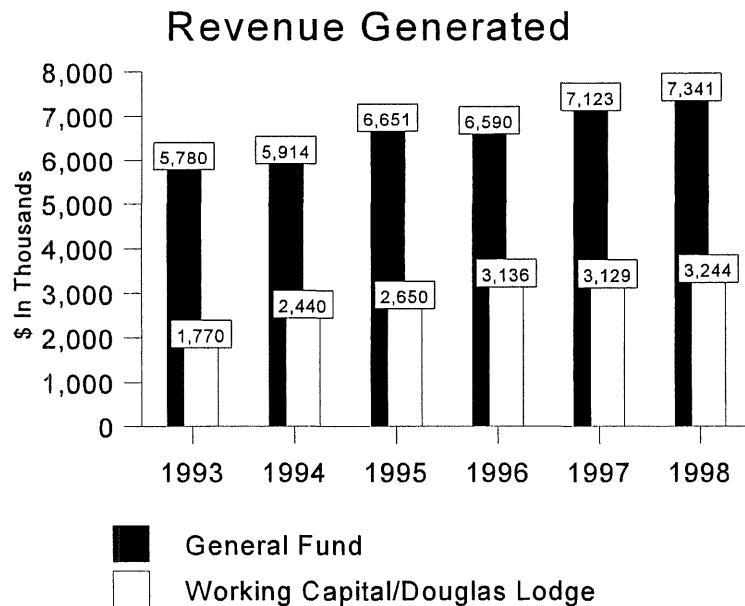
We will continue to have a positive effect on the environmental awareness of park visitors and the number of people participating in formal environmental learning opportunities in state parks will increase.

The division's management staff will continue to seek efficiency measures. The division's management staff will also continue to evaluate the minimum operating standards in order to assure a viable state park system for future generations.

2000-01 Biennial Budget

PROGRAM: Parks and Recreation Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

FINANCING INFORMATION:



REVENUE:

State parks generated \$7.348 million of General Fund revenue in F.Y. 1998. These revenues have increased by 23.4% over the past 5 years. Further revenue growth is expected in the 2000-2001 biennium.

GRANTS:

Included in this program is a \$3 million annual grant to the Metropolitan Council for metropolitan area regional parks maintenance and operations.

BUDGET ISSUES:

In 1990, the division established minimum standards of maintenance and operations.

This system provides a responsible means to establish budgets, allocate funds, communicate expectations, and hold parks staff accountable. These standards have never been fully funded, and inflation has eroded the ability to provide necessary services to the public. The impact of this erosion reduces the overall quality of the park experience.

Parks personnel have made significant progress to reduce costs while keeping the system operating at the current funding level. This takes the form of:

- limited services during shoulder seasons,
- reduced office hours and staffing,
- eliminated trash collection in places,
- initiated the Work Experience Program.

LCMR RECOMMENDATIONS - DIRECT:

- *North Shore Touring Trail*
Provides for construction of the north shore touring trail connection through Split Rock State Park (\$550,000 Environmental Trust Fund).
- *State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation*
Provides for the following: 1) \$500,000 for state park and recreation area acquisition; 2) \$500,000 for state park and recreation area development, and rehabilitation; and 3) \$496,000 for the state parks acquisition project in ML 97, Chap 216, Sec. 15, Subd 4A (\$1,496,000 Environmental Trust Funds).
- *Fort Snelling State Park-Upper Bluff Implementation-Continuation*
Implement the utilization plan (\$250,000 Environmental Trust Funds).
- *Interpretive Boat Tours of Hill Annex Mine State Park*
Interpretive boat excursion tours of the mine (\$60,000 Environmental Trust Funds).

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and a biennial appropriation of \$2.176 million to improve the operating standards of state parks. He also recommends an annual appropriation of \$38,000 for the SEA program, as part of the Workforce 2000 initiative. He makes no recommendation on the LCMR projects.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: PARKS & RECREATION MGMT

Activity: PARKS & RECREATION MGMT

Budget Activity Summary	Actual	Actual	Budgeted	F.Y. 2000		F.Y. 2001		Biennial Change		
	F.Y. 1997	F.Y. 1998		Base	Governor	Recomm.	Base	Governor	Dollars	
EXPENDITURES BY CATEGORY:										
STATE OPERATIONS										
PERSONAL SERVICES	17,390	18,104	18,962	19,481	20,393		20,125	21,037	4,364	
OPERATING EXPENSES	9,210	8,910	10,112	8,466	8,945		8,506	8,985	(1,092)	
OTHER EXPENSES	7	1	0	0	0		0	0	(1)	
TRANSFERS	0	0	1	40	40		41	41	80	
SUBTOTAL STATE OPERATIONS	26,607	27,015	29,075	27,987	29,378		28,672	30,063	3,351	
CAPITAL OUTLAY	2,414	2,317	2,384	378	1,043		378	1,043	(2,615)	
PAYMENTS TO INDIVIDUALS	5	0	0	0	0		0	0	0	
LOCAL ASSISTANCE	2,238	3,000	3,000	3,000	3,000		3,000	3,000	0	
Total Expenditures	31,264	32,332	34,459	31,365	33,421		32,050	34,106	736	
CHANGE ITEMS:										
	FUND									
(A) DNR WORKFORCE 2000 INITIATIVE	GEN				38			38		
(B) PARKS LCMR ALLOCATIONS	EVT		496		930			930		
(B) STATE PARK OPERATIONS	GEN				1,088			1,088		
Total Change Items			496		2,056			2,056		
FINANCING BY FUND:										
DIRECT APPROPRIATIONS:										
ENVIRONMENT & NATURAL RESOURCE	2,360	2,258	1,841	0	930		0	930		
GENERAL	23,805	25,751	27,272	27,176	28,302		27,864	28,990		
MINNESOTA RESOURCES	0	135	115	0	0		0	0		
STATE GOVERNMENT SPECIAL REVENUE	0	150	0	0	0		0	0		
NATURAL RESOURCES	1,032	534	729	634	634		636	636		
Total Financing	31,264	32,332	34,459	31,365	33,421		32,050	34,106		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: PARKS & RECREATION MGMT
Activity: PARKS & RECREATION MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
NATURAL RESOURCES	136	17	215	0	0	0	0
SPECIAL REVENUE	3,847	3,331	4,061	3,485	3,485	3,485	3,485
FEDERAL	10	72	5	5	5	0	0
ENVIRONMENTAL	22	2	51	0	0	0	0
GIFT	52	82	170	65	65	65	65
Total Financing	31,264	32,332	34,459	31,365	33,421	32,050	34,106
REVENUE COLLECTED:							
DEDICATED							
NATURAL RESOURCES	83	59	48	0	0	0	0
SPECIAL REVENUE	3,440	3,476	3,640	3,640	3,640	3,640	3,640
FEDERAL	10	72	5	5	5	0	0
ENVIRONMENTAL	9	3	0	0	0	0	0
GIFT	60	89	65	65	65	65	65
NONDEDICATED							
GENERAL	572	591	604	604	604	604	604
CAMBRIDGE DEPOSIT FUND	6,550	6,749	6,799	6,799	6,799	6,799	6,799
Total Revenues Collected	10,724	11,039	11,161	11,113	11,113	11,108	11,108
FTE BY EMPLOYMENT TYPE:							
FULL TIME	222.3	221.2	221.2	221.2	222.2	221.2	222.2
PART-TIME, SEASONAL, LABOR SER	187.7	188.6	188.3	189.3	212.3	191.3	214.3
OVERTIME PAY	3.6	3.3	3.2	3.2	3.2	3.2	3.2
Total Full-Time Equivalent	413.6	413.1	412.7	413.7	437.7	415.7	439.7

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Recreation Management
ACTIVITY:

ITEM TITLE: State Park Operations Funding

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$1,088	\$1,088	\$1,088	\$1,088
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1,088,000 in F.Y. 2000 and \$1,088,000 in F.Y. 2001 from the General Fund to help restore state park operations funding and bring the level of operations closer to operating standards established for the system statewide.

RATIONALE:

Prior appropriations authorized for the operations of state parks have not provided full funding for the minimum standards of the system. Under funding of the standards coupled with the impact of inflation has eroded the ability of state park managers to provide services necessary to serve the public year around and to maintain park buildings and facilities in a manner to avoid costly repairs and replacement.

State parks play a key role in Minnesota's tourism economy and serve over 8,000,000 visitors annually. In addition, state parks contain some of the finest

natural and cultural resources of the State of Minnesota. This initiative is directly related to sustaining the quality of park visitors experiences and to sustaining the natural and cultural resources of Minnesota state parks. These are at the foundation of Parks' strategic plan, as well as being specific strategic issues for the Division of Parks and Recreation. The budget initiative is also important to Department Ecosystem Based Management (EBM) goals in freeing some time for professional park staff to participate in longer term projects on broader landscapes.

FINANCING:

Approximately 80% of this funding would go towards seasonal labor, increasing the Division's staffing by 23.0 FTE. The remainder would be spent on supplies and miscellaneous park operating expenses.

OUTCOMES:

Additional operational funds will help offset inflation and allow state parks to better meet visitor, facility, and resource needs than in the 1998 fiscal year. It will not permit full operations year round.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: DNR Workforce 2000 Initiative

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$390	\$403	\$403	\$403
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the Minnesota DNR Workforce 2000 Initiative. This initiative will help the DNR provide improved interpretive services to the growing Southeast Asian (SEA) community, extend the Enforcement Liaison Community Officer Program (ELCOP) to other minority communities in addition to the SEA community, and develop a minority/economically disadvantaged student worker/training and employment program.

RATIONALE:

Population projections for 1995-2025 indicate that Minnesota's minority population will more than double while the white (non-Hispanic) population will increase by only 4%. DNR's minority employment level has been 3.2% for the past 10 years, while the statewide minority population has increased to 7.6%. Student populations in post secondary natural resources programs contain few minorities, and the market for these students is highly competitive.

There is increasingly intensive use of natural resources by minorities in Minnesota, yet many of these users have limited knowledge of laws and regulations governing resource use, the extent of outdoor recreational opportunities, and natural resource information and educational opportunities. Growing minority populations expect increasing collaborative interaction with DNR on resource management issues, increased access to educational and recreational opportunities, and increased employment opportunities that better reflect their expanded representation in Minnesota's overall population.

The DNR Workforce 2000 Initiative, divided into three components, is designed to meet these changing demographics and public expectations:

■ **Maintain the State Parks SEA Environmental Education Program.**

This program provides staff assistance for recruitment and mentoring of SEA interpretive naturalist interns in Minnesota state parks, as well as in providing outreach to the four SEA communities (Hmong, Lao, Cambodian, and Vietnamese). Of three SEA interns who worked in state parks during the summer of 1998, one has been retained in a temporary, full-time naturalist position at Fort Snelling State Park. This initiative would provide funding to hire this naturalist on a full-time basis in the Division of Parks and Recreation to provide interpretive services to the general public, with special emphasis on the SEA community. It would also provide continued support through the Office of Management and Budget Services for transportation, development of culturally appropriate educational materials, three SEA naturalist interns at Metro Region and southeastern Minnesota state parks, and the State Parks SEA Environmental Educational Program Coordinator position. The Coordinator and naturalist interns have expanded existing relationships with the SEA community, provided staff assistance in planning and conducting a record number of educational and recreational activities for the SEA community at state parks, and have been crucial to the internship program's success.

■ **Extend the ELCOP to Other Minority Communities in Addition to the SEA Community.**

This program has recruited four prospective SEA conservation officers and supported their education in law enforcement at Century College in White Bear Lake, MN. All four candidates should graduate, be POST board licensed and eligible to be appointed as Enforcement Community Liaison Officers by or before the summer of 2000. They will then carry out all the traditional duties of a conservation officer in the Division of Enforcement with the added

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Parks and Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: DNR Workforce 2000 Initiative
(Continuation)

responsibility of serving as a liaison between the DNR and the SEA community. This initiative would extend the ELCOP to other minority communities in addition to the SEA community by providing support for three new minority students in obtaining law enforcement degrees and becoming conservation officers. It would also continue support for the ½ time ELCOP Coordinator position, which has played a critical role in the success of the ELCOP and expanded relationships between the Division of Enforcement and the SEA community.

■ Develop a Seed Student Worker Program, a Minority/Economically Disadvantaged Student Worker/Training and Employment Program.

The proposed DNR Seeds Student Worker Program would support seven minority/economically disadvantaged student workers located in various DNR divisions and bureaus throughout Minnesota in F.Y. 2000, and eight student workers in F.Y. 2001. In addition, this initiative would support a full-time Seeds Coordinator position and a part-time clerical position. Based on experience with a similar program at MNDOT, a full-time coordinator is essential for recruitment, placement, monitoring, and evaluation. Adequate clerical support is also needed to maintain a successful program. Minority/economically disadvantaged students from the DNR Division of Forestry's MCC Program would be moved into Seeds student worker positions and eventually to permanent DNR positions to as great an extent as possible. This initiative would play a critical role in improving minority/economically disadvantaged employee recruitment in DNR.

FINANCING:

Funding allocation among the DNR Workforce 2000 components are as follows:

	F.Y. 2000	F.Y. 2001
Parks SEA Environmental Education (2 FTE)	\$100	\$100
Division of Parks and Recreation (1 FTE)	\$ 38	\$ 38
Office of Management and Budget Service (1 FTE)	\$ 62	\$ 62
ELCOP (0.5 FTE) (Division of Enforcement)	\$130	\$130
Seeds Student Worker Program (1.5 FTE) (Office of Affirmative Action)	\$160	\$173
Total: (\$000s)	\$390	\$403

OUTCOMES:

- Interpretive services would be provided on a full-time permanent basis to the SEA community via an SEA naturalist at Fort Snelling State Park, thereby increasing SEA community participation at Fort Snelling State Park's new interpretive center.
- Support and mentoring would be provided for the SEA naturalist at Fort Snelling State Park and for three additional SEA naturalist interns at Metro Region and southeastern MN state parks.
- SEA staff assistance would be provided in planning and carrying out educational and recreational activities for SEA community members and groups at Minnesota state parks.
- Three additional minority Conservation Officers would be integrated into the Division of Enforcement, providing law enforcement services to the general public and especially to minority communities. Support and mentoring would be continue to be provided for these prospective officers while they are law enforcement students.
- Up to eight minority/economically disadvantaged Seeds students would be placed in permanent, full-time positions in various DNR divisions and bureaus throughout Minnesota.

This page intentionally left blank.

2000-01 Biennial Budget

PROGRAM: Trails and Waterways Management

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

Trails and Waterways (T&W) mission is "to create recreation opportunities through a system of trail and water recreation facilities that contributes to a sustainable quality of life."

Major program activities include providing:

- Access to lakes, streams, river corridors and designated Canoe and Boating Routes;
- Trails that accommodate a variety of motorized and non-motorized recreational activities;

The Trails and Waterways program seeks to attain the following long-term goals:

- Satisfy public demand for additional recreational trail miles.
- Secure safe and adequate public access to Minnesota's lakes and rivers.

STRATEGIES AND PERFORMANCE:

Since Trails and Waterways began in 1979, this system of recreational facilities has grown in popularity and demand. Communities all across the state now look to T&W for help in meeting their outdoor recreation objectives. The unit responds with innovative ideas that highlight cooperation, partnership, volunteerism, community service, and environmental stewardship. T&W serves as a catalyst for local recreation initiatives, bringing together the people and resources needed to achieve common goals. This flexibility has led to the development of innovative services and facilities funded through the capital budget process and through the funding recommended by the Legislative Commission on Minnesota Resources (LCMR).

It has also led to cooperative ventures wherein Trails and Waterways provides financial or technical assistance to local governments or organized interest groups.

Examples of cooperative projects include:

- The construction of boat accesses and fishing piers;
- The acquisition of shore fishing sites;
- Administration of the Cooperative (Local) Trail Grant Program, and the various Grant-In-Aid programs.

- Administration of the federal Clean Water Vessel Program;

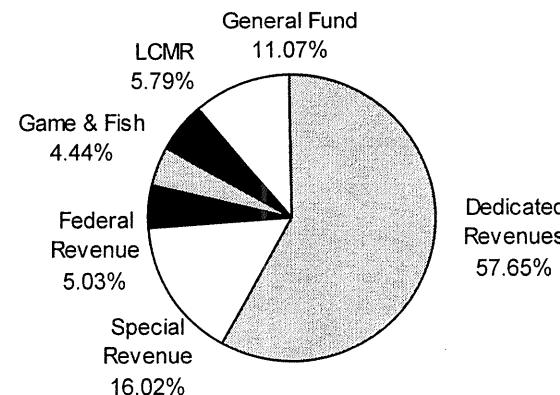
FINANCING INFORMATION:

T&W's budget is comprised of General funds, Game & Fish funds, LCMR appropriations, special revenues (IRRBB) Cooperative projects, gifts, and dedicated revenues generated through vehicle and watercraft registration fees and unrefunded gas tax receipts. Dedicated receipts are deposited into five accounts:

- Water Recreation
- Snowmobile
- All-Terrain Vehicle (ATV)
- Off-Highway Motorcycle (OHM)
- Off-Road Vehicle (or 4x4 truck) (ORV).

Dedicated revenues are also generated through sales of Cross-Country Ski Pass, along with federal funds administered through this program. The following chart shows these funding accounts and the portion of T&W total budget for F.Y. 1999.

Trails & Waterways Funding (by Funding Type)



2000-01 Biennial Budget

PROGRAM: Trails and Waterways Management

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET ISSUES:

Major budget issues facing T&W include the following:

- Increased off-highway vehicle use of state lands has prompted a major agency wide planning effort to manage and control growing OHV use and user demands.
- The snowmobile program must be reduced through the year 2001 in order to maintain a positive account balance.
- Increased numbers of boat access sites, fishing piers, shore fishing sites, and a substantial capital outlay for safe harbors has increased the need for maintenance funding.
- Additional state funding for the acquisition and development of boat access sites is needed to meet growing local demand and to match increased federal funding.
- A classification level evaluation is currently in process for positions in the T&W unit. The expected completion date is 7-1-99. Implementation of the classification level changes could result in additional salary obligations of \$200,000 to \$300,000 per year.

LCMR RECOMMENDATIONS - DIRECT:

- *Public Boat Access and Fishing Piers*
To provide increased access to lakes and rivers by providing public boat access sites, fishing piers and shoreline access sites. Funds will be spent in approximately equal portions in the twin cities metropolitan area and the remainder of the state (1.0 million Environmental Trust Fund, \$299,000 Minnesota Future Resources Fund).
- *Management and Restoration of Natural Plant Communities on State Trail*
This project provides funds to manage and restore natural plant communities along state trails under section 85.015 (150,000 Environmental Trust Fund).
- *Local Initiatives Grants Program*
This project provides \$1,220,000 for trail grants to local units of government

on land to be maintained for at least 20 years. \$500,000 is for grants of up to \$50,000 per project for trail linkages between communities, trails, and parks, and \$720,000 is for grants of up to \$250,000 for locally funded trails of regional significance outside the metropolitan area (\$1,222,000 MN Future Resources Fund).

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and the following change items. In the Water Access Activity, an increase of \$1,488,000 in F.Y. 2000, and \$556,000 in F.Y. 2001 for Wallup Breaux funding (federal excise tax on sport fishing equipment).

In the Trails Recreation Activity, base reductions of \$600,000 each year in snowmobile grants, and \$43,000 each year for cross-country ski grants. A reduction of \$830,000 each year for the snowmobile gas tax initiative, and an increase of \$500,000 in F.Y. 2000 and \$1.0 million in F.Y. 2001 for off highway vehicle management.

The Governor makes no recommendation on the LCMR projects.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
TRAILS & WATERWAYS MGMT	1,192	2,845	2,526	1,845	1,845	1,882	1,882	(1,644)	-30.6%
WATER ACCESS & RECREATION	7,163	7,458	9,957	7,488	9,775	7,682	8,738	1,098	6.3%
TRAILS RECREATION	6,938	9,005	12,860	10,147	10,469	10,211	9,813	(1,583)	-7.2%
Total Expenditures	15,293	19,308	25,343	19,480	22,089	19,775	20,433	(2,129)	-4.8%
CHANGE ITEMS:									
(A) BASE BUDGET REDUCTIONS	GEN				(643)			(643)	
(A) SNOWMOBILE BUDGET REDUCTION	NRF				(830)			(830)	
(B) FEDERAL WALLUP BREAUX	G&F				1,488			556	
(B) OFF-HIGHWAY VEHICLE (OHV) MANAGEMENT	NRF				500			1,000	
(B) TRAILS REC LCMR ALLOCATIONS	EVT				75			75	
(B) TRAILS REC LCMR ALLOCATIONS	MNR				1,220			500	
(B) WATER ACCESS LCMR ALLOCATIONS	EVT				500			500	
(B) WATER ACCESS LCMR ALLOCATIONS	MNR				299				
Total Change Items					2,609			658	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	504	540	205	0	575	0	575		
GENERAL	1,378	3,902	3,685	2,642	1,999	2,683	2,040		
MINNESOTA RESOURCES	867	625	1,649	0	1,519	0	0		
NATURAL RESOURCES	10,023	11,904	13,879	12,703	12,373	12,856	13,026		
GAME AND FISH (OPERATIONS)	1,483	1,252	1,078	1,051	2,539	1,052	1,608		
IRON RANGE RESOURCES & REHAB	0	0	750	0	0	0	0		
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	207	314	313	313	313	313	313		
Total Financing	15,293	19,308	25,343	19,480	22,089	19,775	20,433		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: TRAILS & WATERWAYS MGMT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
NATURAL RESOURCES	3	95	178	28	28	28	28
SPECIAL REVENUE	400	435	1,534	285	285	285	285
FEDERAL	112	45	1,690	2,423	2,423	2,523	2,523
AGENCY	285	126	0	0	0	0	0
GIFT	31	70	382	35	35	35	35
Total Financing	15,293	19,308	25,343	19,480	22,089	19,775	20,433
FTE BY EMPLOYMENT TYPE:							
FULL TIME	71.8	80.1	80.1	80.1	80.1	80.1	80.1
PART-TIME, SEASONAL, LABOR SER	45.4	44.9	44.9	44.9	45.4	44.9	49.4
OVERTIME PAY	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	117.6	125.4	125.4	125.4	125.9	125.4	129.9

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Trails and Waterways Management
PROGRAM: Trails and Waterways (T&W)
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This activity provides trail recreation for state residents and tourists. It supports DNR trail-related activities not supported through dedicated funding accounts. Our major functions include the following:

- Administration of the State Trail Program.
- Trail planning and surveying work.
- Management of capital budget acquisition and development projects.
- Management of LCMR projects.
- Administration of the Adopt-a-River project.
- Managing the Cooperative Trails Grant Program.
- Administering the National Recreation Trail Grant Program.
- Develop interpretive and vegetation management projects.
- Development of trail amenities (e.g., parking, picnic areas, drinking water).
- Maintenance of non-motorized state trails (non-dedicated funding sources).
- Development and distribution of public informational materials (maps, brochures) on non-dedicated account activities.

STRATEGIES AND PERFORMANCE:

We administer the 1,060 mile State Trail System. State trails appeal not only to bicyclists, in-line skaters, joggers, walkers and those who simply enjoy the out-of-doors, they also appeal to local business and commercial interests. Trail user associations and advocacy groups have actively promoted trail extensions and connections to recreation sites, population centers and other destinations.

State Trail / Unit Trail Mileages				
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
State Trails	1,060	1,065	1,090	1,100
DNR Unit Trails	2,287	2,287	2,287	2,287
State Trails (Bike)	335	340	365	375
TOTAL	3,682	3,692	3,742	3,762

The Adopt-a-River Program enlists volunteers to remove trash along sections of Minnesota's waterways. Some 300 groups have now adopted over 1,000 miles of shoreline. This restores the health and natural beauty of these rivers, and improves fish and wildlife habitat.

	No. of Volunteer Groups and Miles of Shoreline Adopted			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Groups	300	310	320	330
Miles	1,100	1,200	1,300	1,400

FINANCING INFORMATION:

This program is primarily funded from the General Fund, and it provides for the administration of other programs.

BUDGET ISSUES:

We recently received an increase in our base funding to help maintain the growth in the state trail system. As new miles of trail are added in the future, proportional increases in the maintenance budget should be added to avoid duplicating the statewide problems we have had with facility maintenance.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS & WATERWAYS MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	905	1,031	1,151	1,194	1,194	1,231	1,231	243	11.1%			
OPERATING EXPENSES	284	498	723	635	635	635	635	49	4.0%			
SUBTOTAL STATE OPERATIONS	1,189	1,529	1,874	1,829	1,829	1,866	1,866	292	8.6%			
CAPITAL OUTLAY	3	47	369	16	16	16	16	(384)	-92.3%			
LOCAL ASSISTANCE	0	1,269	283	0	0	0	0	(1,552)	-100.0%			
Total Expenditures	1,192	2,845	2,526	1,845	1,845	1,882	1,882	(1,644)	-30.6%			
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	1,177	2,786	2,382	1,840	1,840	1,877	1,877					
MINNESOTA RESOURCES	0	38	62	0	0	0	0					
STATUTORY APPROPRIATIONS:												
NATURAL RESOURCES	3	9	53	0	0	0	0					
SPECIAL REVENUE	12	1	20	5	5	5	5					
GIFT	0	11	9	0	0	0	0					
Total Financing	1,192	2,845	2,526	1,845	1,845	1,882	1,882					
<u>REVENUE COLLECTED:</u>												
DEDICATED												
NATURAL RESOURCES	10	10	10	0	0	0	0					
SPECIAL REVENUE	46	559	15	5	5	5	5					
AGENCY	65	8	0	0	0	0	0					
Total Revenues Collected	121	577	25	5	5	5	5					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS & WATERWAYS MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	14.2	16.2	16.2	16.2	16.2	16.2	16.2
PART-TIME, SEASONAL, LABOR SER	5.0	6.2	6.2	6.2	6.2	6.2	6.2
Total Full-Time Equivalent	19.2	22.4	22.4	22.4	22.4	22.4	22.4

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Water Access and Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

The purpose of the Water Access and Recreation activity is to provide the public with water-based recreational opportunities and services.

Minnesotans rely heavily on public water access sites. A survey conducted by the University of Minnesota showed that three-fourths of state boat owners launch at public access sites at least once a year.

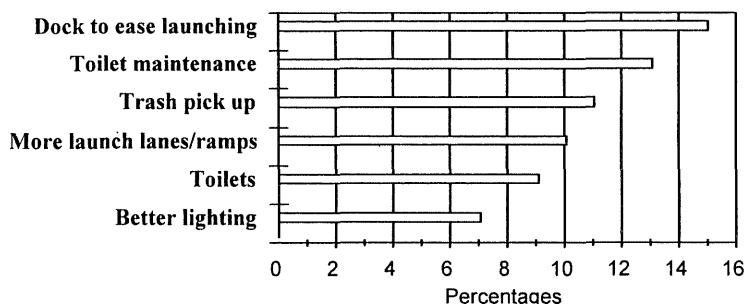
Minnesota ranks third in the nation for total boats registered (768,000) and first in the nation in the number of boats per capita (one boat for every 6 people). Major responsibilities of the activity are:

■ *Boat Access Sites*

These sites are 2 - 5 acres in size, contain a boat launch ramp, a parking lot, an entrance road, and visitor services such as toilets, docks, and information kiosks. When we build or upgrade access sites, we look for partnerships where we provide the capital investment and the local community maintains and operates the facility. However, DNR is the only provider of access in many areas of the state and with over 1,550 sites to manage, maintenance, rehabilitation, and site amenities are major issues.

■ In a 1996 metro boating study, boat access users gave high marks to the quality of boat access, but when asked if they had a problem using the access, 30% said yes. When asked what improvements were needed, the study showed the following:

Improvements Needed at the Boat Access Site



■ *River Recreation*

We provide facilities and services on 21 designated rivers, including primitive campsites, rest areas, portage trails, and launch sites. Services include river cleanup, snag removal, the printing of maps and information guides, water level reports, and marking and signing of hazards. New access sites are acquired and developed according to our management objectives and demonstrated need.

■ *Fishing Piers and Shore Fishing Sites*

A very popular part of our program, these sites are constructed in cooperation with local units of government. Priorities are determined based on a ranking system that considers the site characteristics, fisheries resource, local initiatives, and proximity to population centers. Piers and shore fishing sites are designed to be accessible to children, persons with disabilities, and the elderly.

■ *Lake Superior Safe Harbors*

Implementation of the North Shore Harbors Plan and subsequent legislation that specified the numbers, size, and location of harbors and boat access sites began in 1997 with the construction of the first site at Silver Bay. State and federal funds have been appropriated for additional harbors and accesses at Two Harbors, McQuade Road (Duluth) and Taconite Harbor (Schroeder) which are in the land acquisition and design phase. All of the sites have active local committees working with the DNR. The facilities will provide boat access and protection from storms, and some will provide gas, dockage, sewage pumpouts, and other services related to boating and fishing.

2000-01 Biennial Budget

BUDGET ACTIVITY: Water Access and Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

Water recreation has become more diversified and is continuing to do so as special projects have been funded. Examples include the following:

- We constructed a boat access site with capital budget and Legislative Commission on Minnesota Resources (LCMR) funds at Maxwell Bay on Lake Minnetonka.
- 1998 legislation required us to do a study for a Whitewater Park in cooperation with local governments and citizens on the Mississippi River in Minneapolis for canoes and kayaks.
- We developed a Lake Superior Kayak Trail working with local groups to establish campsites and rest areas.
- We provided a boater wayside on a Lake of the Woods island for anglers to have a "shore lunch" and place to stretch.
- We manage the *Federal Clean Vessel Program* providing pass through grants to public and private marinas for sewage pumpouts for boats.

STRATEGIES AND PERFORMANCE:

- The goal of this activity is to continue to increase the number of boat access sites, fishing piers, and other water recreation facilities and improve the quality of existing sites through regular maintenance and periodic rehabilitation.

Performance Statistics:

- The number of boat launch sites increased by 25 in the 1998-99 biennium.
- The number of fishing piers/shore access sites increased by 25 in the 1998-99 biennium.
- Lake Superior: 1 harbor was constructed in 1998-99, 2 have partial state funding to match federal funds, and one is in the planning stage.

FINANCING INFORMATION:

Almost 55% of the 1998-99 biennium funding for this activity was appropriated from the Water Recreation Fund. This fund has 2 revenue sources: highway gas

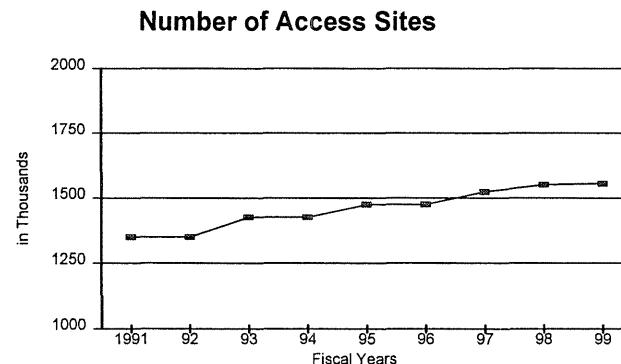
tax (1.5%) used by boats; and boat registration fees. Federal funds from the Wallop Breaux Act for boat access are received from 2 sources: through the Game and Fish Fund based on a federal law requiring 15 % of federal receipts from the Sport Fish Restoration Account be spent on boat access (75% reimbursement) and through the Boat Safety Account administered by the U.S. Coast Guard (50% match).

GRANTS

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.

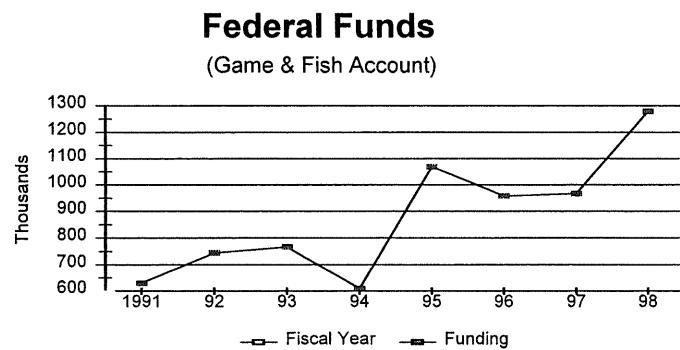
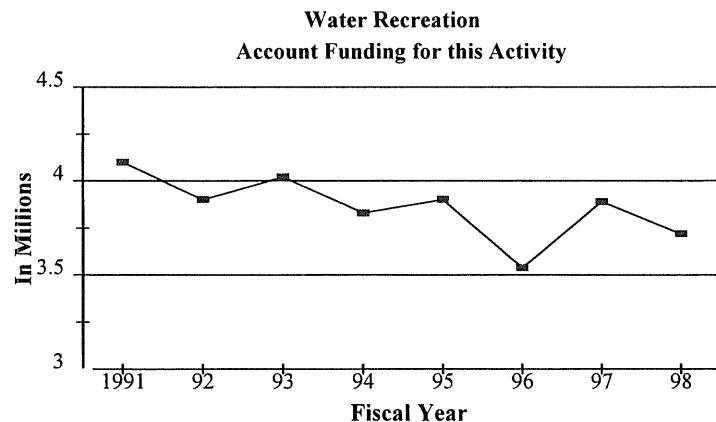
BUDGET ISSUES:

- *Acquisition.* Because lakeshore is a fixed commodity and the cost of lakeshore rises faster than any other land type, our primary emphasis has been on acquiring good sites when they become available. We believe this strategy will maximize public interest and funding over the long run, so we are committed to retaining this as our number one priority. It does, however, create problems in operations.
- *Maintenance.* The continued addition of new and expanded boat access sites, fishing piers, more miles of designated canoe routes and safe harbors on Lake Superior requires additional maintenance and operation funds (See Graph 3). At our current budget level, fewer dollars are spread over more sites, lowering overall maintenance quality.
- The number of boat access sites has steadily increased while funding from the water recreation fund has been declining as indicated below:



2000-01 Biennial Budget

BUDGET ACTIVITY: Water Access and Recreation
PROGRAM: Trails and Waterways Management
AGENCY: Natural Resources, Department of (DNR)
(Continuation)



- Federal Funds - Acquisition and Development.* We receive federal funds through Wallop-Breaux for boat access acquisition and development, but it must be matched by state funds. In 1998, federal legislation increased the

future funding apportionment for boat access by another 20%. State funds (Graph 4) have not kept up with the increase in federal funds (Graph 5) and are needed for match. State matching funds will be used for rehabilitation, construction and acquisition of boat access sites.

- Lake Superior.* With 4 harbor and boat access construction projects funded by state and federal funds, local governments need help with site planning. We will also need additional funds for state oversight of the harbor system and for periodic breakwater maintenance.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: TRAILS & WATERWAYS MGMT
Activity: WATER ACCESS & RECREATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	2,546	2,730	2,933	3,053	3,053	3,145	3,145	535	9.4%
OPERATING EXPENSES	2,136	2,517	2,383	2,257	2,357	2,309	2,365	(178)	-3.6%
SUBTOTAL STATE OPERATIONS	4,682	5,247	5,316	5,310	5,410	5,454	5,510	357	3.4%
CAPITAL OUTLAY	1,800	1,998	4,404	2,028	4,215	2,078	3,078	891	13.9%
LOCAL ASSISTANCE	681	213	237	150	150	150	150	(150)	-33.3%
Total Expenditures	7,163	7,458	9,957	7,488	9,775	7,682	8,738	1,098	6.3%
<u>CHANGE ITEMS:</u>									
	FUND								
(B) FEDERAL/WALLUP BREAUX	G&F				1,488			556	
(B) WATER ACCESS LCMR ALLOCATIONS	EVT				500			500	
(B) WATER ACCESS LCMR ALLOCATIONS	MNR				299				
Total Change Items					2,287			1,056	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	265	537	205	0	500	0	500		
GENERAL	0	295	505	0	0	0	0		
MINNESOTA RESOURCES	558	267	907	0	299	0	0		
NATURAL RESOURCES	4,257	4,505	4,658	4,754	4,754	4,847	4,847		
GAME AND FISH (OPERATIONS)	1,483	1,252	1,078	1,051	2,539	1,052	1,608		
OPEN APPROPRIATIONS:									
NATURAL RESOURCES	101	198	197	197	197	197	197		
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES	0	86	125	28	28	28	28		
SPECIAL REVENUE	113	114	1,019	0	0	0	0		
FEDERAL	70	19	890	1,423	1,423	1,523	1,523		
AGENCY	285	126	0	0	0	0	0		
GIFT	31	59	373	35	35	35	35		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: TRAILS & WATERWAYS MGMT
Activity: WATER ACCESS & RECREATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	7,163	7,458	9,957	7,488	9,775	7,682	8,738
<u>REVENUE COLLECTED:</u>							
DEDICATED							
NATURAL RESOURCES	45	158	8	28	28	28	28
SPECIAL REVENUE	0	0	469	0	0	0	0
FEDERAL	32	17	227	560	560	660	660
GIFT	32	306	59	35	35	35	35
Total Revenues Collected	109	481	763	623	623	723	723
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	35.2	36.8	36.8	36.8	36.8	36.8	36.8
PART-TIME, SEASONAL, LABOR SER	24.5	25.6	25.6	25.6	25.6	25.6	25.6
OVERTIME PAY	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	59.9	62.5	62.5	62.5	62.5	62.5	62.5

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Trails and Waterways (TAW) Management
ACTIVITY: Water Access and Recreation

ITEM TITLE: Federal Wallop/Breaux

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	1,488	556	556	556

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that additional resources be provided from the Game and Fish Fund as mandated by the Federal Sport Fish Restoration Program. The recommendation includes \$1.488 million for F.Y. 2000, which includes a one-time adjustment for prior years and \$556,000 for F.Y. 2001.

RATIONALE:

The Federal Sport Fish Restoration Program administered by the U.S. Fish and Wildlife Service, requires the state to allocate 15% 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 for recreational boating purposes. The initiative provides the additional resources to align the level of state funds with the required federal 15% apportionment.

FINANCING:

The base level funding from the Game and Fish Fund for this program is \$1.051 million for F.Y. 2000 and \$1.052 million for F.Y. 2001.

OUTCOMES:

The additional resources will be used to improve the quality of public access by providing additional boating opportunities through the land acquisition and development of new boat access sites and expansion and renovation of existing boat access sites throughout the state. With the technological improvements in boats and their cost to the customer, expectations for quality launch facilities is increasing. Emphasis will be placed on cooperation with local governments and stakeholders.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Trail Recreation
PROGRAM: Trails and Waterways
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This activity 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. It helps with the maintenance of those trails within, or managed by other DNR divisions (Parks, Forestry), the maintenance of the State Trail System, and the maintenance, planning, grant administration, and public information dissemination activities required for cross-country ski, all-terrain vehicle (ATV), off-highway motorcycle (OHM), off-road vehicle (ORV) and snowmobile trails.

The Grant-in-Aid (GIA) program makes up a significant portion of this activity. 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 programs goal is to spur the development of local trails at the initiative of clubs or organizations acting through their local units of government. State financial assistance ensures that locally controlled facilities may exist where none otherwise would without such support. The first priority is to maintain the existing GIA System. Grants are provided for snowmobile, ATV, ORV, OHM, and cross-country ski trails.

STRATEGIES AND PERFORMANCE:

Objective: Acquire and develop additional trail miles to meet growing demand for recreational trails.

	Miles of Trails			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
DNR Snowmobile	2,135	2,135	2,135	2,135
DNR Trail-XC Ski	789	789	789	789
DNR Trail-ATV	115	115	240	600
DNR Trail-OHM	121	121	161	570
DNR Trail-ORV	0	0	110	145
TOTAL	3,160	3,160	3,435	4,239

Objective: Administer a trail system that anticipates and responds to changing public demand through local trail grants.

	Miles of Trails			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
GIA - Snowmobile	14,715	14,887	15,000	15,200
GIA - Cross Country Ski	1,003	1,003	1,003	1,003
GIA - ATV	557	573	620	900
GIA - OHM	67	78	210	320
GIA - ORV	0	0	30	45
TOTAL	16,342	16,541	16,863	17,468

FINANCING INFORMATION:

This activity is funded primarily through dedicated revenues and with supplemental funding from the general fund for cross-country ski and snowmobile GIA. Revenues generated for the OHM, ORV, ATV, and snowmobile funds come from vehicle registrations and unrefunded gas tax. The Cross-Country Ski Account is funded from the sale of the ski pass. Unrefunded gas taxes are those tax dollars attributed to fuel consumed using public lands and trails. The percentages, .75% for snowmobiles; .15% for ATVs; .164% for ORVs; and .046% for OHMs, were determined by studies undertaken by Department of Administration, DNR, and Minnesota Department of Transportation (MN/DOT) and approved by the state legislature. Unrefunded gas taxes total about \$4.6 million annually.

REVENUE

In addition to the revenues listed below, this activity retains the interest earned on the balance of the Snowmobile Account. All revenues are shown below:

	Revenue Dollars (in thousands)			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
DEDICATED				
Cross County Ski	151	200	200	200
NON-DEDICATED				
Snowmobile	4,417	4,762	4,762	4,762
ATV	703	630	700	700
OHM	39	29	35	35
ORV	6	5	5	5
TOTAL	\$5,316	\$5,626	\$5,702	\$5,702

GRANTS

Trail Grants-In-Aid (GIA) Program. The GIA Program pays 65% of the costs for corridor acquisition, trail development, maintenance and administration, with the local sponsor providing the remaining 35%. State funds pay for 90% of trail grooming costs. Allowable costs and reimbursement rates are established and administered through a formal GIA system. A new system of performance-based snowmobile grants is currently being tested. Although the basic system is built upon past reimbursements, disbursements are made based upon various performance-based criteria.

2000-01 Biennial Budget

BUDGET ACTIVITY: Trail Recreation

PROGRAM: Trails and Waterways

AGENCY: Natural Resources, Department of (DNR)

(Continuation)

Summary of Grants Dollars (in thousands)

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Snowmobile	\$5,045	\$5,059	\$5,249	\$5,249
ATV	125	154	175	200
Cross Country	193	159	160	160
OHM	0	0	0	0
ORV	0	0	0	0
TOTAL	\$5,363	\$5,372	\$5,584	\$5,609

The department also administers a number of other grant programs funded through a variety of sources.

- *National Recreational Trails Program (NRTP)*. Under direction of DNR, the National Recreational Trails Program provides federal funding to local sponsors for various motorized and non-motorized trail projects in Minnesota and is advised by the Minnesota Recreation Trail Users Association (MRTUA).
- *Cooperative Trail Grants Program (CTGP)* This capital budget and Legislative Commission on Minnesota Resources (LCMR) recommended program is to help local units of government to complete trail connections to cities, towns, recreation areas and other points of interest. Fifty percent state reimbursement is available for trail acquisition and development.
- *Regional Trail Initiative Grants Program (RTIGP)* The primary purpose is to promote development of regionally significant trails funded with local or federal funding. Fifty percent state reimbursement is available for trail acquisition and development.

BUDGET ISSUES:

Major budget issues impacting this activity include developing a statewide plan for the use of OHV's on state administered land. This plan will include recommendations on:

- an OHV policy coordinated among all public land administrators;
- methods of determining appropriate locations for OHV trails or areas;
- proposals for designated OHV trails or areas (these would be developed at the local level) to provide a plan/list of OHV development possibilities in Minnesota;
- a clear process for handling GIA and/or unit OHV trail requests (including environmental review procedures).

A budget reduction is necessary to reflect a decreased level of resources from unrefunded gas tax based on current law.

Summary of Grant Dollars (in thousands)

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
NRTP	11	800	1,000	1,000
CTIGP	43	0	0	0
RTIGP	277	680	0	0
TOTAL	331	1,480	1,000	1,000

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS RECREATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	1,727	1,906	2,306	2,387	2,417	2,451	2,661	866	20.6%			
OPERATING EXPENSES	1,344	1,287	1,796	1,170	1,335	1,145	1,555	(193)	-6.3%			
SUBTOTAL STATE OPERATIONS	3,071	3,193	4,102	3,557	3,752	3,596	4,216	673	9.2%			
CAPITAL OUTLAY	250	118	1,906	7	107	7	182	(1,735)	-85.7%			
PAYMENTS TO INDIVIDUALS	58	0	0	0	0	0	0	0	0			
LOCAL ASSISTANCE	3,559	5,694	6,852	6,583	6,610	6,608	5,415	(521)	-4.2%			
Total Expenditures	6,938	9,005	12,860	10,147	10,469	10,211	9,813	(1,583)	-7.2%			
<u>CHANGE ITEMS:</u>												
	FUND											
(A) BASE BUDGET REDUCTIONS	GEN				(643)			(643)				
(A) SNOWMOBILE BUDGET REDUCTION	NRF				(830)			(830)				
(B) OFF-HIGHWAY VEHICLE (OHV) MANAGEMENT	NRF				500			1,000				
(B) TRAILS REC LCMR ALLOCATIONS	EVT				75			75				
(B) TRAILS REC LCMR ALLOCATIONS	MNR				1,220							
Total Change Items					322			(398)				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	239	3	0	0	75	0	75					
GENERAL	201	821	798	802	159	806	163					
MINNESOTA RESOURCES	309	320	680	0	1,220	0	0					
NATURAL RESOURCES	5,766	7,399	9,221	7,949	7,619	8,009	8,179					
IRON RANGE RESOURCES & REHAB	0	0	750	0	0	0	0					
OPEN APPROPRIATIONS:												
NATURAL RESOURCES	106	116	116	116	116	116	116					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	275	320	495	280	280	280	280					
FEDERAL	42	26	800	1,000	1,000	1,000	1,000					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: TRAILS & WATERWAYS MGMT

Activity: TRAILS RECREATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	6,938	9,005	12,860	10,147	10,469	10,211	9,813
REVENUE COLLECTED:							
DEDICATED							
SPECIAL REVENUE	211	232	260	280	280	280	280
FEDERAL	42	26	800	1,000	1,000	1,000	1,000
NONDEDICATED							
NATURAL RESOURCES	4,072	5,165	5,426	5,502	5,502	5,502	5,502
Total Revenues Collected	4,325	5,423	6,486	6,782	6,782	6,782	6,782
FTE BY EMPLOYMENT TYPE:							
FULL TIME	22.4	27.1	27.1	27.1	27.1	27.1	27.1
PART-TIME, SEASONAL, LABOR SER	15.9	13.1	13.1	13.1	13.6	13.1	17.6
OVERTIME PAY	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Total Full-Time Equivalent	38.5	40.5	40.5	40.5	41.0	40.5	45.0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: T & W, Enforcement, Operations Support, Forestry
ACTIVITY:
ITEM TITLE: Snowmobile Budget Reduction

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Natural Resources Fund				
- State Operations	\$ (440)	\$ (440)	\$ (440)	\$ (440)
- Grants	\$ (660)	\$ (660)	\$ (660)	\$ (660)
Revenues: (\$000s)				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statutes(s) affected:				
<input type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input checked="" type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends a \$1.1 million annual reduction in the Department's operating budget funded from the Snowmobile Trails and Enforcement Account in the Natural Resources Fund. The reduction is necessary in order to maintain a positive balance in the account at the end of the F.Y. 2000-01 biennium. Also, the recommendation includes allocating 50% of the reduction to the Snowmobile Grants-in-Aid (GIA) Program and 50% to the remainder of the Department's operating budget, which includes \$110,000 of SNF grants to county sheriffs.

RATIONALE:

The percentage of the unrefunded gas tax attributed to snowmobiling was raised from .75% to 1% for 2 years by the 1997 legislature. The rationale for this was the increasing snowmobile registrations and trail use resulting from several excellent snow years. During this time, the legislature directed the Department of Administration to do a study on the gas tax attributed to snowmobiling. The study has been

completed and it recommends that .75% is appropriate. The study showed that the upper limit for a good winter is 1.067% and the lower limit for an average year is .62%.

Even though the GIA program realized a \$3 million increase per year for the 1998-99 biennium, these proportional reductions would honor the budget structure set during the last biennial budget session. This structure was to balance the appropriation between the GIA program and the rest of the appropriations to DNR.

FINANCING:

Funding reductions attributed to the sunsetting of the 1% gas tax back to .75%.

	2000-01 Biennium	
	F.Y. 2000	F.Y. 2001
Expenditures: (000s)		
Trails and Waterways		
- Grants	\$ (550)	\$ (550)
- Operations	\$ (280)	\$ (280)
Enforcement		
- Grants	\$ (110)	\$ (110)
- Operations	\$ (110)	\$ (110)
License Bureau	\$ (18)	\$ (18)
Minnesota Conservation Corps (MCC)	\$ (10)	\$ (10)
Management Information System (MIS)	\$ (22)	\$ (22)
Total	\$ (1,100)	\$ (1,100)

OUTCOMES:

Trails and Waterways

Grant-in-Aid Program will be reduced by \$550,000 each fiscal year. The snowmobile plan, developed 2 years ago, called for 4 major initiatives with the increased funding.

- Get the existing grants to a level that would accommodate most winters.
- To allow existing non-GIA trails into the GIA program.
- Modernization of the existing system where possible.
- New trails.

The first 2 initiatives have been completed and the modernization effort is nearing completion. This reduction leaves little funding for new trails.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: T & W, Enforcement, Operations Support, Forestry
ACTIVITY:

ITEM TITLE: Snowmobile Budget Reduction
(Continuation)

Trails and Waterways Operations will be reduced by \$280,000 each year. This will impact the quality and quantity of grooming on DNR operated trails.

Enforcement Division

Annual grants to county sheriffs' offices and local enforcement agencies will be reduced by \$110,000, or 28%. It is anticipated that their enforcement and training hours would be reduced by the same level.

Enforcement Division operations will be reduced by \$110,000 annually. This will result in the reduction of approximately 3,500 hours of snowmobile enforcement each year.

License Bureau

Operations will be reduced by \$18,000 each year.

Minnesota Conservation Corps

This annual reduction (\$10,000) will result in the loss of one full-time corps member position.

Management Information System (MIS)

The MIS Bureau budget will be reduced by \$22,000 annually in the area of data entry for snowmobile registrations.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Trails and Waters Management
ACTIVITY: Trail Recreation

ITEM TITLE: Off-Highway Vehicle (OHV) Management

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Natural Resource Fund	\$500	\$1,000	\$1,000	\$500
Revenues: (\$000s)				
Natural Resource Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$500,000 in F.Y. 2000 and \$1.0 million in F.Y. 2001 from the Natural Resources Fund for expansion of Off-Highway Vehicle facilities as outlined by the statewide Off-Highway Vehicle plan.

RATIONALE:

This initiative supports the **Comprehensive Recreational Use Plan; Off-Highway Motorized Recreation in Minnesota**, as submitted to legislature in January of 1995. The plan uses a multi-disciplinary and active public involvement approach in all aspects of the effort. This effort is also following the regional OHV work plans. It also remains consistent with the strategic plan for Trails and Waterways (T&W) and the DNR.

FINANCING:

The financing for this initiative is provided from existing account balances in the Natural Resources Fund as follows:

	(\$000's)	
	F.Y. 2000	F.Y. 2001
All-Terrain Vehicle (ATV)	\$ 200	\$ 400
Off-Highway Motorcycle (OHM)	\$ 75	\$ 150
Off-Road Vehicle (ORV)	\$ 225	\$ 450
Total	\$ 500	\$1000

OUTCOMES:

This initiative will remain consistent with the department's key performance measures in the Annual Performance Report. Program goal is to "Satisfy Public Demand For Additional Recreational Trail Miles", and this effort will further that goal. It was anticipated that growth would be slow except for all-terrain vehicles. That exception needs to be expanded and also include off-highway motorcycles (OHM), and off-road vehicles (ORV). These three user groups should experience a rapid growth in trail opportunities. The process being used to develop the OHV system plans require the user be involved from the start. This process will help ensure a quality system is developed. This should result in high user satisfaction.

This effort will require a high level of coordination. This coordination must exist between area and between regions. It must also be coordinated between other public land management agencies, as well as corporate land managers.

The expansion and projected use of Off-Highway facilities may result in future needs for more safety training and other enforcement activities.

This page intentionally left blank.

2000-01 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of

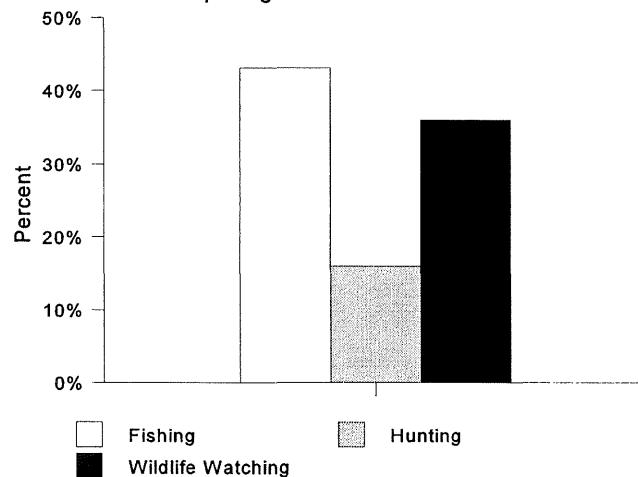
PROGRAM PROFILE:

This program manages and protects Minnesota's fish, wildlife, and native plants. Our goals are to:

- Manage ecosystems in a sustainable manner, for the benefit of people and for the intrinsic value of the fish, wildlife, and plants.
- Maintain the diversity of species and habitats that occur naturally in Minnesota.
- Provide the public with a variety of high quality recreational and educational opportunities.

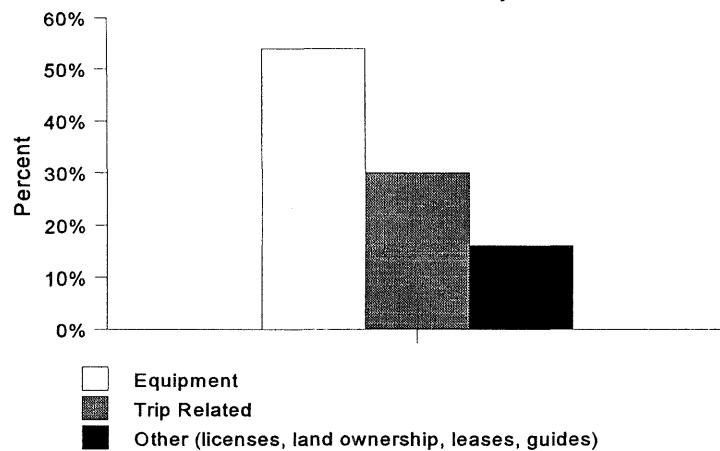
- The Fish and Wildlife Division consists of the sections of Fisheries, Wildlife, and Ecological Services. The division is funded largely by hunting, fishing, and trapping fees, and a federal excise tax on hunting and fishing equipment known as the Federal Aid in Sport Fish and Wildlife Restoration Program,

Residents Participating in Fish and Wildlife Recreation



Fish and Wildlife Recreation Expenditures

Total \$3.1 Billion Annually



- The program regulates the harvest of fish and wildlife, protects, acquires, and improves habitat for all species of animals and plants, assesses population abundance of important and rare species, and educates citizens about the value and use of fish, wildlife and plants.
- The program is implemented through 45 wildlife field offices, 28 fisheries field offices and 5 hatcheries. It protects and manages 1,419 WMA, SNA, and Prairie Bank units totaling 1.2 million acres; 5,363 managed lakes totaling 3.8 million acres; 658 species of fish and wildlife; the harvest of 160,000 big game (deer, moose, bear, elk), 3 million small game animals and 35 million pounds of fish.
- This program was created to insure the long term protection, management, and use of the fish, wildlife, and native plant resources in the state. This protection is more critical today than it was then.

STRATEGIES AND PERFORMANCE:

We accomplish our goal of providing for high quality recreation by:

- Enhancing the quality and diversity of fish and wildlife recreational experiences by acquiring more lands, and increasing the populations of desired species where appropriate.
- Communicating more effectively with fish and wildlife clientele, incorpora

2000-01 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
(Continuation)

ting public attitudes and values in our decision making process, increasing citizen participation in outdoor activities, and improving stakeholder cooperation and coordination through public forums, issue seminars, and cooperative projects

- Improving the public's understanding of the recreational use of fish and wildlife to reduce conflicts among the diverse interests groups.
- Ecosystem management performance strategies include:
 - Increased interaction among department units and cooperation with other agencies to achieve ecosystem goals of sustainable habitat and sustainable fish, wildlife, and native plant populations.
 - Increased partnerships with LGU's and citizen groups to coordinate efforts.
 - Locating the county biological survey, natural heritage, non-game research, and scientific and natural area programs in the Ecological Services Section.
 - Illustrating the ecological principles of natural communities and ecosystems in public demonstration areas.
- Organizational management performance strategies include:
 - Continuing the use of strategic, operational and resource plans.
 - Evaluating and streamlining programs by supporting innovation.
 - Improving the quality and accessibility of MIS and training for employees.
 - Increasing the diversity in the workforce, and support career opportunities and excellence in the work place.
 - Seeking long term, equitable funding to support the fish and wildlife programs.

Like most agencies, we are struggling to find ways to measure our effectiveness. In the meantime, we gauge our performance using workload measures that count the number of :

- important game, nongame, fish, and native plant species;
- Wildlife habitat and natural plant communities managed;
- Wildlife Management Areas (WMA);
- Scientific and Natural Areas (SNA);
- Prairie Banks (PB);

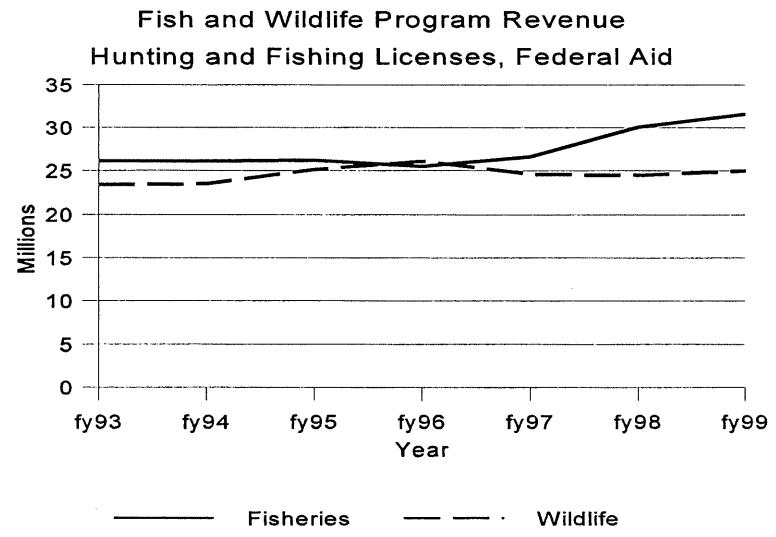
- Counties where rare animal and plant communities have been inventoried;
- Wetland acres lost and replaced, including those covered under the Wetland Conservation Act;
- Environmental assessment acres reviewed for detrimental effects to habitat;
- fisheries management plans, surveys, and special management studies.
- lakes and streams evaluated with experimental regulations.
- hunters and viewers and their satisfaction rating.

We also track unmet needs, including:

- lakes that need mapping.
- the spread of undesirable exotic species.
- citizen participation, comprehension, and rating of fish and wildlife education efforts.

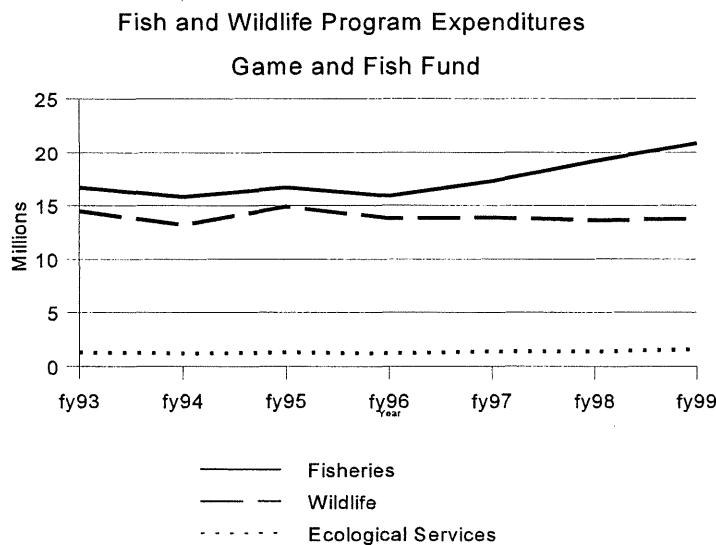
FINANCING INFORMATION:

This program generates revenue from the sale of hunting, fishing, and trapping licenses and from reimbursement under the Federal Aid to Sport Fish Restoration and Wildlife Restoration Program. These revenues are deposited in the dedicated Game and Fish Fund to support the program.

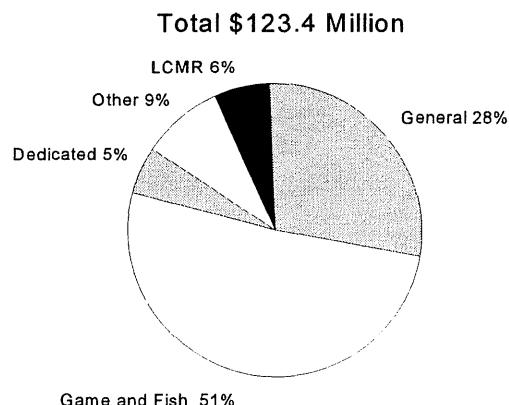


2000-01 Biennial Budget

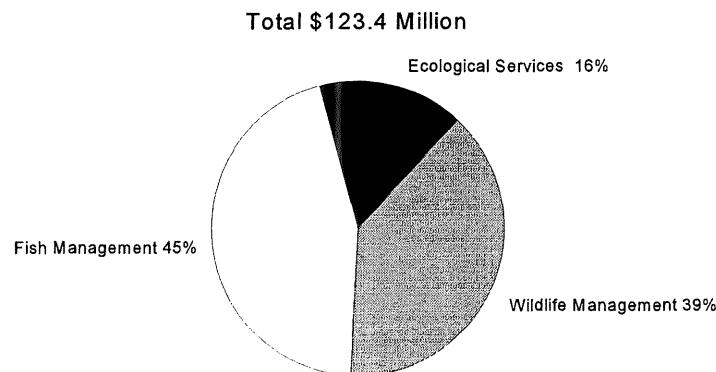
PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
 (Continuation)



Fish and Wildlife 1998-1999 Expenditures



Fish and Wildlife 1998-1999 Expenditures by Activity



BUDGET ISSUES:

- Increased revenues in the dedicated stamp, deer and deer/bear, and wildlife acquisition accounts in the present biennium will result in increased appropriations in the F.Y. 2000-2001 biennium. Specific increases include:
 - The Deer Habitat/Management Account appropriation will be increased by \$600,000 and the Deer and Bear Management/Computerized License Account will be increased by \$200,000 as a result of higher than projected license sales and the addition of several new licenses.
 - The Small Game Surcharge Acquisition Account appropriation will be increased by \$550,000 to use the available balance in the account.
 - The Wild Turkey Management Account appropriation will be increased by \$40,000 to use the available balance in the account.
 - The Wild Rice Management Account appropriation will be increased by \$40,000 to use the available balance in the account.
- A one time shift of \$3.044 million from the Game and Fish Fund to the General Fund for operations support was made last biennium as a component of the fisheries license fee increase and program expansion. This shift was not made permanent, and will not occur in the F.Y. 2000-01 biennium. As a result, expenditures in the Fisheries Management and Ecological Services programs will be reduced. The total reduction to the Fish and Wildlife Program will be \$2.037 million for the biennium.
- A classification level evaluation was completed in F.Y. 1999 for positions in the Fish and Wildlife Division. Implementation of the changes will result in additional biennial salary obligations of \$2.718 million. This increase will be absorbed by reducing other expenditures, and will reduce program delivery.

2000-01 Biennial Budget

PROGRAM: Fish and Wildlife Management
AGENCY: Natural Resources, Department of
(Continuation)

LCMR RECOMMENDATIONS - DIRECT

- **Minnesota Wildlife Tourism Initiative** - This project provides funds to develop, implement and evaluate a project focusing on wildlife tourism as a sustainable industry in Minnesota in cooperation with the office of tourism (\$250,000 Environmental Trust Fund).
- **Minnesota County Biological Survey-Continuation** - This project provides funds for the 7th biennium of a 12 biennium project to accelerate the survey that identifies significant natural areas and systematically collects and interprets data on the distribution and ecology of natural communities, rare plants and animals (\$1.6 million Environmental Trust Fund).
- **Minnesota's Forest Bird Diversity Initiative-Continuation** - This project provides funds for the 5th of a 6 biennium project to establish benchmarks for using birds as ecological indicators of forest health (\$450,000 Environmental Trust Fund).
- **RIM Shoreland Stabilization** - This project provides funds to complete the high priority bank stabilization of Lake Winnibigoshish and, if additional match money becomes available, to begin similar work on Lac Qui Parle Lake (\$350,000 Environmental Trust Fund).
- **Winter Severity Index for Deer** - This project provides funds for an agreement with the Minnesota Deer Hunter's Association to determine the relationship between the winter severity index, deer condition, and deer mortality (\$60,000 Environmental Trust Fund).
- **Biological Control of Eurasian Watermilfoil and Purple Loosestrife-Continuation** - This project provides funds for the 4th biennium of a 5 biennium project to develop and implement biological controls for Eurasian watermilfoil and purple loosestrife (\$150,000 Environmental Trust Fund).
- **Mussel Resource Survey** - This project provides funds for the first biennium of a 3 biennium project to survey mussels statewide for resource management (\$400,000 Environmental Trust Fund).
- **Lakescaping for Wildlife and Water Quality Initiative** - This project provides funds in cooperation with the Minnesota Lakes Association to promote lakescaping for wildlife and water quality through workshops, demonstration sites, and a registry program for lakeshore owners (\$140,000 Environmental Trust Fund).

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and the following change items.

In the Fisheries Management Activity, a game and fish fund budget reduction of forecast resources and \$890,000 in F.Y. 2001 to spend within forecast resources.

In the Wildlife Management Activity, an increase of \$695,000 each year in the wildlife dedicated account appropriations.

In the Ecological Services Activity, a game and fish fund budget reduction of \$81,000 in F.Y. 2000 and \$66,000 in F.Y. 2001 to spend within forecast resources.

The Governor makes no recommendation on the LCMR projects.

In dealing with the fishing license fee proposal last year, the legislature allowed game and fish user funded programs to continue at levels which could not be supported with ongoing resources. Those actions now necessitate reduction of game and fish fund program expenditures. While neither the Governor nor outdoor enthusiasts are eager to see the reductions outlined above, the Governor supports the policy that the individuals who benefit from these programs should bear the cost. Therefore, in the event that those parties interested in game and fish programs bring forward an agreement raising user fees as a permanent funding source, the Governor is willing to consider the reinstatement of program expenditures.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
FISH MANAGEMENT	25,125	27,141	30,962	29,775	28,950	30,283	29,568	415	.7%
WILDLIFE MANAGEMENT	19,503	17,686	23,115	27,367	28,287	27,586	28,506	15,992	39.2%
ECOLOGICAL SERVICES	7,065	7,324	11,106	7,877	9,096	7,740	8,974	(360)	-2.0%
Total Expenditures	51,693	52,151	65,183	65,019	66,333	65,609	67,048	16,047	13.7%

<u>CHANGE ITEMS:</u>	<u>FUND</u>					
(A) GAME AND FISH FUND BUDGET REDUCTION	G&F			(1,081)		(956)
(B) ECO SERV LCMR ALLOCATIONS	EVT			1,300		1,300
(B) FISHERIES LCMR ALLOCATIONS	EVT			175		175
(B) WILDLIFE DEDICATED ACCOUNT BALANCES	G&F			695		695
(B) WILDLIFE LCMR ALLOCATIONS	EVT			225		225
Total Change Items				1,314		1,439

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE							
GENERAL	1,899	2,923	3,071	0	1,700	0	1,700
GENERAL	2,999	3,789	7,728	6,141	6,141	5,981	5,981
MINNESOTA RESOURCES	1,550	728	407	0	0	0	0
NATURAL RESOURCES	2,086	1,886	2,175	2,091	2,091	2,132	2,132
GAME AND FISH (OPERATIONS)	32,272	32,084	37,933	36,934	36,548	37,758	37,497
OPEN APPROPRIATIONS:							
GENERAL	6,850	7,013	7,536	7,682	7,682	7,682	7,682
NATURAL RESOURCES	2	3	0	0	0	0	0
GAME AND FISH (OPERATIONS)	836	1,167	1,167	1,167	1,167	1,167	1,167
Total Financing	51,693	52,151	65,183	65,019	66,333	65,609	67,048

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	22	1	137	50	50	50	50
NATURAL RESOURCES	419	90	230	41	41	41	41
SPECIAL REVENUE	710	802	1,293	656	656	541	541
GAME AND FISH (OPERATIONS)	25	12	289	151	151	151	151
FEDERAL	1,745	1,148	2,589	9,949	9,949	9,949	9,949
GIFT	278	505	628	157	157	157	157
Total Financing	51,693	52,151	65,183	65,019	66,333	65,609	67,048
FTE BY EMPLOYMENT TYPE:							
FULL TIME	521.6	517.7	517.7	517.7	533.0	517.7	535.5
PART-TIME, SEASONAL, LABOR SER	119.6	115.4	115.0	115.0	117.5	115.0	117.5
OVERTIME PAY	2.0	2.2	2.2	2.2	2.2	2.2	2.2
Total Full-Time Equivalent	643.2	635.3	634.9	634.9	652.7	634.9	655.2

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Fish and Wildlife and Enforcement Programs
ACTIVITY:
ITEM TITLE: Game and Fish Fund Budget Reduction

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Game & Fish Fund				
- State Operations	(\$1,122)	(\$989)	(\$989)	(\$989)
Revenues: (\$000s)	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statutes(s) affected:				
<input type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input checked="" type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends a Game and Fish Fund budget reduction of \$1.122 million for F.Y. 2000 and \$989,000 for F.Y. 2001.

In dealing with the fishing license fee proposal last year, the legislature allowed game and fish user funded programs to continue at levels which could not be supported with ongoing resources. Those actions now necessitate reduction of game and fish fund program expenditures. While neither the Governor nor outdoor enthusiasts are eager to see the reductions outlined above, the Governor supports the policy that the individuals who benefit from these programs should bear the cost. Therefore, in the event that those parties interested in game and fish programs bring forward an agreement raising user fees as a permanent funding source, the Governor is willing to consider the reinstatement of program expenditures.

RATIONALE:

For F.Y.'s 1998 and 1999, \$1.522 million from the General Fund was appropriated each year for the Operations Support Program to transfer costs from the Game and Fish Fund to the General Fund. The Fish Management Activity narrative describes how the cost transfer was part of the fee increase package and an important part of our commitment to gain interest group support for the fishing license fee increase. The transfer of Operations Support Program costs to the General Fund was not made permanent. As a result, in the F.Y. 2000-01 biennium, an agency decision was made to reduce Game and Fish Fund Budgets proportionately to help maintain fund solvency through the F.Y. 2002-03 biennium.

FINANCING:

The Game and Fish Fund budget reduction is allocated as follows:

	(\$000's)	
	F.Y. 2000	F.Y. 2001
Fish Management	(\$1,000)	(\$890)
Ecological Services	(\$81)	(\$66)
Enforcement	(\$41)	(\$33)
Total	(\$1,122)	(\$989)

The number of FTE would be reduced by 11.7 for F.Y. 2000 and 9.2 for F.Y. 2001.

OUTCOMES:

The reduction in the Fisheries Management funding would result in fewer field projects such as habitat improvement, and surveys; eliminate cost sharing for aquatic education projects; reduce watershed coordinator activities; reduce database development and information flow to staff and public; reduce base funding increased to field stations; and leave two field positions vacant. The reduction in the Ecological Services Activity would result in less technical assistance provided to local units of government, developers, and other agencies to protect fish and wildlife habitat. Ecological Services would also reduce the number of lakes where critical lake chemistry data are collected to guide fish management decisions. The Enforcement Program would not replace 13 all-terrain vehicles (ATV) and 4 small boats and motors for use in trapping and waterfowl enforcement.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Fisheries Management

PROGRAM: Fish and Wildlife

AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

The Fish Management Activity protects, maintains and enhances Minnesota's fishery resources and aquatic communities for recreational, ecological and economic benefits to the state.

- The Section of Fisheries manages recreational and commercial fisheries and aquatic habitat on about 5,400 lakes and 16,000 miles of fishable waterways.
- Over 35 million pounds of fish are harvested annually in Minnesota.
- Over 27 million person days are spent each year on recreational angling.
- Fishing related activity generates \$1.9 billion in annual expenditures and provides 30,000 jobs in Minnesota.

Fish Management's goals include:

- satisfying anglers by maintaining and enhancing game fish populations;
- developing specific management plans for individual lakes and streams;
- increasing citizen participation in management planning and decision making;
- improving public knowledge of the state's aquatic resources;
- protecting, maintaining and enhancing aquatic habitat;
- managing lake and river ecosystems in a sustainable manner for the benefit of users, and for the intrinsic value of fish and wildlife;
- working to use staff and resources more effectively;
- more comprehensive management of aquatic resources.

The Section of Fisheries is the only activity solely responsible for managing public fisheries resources. In contrast, the DNR, Agriculture, Health, Pollution Control and BWSR, all have management responsibility for environmental regulation that impacts habitat and water quality.

STRATEGIES AND PERFORMANCE:

Fisheries management strategies include:

- protecting or improving fish habitat;
- collecting information on fish and anglers;
- raising and stocking fish;
- conducting fisheries-related research;
- providing information on fishing and fisheries resources;

- regulating and allocating fish harvest;
- developing fish management plans for individual waters; and
- working with constituents to manage for long-term sustainability.

Primary outcomes for the Fish Management Activity:

- Game fish abundance and average size as measured by net catches.
- Angler catch rates and size of fish as measured by creel surveys.
- Angler satisfaction as measured by attitude surveys.
- Fisheries management plans developed with constituent input.
- Regulations that protect the resource and provide sustainable opportunities.
- Adequate habitat to sustain both recreational and commercial fisheries.
- A public knowledgeable of fishing resources, ecology, conservation and ethics.
- Management programs based on the best biological and scientific information.

Outputs for the Fish Management activity:

- Surveys and assessments - 700 surveys and assessments completed annually.
- Management plans - 450 completed annually.
- Fish stocking - over 1,200 lakes and 125 streams have stocking programs.
- Habitat improvement - amounts vary depending on annual funding.
- Aquatic education - 40,000 people reached by education programs annually.
- Aquatic information - hundreds of thousands of inquiries answered.
- Internet use - 85,000 hits recorded in a single month.

Fisheries for major game fish species in Minnesota are currently in good condition. This includes large and smallmouth bass, muskellunge, catfish, brook and brown trout, and lake trout in Lake Superior. While more walleye are presently being harvested than at any time in history, concern exists that walleye stocking reductions over the past decade may have negatively impacted walleye fisheries on some waters. Fisheries managers are working with the public and legislature to address these and other issues.

FINANCING INFORMATION:

Fisheries is supported by several funding sources, with the Game and Fish Fund providing the majority of base level funding.

Budgets and activities are developed at the field stations and coordinated at the regional and central office levels. Fisheries field stations have local budget authority and are allocated base budgets each fiscal year. Annual budget meetings are held to prioritize project funding that is outside base.

2000-01 Biennial Budget

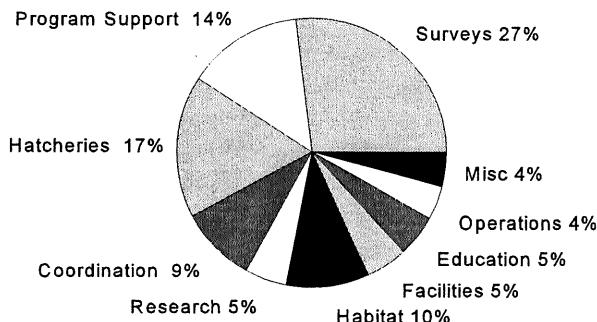
BUDGET ACTIVITY: Fisheries Management

PROGRAM: Fish and Wildlife

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

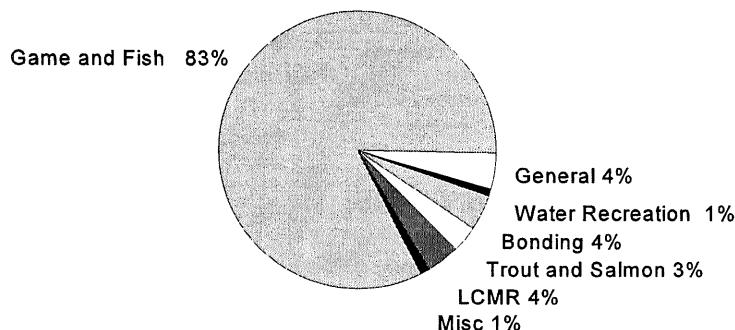
Fisheries 1998-1999 Expenditures by Activity

Total \$47.5 Million (estimated)



Fisheries 1998-1999 Expenditures by Fund

Total \$47.5 Million (estimated)



GRANTS

The F.Y. 2000-2001 grants budget is \$6.2 million. This amount funds payments required under the Leech Lake, and 1854 Treaty Area Agreements.

BUDGET ISSUES:

The Fisheries Management budget reflects base increases resulting from 1997 legislation. The agency had requested fishing license fee increases averaging 28%. The legislature passed fishing license increases averaging 15%, and also shifted \$1.5 million of expenditures each year from the Game and Fish Fund to the General Fund, for administrative support. This shift was a one-time appropriation, and therefore, ongoing expenditures must be reduced.

Statewide angling groups supported the 1997 license fee increase with the understanding that 75% of the increased revenues would go directly to fisheries programs. To honor this agreement and keep the increased revenues at 75%, fisheries expenditures must be reduced by \$1 million in F.Y. 2000, and \$890,000 in F.Y. 2001.

Program reductions will be made to those areas increased by the 1997 fee increase: 1) reduce field projects; 2) eliminate or leave vacant a watershed coordinator position; 3) eliminate cost-sharing with Lake Superior Center and Extension Service for aquatic education projects; 4) reduce database development and information flow to staff and the public; 5) reduce base level funding to field stations; and 6) leave 2 field positions vacant. The accelerated walleye program will also be reduced, and increases resulting from that program will be absorbed by further reductions in field projects.

Additional reductions in fisheries projects and field office funding will result from absorbing non-salary inflation and salary equity adjustments.

The total program reductions from the funding shift, equity adjustment, and inflation, are estimated to be \$3.7 million over the biennium.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **NATURAL RESOURCES DEPT**
Program: **FISH & WILDLIFE MANAGEMENT**
Activity: **FISH MANAGEMENT**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	14,528	15,200	16,203	16,716	16,266	17,221	16,871	1,734	5.5%
OPERATING EXPENSES	4,818	5,003	8,307	6,574	6,199	6,577	6,212	(899)	-6.8%
SUBTOTAL STATE OPERATIONS	19,346	20,203	24,510	23,290	22,465	23,798	23,083	835	1.9%
CAPITAL OUTLAY	188	1,165	416	303	303	303	303	(975)	-61.7%
LOCAL ASSISTANCE	5,591	5,773	6,036	6,182	6,182	6,182	6,182	555	4.7%
Total Expenditures	25,125	27,141	30,962	29,775	28,950	30,283	29,568	415	.7%
<u>CHANGE ITEMS:</u>									
	FUND								
(A) GAME AND FISH FUND BUDGET REDUCTION	G&F				(1,000)			(890)	
(B) FISHERIES LCMR ALLOCATIONS	EVT				175			175	
Total Change Items					(825)			(715)	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	225	965	300	0	175	0	175		
GENERAL	452	379	908	619	619	633	633		
MINNESOTA RESOURCES	309	403	0	0	0	0	0		
NATURAL RESOURCES	167	171	175	180	180	186	186		
GAME AND FISH (OPERATIONS)	17,280	18,169	21,970	21,520	20,520	22,008	21,118		
OPEN APPROPRIATIONS:									
GENERAL	5,571	5,713	6,036	6,182	6,182	6,182	6,182		
GAME AND FISH (OPERATIONS)	836	1,167	1,167	1,167	1,167	1,167	1,167		
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES	40	7	11	0	0	0	0		
SPECIAL REVENUE	127	56	228	12	12	12	12		
FEDERAL	38	27	31	20	20	20	20		
GIFT	80	84	136	75	75	75	75		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: FISH & WILDLIFE MANAGEMENT
Activity: FISH MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	25,125	27,141	30,962	29,775	28,950	30,283	29,568
<u>REVENUE COLLECTED:</u>							
DEDICATED							
SPECIAL REVENUE	57	85	90	35	35	35	35
FEDERAL	45	19	20	20	20	20	20
GIFT	84	63	75	75	75	75	75
NONDEDICATED							
GAME AND FISH (OPERATIONS)	25,174	28,718	29,867	31,630	31,630	31,730	31,730
Total Revenues Collected	25,360	28,885	30,052	31,760	31,760	31,860	31,860
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	284.5	284.1	284.1	284.1	280.6	284.1	283.1
PART-TIME, SEASONAL, LABOR SER	46.9	46.3	46.0	46.0	39.0	46.0	39.0
OVERTIME PAY	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Total Full-Time Equivalent	332.4	331.5	331.2	331.2	320.7	331.2	323.2

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Wildlife Management

PROGRAM: Fish and Wildlife

AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

The Wildlife Management Activity exists to provide protection, management, understanding, and enjoyment of the state's wildlife, and to support the goals of maintaining and enhancing Minnesota ecosystems, and fostering a natural resource stewardship ethic.

- The wildlife management activity is the primary authority responsible for wildlife population management and harvest regulation. Responsibilities also include providing healthy wildlife populations for hunting and viewing activities, and for resolving conflicts between humans and wildlife.
- Because habitat plays such a critical role in maintaining healthy and diverse wildlife populations, this activity takes a leadership role in programs for acquiring, managing, and restoring wildlife habitats on public and private lands.
- Customer groups served include 600,000 hunters and trappers and 2.8 million wildlife viewers/photographers.

The activity has 4 major goals:

- to provide sustainable wildlife populations;
- to provide sustainable recreational opportunities for users;
- to effectively resolve problems or conflict caused by wildlife;
- to increase the public's understanding of Minnesota wildlife and habitats.

STRATEGIES AND PERFORMANCE:

The Wildlife Management Activity has 7 main strategies:

- acquire, develop, and maintain Wildlife Management Areas (WMAs) for wildlife habitat, public hunting, and wildlife observation;
- inventory, monitor, and manage the state's wildlife populations and habitats;
- provide technical assistance to landowners and land managers to improve wildlife habitat;
- provide technical assistance, cost-sharing, and applied management to resolve wildlife problems;
- conduct applied research on management-related wildlife topics;
- provide customer service through regulated harvesting seasons, wildlife information, and education; and
- partner with organizations, individuals, and agencies to accomplish mutual objectives.

Wildlife management performance can be measured in terms of quantities of public wildlife lands administered, populations of wildlife species, and public recreation and information.

- *Wildlife Management Areas.* This activity manages an extensive system of about 1,300 Wildlife Management Areas totaling over 750,000 acres, with another 340,000 acres of cooperatively managed lands. The activity pioneered wetland protection efforts in September 1951 with the "Save the Wetlands" program of acquiring shallow wetlands and managing them for wildlife - a program that became a model for other federal and state programs. The Minnesota WMA system is the second largest in the country.
- *Wildlife Populations.* Populations of many species are at or near all-time highs, including wild turkeys, bald eagles, black bears, and locally breeding Canada geese. Minnesota also has some of the best ruffed grouse populations in the country, is a major waterfowl production state, and has successful programs of trumpeter swan and peregrine falcon restoration. However, many species are not doing well and considerable efforts are devoted to addressing the needs of rare or declining species. Conversely, abundant populations of wildlife such as deer, bears, and geese can also cause conflicts with humans so the activity also maintains programs to address wildlife damage and nuisance problems.

Basic population monitoring and research is essential to responsible management of populations, including the management of quota systems, setting hunting seasons, and investigating applied population and habitat management needs. For example, current projects are investigating issues as diverse as the causes of long-term moose population declines in northwestern Minnesota, the effects of logging practices on winter deer habitat, the conservation benefits of lands retired in CRP, the effects of fish or bait rearing on wildlife productivity of shallow wetlands, and the current distribution and abundance of gray wolves in the state.

- *Wildlife Habitat.* In addition to direct management of WMAs, the activity provides technical assistance for wildlife habitat management and improvement on other public as well as private lands by consulting with forest managers, providing wildlife expertise for agricultural land conservation programs such as CRP and RIM Reserve, assessing and managing shallow lakes with high wildlife production potential, and providing technical assistance to private individuals and organizations on improving their lands for wildlife.

2000-01 Biennial Budget

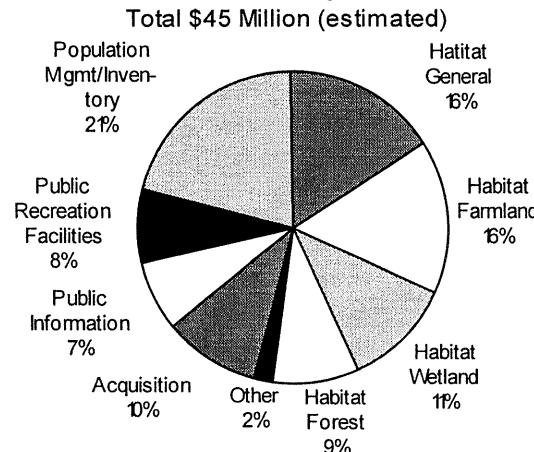
BUDGET ACTIVITY: Wildlife Management
PROGRAM: Fish and Wildlife
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

- *Public Recreation and Information.* Minnesota has a rich and diverse wildlife component of great importance to the state's citizens. The state's many types of prairie, wetland, forest and other plant communities support: 403 migratory and resident bird species; 240 nesting bird species that breed in the state; 80 species of mammals; 48 species of amphibians and reptiles; mussels; and, many rare butterflies, jumping spiders, dragon flies and more. In addition to providing areas for wildlife recreation and managing hunting and trapping seasons for over 100 game species, the activity provides public information and education about wildlife through publications, mass media, personal presentations, and the Project Wild education program.

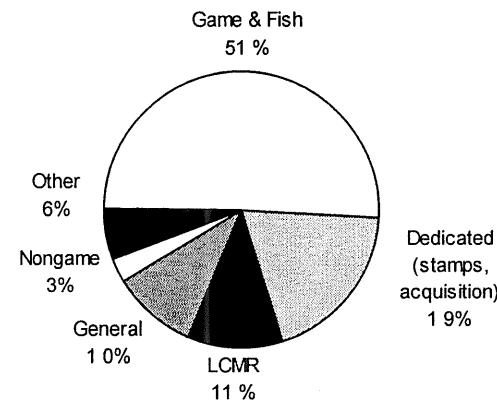
FINANCING INFORMATION:

The section is supported by the Game and Fish Fund and dedicated accounts within the fund. Additional funding support is received from the Nongame "Chickadee check-off", LCMR, and General Fund. Expenditures cover a wide variety of activities to manage wildlife resources.

Wildlife 1998-99 Expenditures by Activity



Wildlife 1998-99 Expenditures by Fund Total \$45 Million (estimated)



GRANTS:

The biennial budget for grants administered through the Wildlife Section is \$1.8 million. The largest amount (82%) is for In-Lieu-of-Tax payments to counties and townships for acquired wildlife management area lands. The remainder (18%) is used for waterfowl management in Canada, wildlife habitat improvement in brush lands and forests, deer habitat improvement, and pheasant habitat improvements through local governments and private groups.

BUDGET ISSUES:

To absorb the increased salary obligations stemming from the pay equity study, 15 to 20 more positions will be eliminated or held vacant. More specific impacts are itemized below.

- **Lower Wildlife Populations.** Deer, bear, and goose populations will be lowered to levels that will allow field wildlife managers to effectively address animal damage problems and resulting landowner complaints. During the last two hunting seasons, deer populations in agricultural areas were lowered to levels more consistent with the capacity of Wildlife staff to meet animal damage abatement needs. Although deer population levels are more acceptable to some landowners, hunters found deer numbers noticeably lower than desired, and complaints regarding poorer hunting opportunities were common this fall.
- **Deterioration of Wildlife Management Area Habitats and Facilities.** Acquisition of WMAs will continue, but habitat and capital assets will

2000-01 Biennial Budget

BUDGET ACTIVITY: Wildlife Management

PROGRAM: Fish and Wildlife

AGENCY: Natural Resources, Department of (DNR)

(Continuation)

deteriorate as a result of the lack of staff to maintain and develop user facilities and habitat that supports wildlife. This will contribute to an overall decline in the public's enjoyment of quality hunting, trapping, and wildlife viewing. Absorption of non-salary inflation will result in less habitat development and restoration on WMAs and other lands.

- **Reduced Technical Assistance to Private and Public Landowners.** The added benefits to wildlife that now accrue through forest, water, and farmland management activities as influenced by the professional technical assistance from wildlife managers to other land and water managers will be significantly diminished because of staff cuts. A major attribute of Minnesota's nationwide reputation for excellence in wildlife, fish, water, and land conservation has been its ability to effectively integrate wildlife expertise into the decisions of many public and private land managers' decisions. These achievements are threatened by lack of funding.
- **Reduced Information and Data to Support Management Decisions.** Hunting, trapping, and other wildlife related recreational opportunities will be lost by shorter seasons or canceled special hunts because of the lack of solid information necessary to support these management actions. As a science-based service, wildlife management is dependent on the collection and application of essential information regarding harvest, productivity, mortality, habitat use, habitat loss, and competing uses.
- **Reorganization and Consolidation of Offices.** Funding shortfalls may require the section to examine and consider reducing the number of regions, areas, and/or major units that are currently supported and staffed. Consolidations will reduce some costs but will also reduce quality and timeliness of service to the public.
- **Nongame.** Fewer habitat and population monitoring and management projects for sensitive species will be possible. There will be reductions in technical assistance to other units of government and citizens. Program expansion, such as the Teaming With Wildlife, if it passes Congress in 1999, will not advance.

The following changes are recommended to maintain dedicated account expenditures in line with projected resources.

- *Deer Habitat/Management Account.* Increase appropriation by \$600,000 for the biennium.

Changes in license contributions that took effect in August of 1997, plus actual and projected increased deer license sales, will cover this increase. The increased funding will be used to manage deer wintering areas, improve fall-spring food sources, improve population monitoring and research, improve quota management, and other deer management activities.

- *Small Game Surcharge Account.* Increase the appropriation by \$550,000 for the biennium, using a balance that is available in this dedicated account. The increased funding will be used to increase WMA acquisition and habitat management.
- *Wild Rice Management Account.* Increase the appropriation by \$40,000 for the biennium, using a balance that is available in this dedicated account. The increased funding will be used to increase and improve the management of natural wild rice.
- *Wild Turkey Stamp Account.* Increase the appropriation by \$40,000 for the biennium, using a balance that is available in this dedicated account. The increased funding will be used to increase and improve wild turkey habitat and population management.
- *Deer and Bear Management/Computerized Licensing Account.* Increase the appropriation by \$200,000 for the biennium, using a balance that is available in this dedicated account. The increased funding will be used to increase and improve deer and bear habitat and population management.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: FISH & WILDLIFE MANAGEMENT

Activity: WILDLIFE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	10,273	10,324	11,135	11,294	11,657	11,625	11,988	2,186	10.2%			
OPERATING EXPENSES	4,542	3,657	7,302	13,660	14,067	13,548	13,955	17,063	155.7%			
SUBTOTAL STATE OPERATIONS	14,815	13,981	18,437	24,954	25,724	25,173	25,943	19,249	59.4%			
CAPITAL OUTLAY	2,113	1,466	1,969	587	737	587	737	(1,961)	-57.1%			
PAYMENTS TO INDIVIDUALS	52	6	5	5	5	5	5	(1)	-9.1%			
LOCAL ASSISTANCE	2,523	2,233	2,704	1,821	1,821	1,821	1,821	(1,295)	-26.2%			
Total Expenditures	19,503	17,686	23,115	27,367	28,287	27,586	28,506	15,992	39.2%			
CHANGE ITEMS:												
	FUND											
(B) WILDLIFE DEDICATED ACCOUNT BALANCES	G&F				695			695				
(B) WILDLIFE LCMR ALLOCATIONS	EVT				225			225				
Total Change Items					920			920				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	668	771	1,513	0	225	0	225					
GENERAL	682	873	2,448	1,916	1,916	1,936	1,936					
MINNESOTA RESOURCES	957	202	101	0	0	0	0					
NATURAL RESOURCES	638	626	776	719	719	736	736					
GAME AND FISH (OPERATIONS)	13,561	12,557	14,151	13,764	14,459	14,061	14,756					
OPEN APPROPRIATIONS:												
GENERAL	1,279	1,300	1,500	1,500	1,500	1,500	1,500					
NATURAL RESOURCES	2	3	0	0	0	0	0					
Total Financing	19,503	17,686	23,115	27,367	28,287	27,586	28,506					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: FISH & WILDLIFE MANAGEMENT
Activity: WILDLIFE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	22	1	137	50	50	50	50
NATURAL RESOURCES	259	51	10	0	0	0	0
SPECIAL REVENUE	314	634	631	456	456	341	341
GAME AND FISH (OPERATIONS)	25	12	289	151	151	151	151
FEDERAL	898	293	1,220	8,749	8,749	8,749	8,749
GIFT	198	363	339	62	62	62	62
Total Financing	19,503	17,686	23,115	27,367	28,287	27,586	28,506
REVENUE COLLECTED:							
DEDICATED							
GENERAL	64	0	50	50	50	50	50
NATURAL RESOURCES	958	926	904	900	900	900	900
SPECIAL REVENUE	357	668	377	371	371	381	381
GAME AND FISH (OPERATIONS)	26	288	284	293	293	301	301
FEDERAL	801	283	838	8,749	8,749	8,749	8,749
GIFT	247	324	310	310	310	310	310
NONDEDICATED							
NATURAL RESOURCES	4	9	4	4	4	4	4
GAME AND FISH (OPERATIONS)	26,625	26,690	27,649	27,364	27,364	27,584	27,584
Total Revenues Collected	29,082	29,188	30,416	38,041	38,041	38,279	38,279
FTE BY EMPLOYMENT TYPE:							
FULL TIME	160.6	155.7	155.7	155.7	158.7	155.7	158.7
PART-TIME, SEASONAL, LABOR SER	59.7	57.1	57.0	57.0	62.0	57.0	62.0
OVERTIME PAY	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	220.6	213.2	213.1	213.1	221.1	213.1	221.1

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Fish and Wildlife Management
ACTIVITY: Wildlife Management

ITEM TITLE: Wildlife Dedicated Account Balances Initiative

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Game and Fish Fund				
- State Operations	\$695	\$695	\$670	\$670
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
Game and Fish Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$695,000 for F.Y. 2000 and \$695,000 for F.Y. 2001 to utilize the current and projected accumulated balances in wildlife dedicated accounts within the Game and Fish Fund.

RATIONALE:

Appropriating Wildlife Dedicated Account Balances

Certain receipts from stamps and some licenses are, by statute, dedicated to specific accounts within the Game and Fish Fund. Expenditures from these accounts are restricted to specific uses. If appropriated funds are not expended for these specific purposes, the funds remain within the dedicated account and carry forward. This recommendation is to use the current and projected accumulated balances that have accrued in these accounts. This is not a recommendation for increased fees. Increased biennial appropriations of existing and projected revenues are recommended in the accounts listed below. No change is recommended for other wildlife

dedicated accounts (Waterfowl Stamp; Pheasant Stamp), because current appropriations are consistent with projected balances for those accounts.

■ Wildlife Acquisition, Development, and Maintenance Account

F.Y. 2000 - \$275,000 F.Y. 2001 - \$275,000

Funds in this account may be used for the acquisition and development of wildlife management areas. At least 50 percent of expenditures must be for land costs; the remainder may be used for other land acquisition costs, development, and maintenance of wildlife lands; and waterfowl breeding habitat development in Canada that will benefit the migration of waterfowl into the state. This initiative will reduce the projected surplus in this account at the end of the biennium from \$1.06 million to \$510,000. (M.S. 97A.071)

■ Deer Management Account

F.Y. 2000 - \$300,000 F.Y. 2001 - \$300,000

Funds in this account may be used for deer habitat improvement or deer management programs. This initiative will reduce the projected surplus in this account at the end of the biennium from \$827,000 to \$227,000. (M.S. 97A.075, Subd. 1 (b))

■ Deer and Bear Management/Computerized Licensing Account

F.Y. 2000 - \$100,000 F.Y. 2001 - \$100,000

Funds in this account may be used for deer and bear management programs, including a computerized licensing system. This initiative will reduce the projected surplus in this account at the end of the biennium from \$295,000 to \$95,000. (M.S. 97A.075, Subd. 1 (c))

■ Wild Turkey Stamp Account

F.Y. 2000 - \$20,000 F.Y. 2001 - \$20,000

Funds in this account may be used for the development, restoration, and maintenance of suitable habitat for wild turkeys on public and private lands; acquisition or easements of critical wild turkey habitat; reimbursement of expenditures to provide wild turkey habitat; trapping and transplantation of wild turkeys; promotion of turkey habitat; and population surveys, monitoring, and research. This initiative will reduce the projected surplus in this account at the end of the biennium from \$59,000 to \$19,000. (M.S. 97A.075, Subd. 5)

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Division of Wildlife
ACTIVITY: Wildlife Management

ITEM TITLE: Wildlife Dedicated Account Balances Initiative
(Continuation)

■ Wild Rice Management Account

F.Y. 2000 - \$20,000 F.Y. 2001 - \$20,000

Funds in this account may be used for management of designated public waters to improve natural wild rice production. This initiative will reduce the projected surplus in this account at the end of the biennium from \$62,000 to \$22,000. (M.S. 84.0911). This is a statutory appropriation.

FINANCING:

This initiative is financed from current and projected accumulated balances in wildlife dedicated accounts within the Game and Fish Fund.

OUTCOMES:

Habitat and population management practices will be increased and improved for deer, bear, and wild turkeys, additional wildlife management area land will be purchased that will provide long-term habitat protection and improved public hunting and trapping opportunities, and natural wild rice production in shallow lakes will be improved.

- **Wildlife Acquisition, Development, and Maintenance Account** - Acquisition of a additional 250 acres of WMA's annually, and improved development and maintenance of 1,500 acres of wildlife habitat annually on existing WMA's.
- **Deer Management Account** - Improved deer habitat on 4,000 acres per year in forest and farmland areas, including browse regeneration, thermal cover enhancement, improved spring and fall food sources, and food plots. Improved deer population management and inventory through enhanced surveys and research projects.

- **Deer and Bear Management/Computerized Licensing Account** - Improved habitat on 800 acres annually, and improved population management for deer and bear.
- **Wild Turkey Stamp Account** - Enhanced research and monitoring on wild turkeys to improve data for population modeling and quota development. Improved wild turkey habitat management.
- **Wild Rice Management Account** - Increased management of water levels and other factors in 600 acres of shallow lakes annually to enhance natural wild rice production.

2000-01 Biennial Budget

BUDGET ACTIVITY: Ecological Services
PROGRAM: Fish and Wildlife Management
AGENCY: Department of Natural Resources (DNR)

ACTIVITY PROFILE:

Ecological Services exists to protect, maintain, and enhance the health and integrity of Minnesota's aquatic and terrestrial ecosystems. This protects the ecological integrity of Minnesota's natural resources while providing for their sustainable use.

- Ecological Services has a particular responsibility for protecting rare resources, endangered species, critical habitats, and the few remaining high quality natural communities within Minnesota. This responsibility includes managing potential threats to these systems, such as harmful exotic species and fish and wildlife diseases. A growing emphasis within the Section is the restoration of terrestrial ecosystems (such as the tall grass prairies in northwestern Minnesota) and aquatic systems (such as the Whitewater River in southeastern Minnesota) to more healthier ecological function.
- Historically, the section provided limited technical services to professional management staff in the sections of Fisheries and Wildlife. Today the section is guided by a much broader mission focused on collecting and delivering vital ecological data and management tools to citizens, resource agencies, business leaders, and public officials, to actively promote the wise stewardship of Minnesota's natural resources.
- The Section houses 78 full-time professionals located in the central office, 6 regional offices and 4 area field offices. Together these staff provide services through 20 different programs:

Natural Heritage & Nongame
Wildlife Research
County Biological Survey
Scientific and Natural Areas
Aquatic Plant Management
Aquatic Invertebrate Lab
Harmful Exotic Species Mgmt
Aeration Inspection & Permitting
River Biocriteria Development
Fish and Wildlife Planning
Ecosystem Management Education

Fish Contaminant Assessment
Upper Mississippi River Monitoring
Fish and Wildlife Pathology Lab
Lake Mapping
Environmental Review
Stream Habitat Protection
Lake Superior Basin Habitat Restoration
Mississippi River Resource Protection
Wetlands Protection and Planning
Fish and Wildlife Damage Assessment

STRATEGIES AND PERFORMANCE:

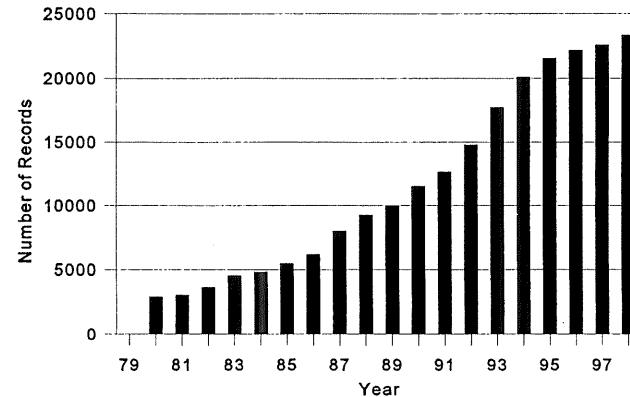
Ecological Services achieves its mission by:

- collecting ecological data on native species and;
- delivering ecological information to citizens and decision-makers;
- regulating activities that impact native species and natural systems (permits for aeration, aquatic plant management, endangered and exotic species);
- restoring and preserving key natural areas and natural systems;
- managing ecological information with an integrated information system;
- providing financial assistance to local organizations and communities to combat exotic species infestations;
- delivering educational materials to numerous audiences.

Ecological Services' performance can be broadly measured by the quantity of ecological data that it collects, the amount of data that is delivered to stakeholders, and the resulting protection afforded to Minnesota's native flora, fauna and natural communities. Following are some key indicators of these performance measures.

- *Collection of Ecological Data.* One of the primary measures of the amount of data the Section collects is the number of records it maintains on rare species in the Rare Features Database which has grown from 2,800 records in 1980 to over 23,000 in 1998.

**Ecological Services Natural Heritage Rare Features Data
Growth in Records, 1979 to Present**



2000-01 Biennial Budget

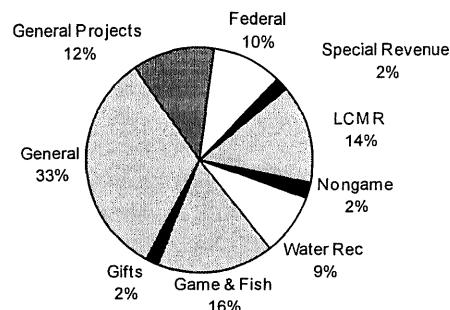
BUDGET ACTIVITY: Ecological Services
PROGRAM: Fish and Wildlife Management
AGENCY: Department of Natural Resources (DNR)
 (Continuation)

- *Delivery of Ecological Data.* From 1991 to 1996, requests by citizens and local governments for information on plant communities, rare plants and animals, and critical fish and wildlife habitats, more than doubled. It is anticipated that the demand will grow even more in coming years.
- *Resource Protection:*
 - Since 1991, the number of Scientific and Natural Areas has grown from 88 to 119, protecting nearly 180,000 acres of significant plant communities and habitat for rare plants and animals.
 - Since 1990 protected stream flow recommendations have been developed for eight watersheds, providing sound biological information for establishing stream flows that protect instream fish and wildlife resources while still providing for off-stream appropriations.

FINANCING INFORMATION:

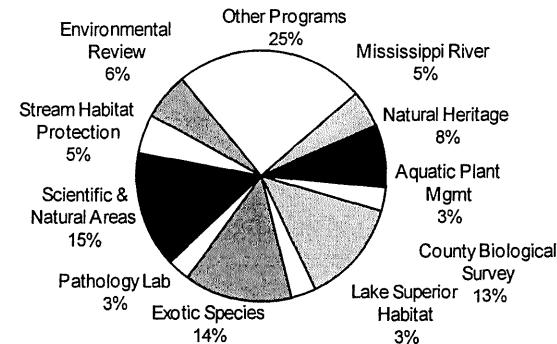
Ecological Services is supported by a diversity of funding sources. During the F.Y. 1998-99 biennium, the relative proportion of these sources is as follows:

Ecological Services 1998-1999 Expenditures by Fund Total \$19.7 Million (estimated)



These dollars support 20 different programs within the Section. The relative proportion of the Section budget allocated to the 10 largest programs is as follows:

Ecological Services 1998-1999 Expenditures by Activity Total \$19.7 Million (estimated)



GRANTS:

The biennial grants budget administered by Ecological Services is \$265,000. This includes a GIS land use demonstration project for the Lake Superior Basin (72%) and a grant for exotic species control by government and private groups (28%).

BUDGET ISSUES:

- The one-time shift of support costs from Game and Fish Fund to the General Fund last biennium will result in a proportional reduction in the Ecological Services Activity of \$81,000 in F.Y. 2000 and \$66,000 in F.Y. 2001. This reduction will result in reduced technical assistance to local governments and others for protection of fish and wildlife habitat, and significantly reduce analytical chemistry services.
- A classification level evaluation was completed in 1999 for positions in the Ecological Services Section. Implementation of the classification level changes will result in additional salary obligations of \$195,700 in F.Y. 2000 and \$201,590 in F.Y. 2001. The following service reductions will be implemented;
 - Eliminate all analytical chemistry services provided to Fisheries and Wildlife;
 - Reduce communication and information management;
 - Reduce strategic planning services to the division and department;
 - Reduce exotic species protection, management and education efforts;
 - Reduce rare species inventory, research, and protection efforts.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT
Program: FISH & WILDLIFE MANAGEMENT
Activity: ECOLOGICAL SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	4,016	4,300	5,439	4,712	5,579	4,757	5,624	1,464	15.0%
OPERATING EXPENSES	2,695	2,153	4,975	2,712	3,064	2,530	2,897	(1,167)	-16.4%
SUBTOTAL STATE OPERATIONS	6,711	6,453	10,414	7,424	8,643	7,287	8,521	297	1.8%
CAPITAL OUTLAY	69	459	366	138	138	138	138	(549)	-66.5%
PAYMENTS TO INDIVIDUALS	53	54	50	50	50	50	50	(4)	-3.8%
LOCAL ASSISTANCE	232	358	276	265	265	265	265	(104)	-16.4%
Total Expenditures	7,065	7,324	11,106	7,877	9,096	7,740	8,974	(360)	-2.0%
CHANGE ITEMS:									
	FUND								
(A) GAME AND FISH FUND BUDGET REDUCTION	G&F				(81)			(66)	
(B) ECO SERV LCMR ALLOCATIONS	EVT				1,300			1,300	
Total Change Items					1,219			1,234	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	1,006	1,187	1,258	0	1,300	0	1,300		
GENERAL	1,865	2,537	4,372	3,606	3,606	3,412	3,412		
MINNESOTA RESOURCES	284	123	306	0	0	0	0		
NATURAL RESOURCES	1,281	1,089	1,224	1,192	1,192	1,210	1,210		
GAME AND FISH (OPERATIONS)	1,431	1,358	1,812	1,650	1,569	1,689	1,623		
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES	120	32	209	41	41	41	41		
SPECIAL REVENUE	269	112	434	188	188	188	188		
FEDERAL	809	828	1,338	1,180	1,180	1,180	1,180		
GIFT	0	58	153	20	20	20	20		
Total Financing	7,065	7,324	11,106	7,877	9,096	7,740	8,974		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: FISH & WILDLIFE MANAGEMENT
Activity: ECOLOGICAL SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001				
				Base	Governor Recomm.	Base	Governor Recomm.			
<u>REVENUE COLLECTED:</u>										
DEDICATED										
NATURAL RESOURCES	74	62	41	41	41	41	41			
SPECIAL REVENUE	236	135	125	125	125	125	125			
FEDERAL	726	779	1,018	1,180	1,180	1,180	1,180			
GIFT	19	22	20	20	20	20	20			
NONDEDICATED										
GAME AND FISH (OPERATIONS)	89	344	104	226	226	227	227			
Total Revenues Collected	1,144	1,342	1,308	1,592	1,592	1,593	1,593			
<u>FTE BY EMPLOYMENT TYPE:</u>										
FULL TIME	76.5	77.9	77.9	77.9	93.7	77.9	93.7			
PART-TIME, SEASONAL, LABOR SER	13.0	12.0	12.0	12.0	16.5	12.0	16.5			
OVERTIME PAY	0.7	0.7	0.7	0.7	0.7	0.7	0.7			
Total Full-Time Equivalent	90.2	90.6	90.6	90.6	110.9	90.6	110.9			

This page intentionally left blank.

2000-01 Biennial Budget

PROGRAM: Enforcement - DNR Laws and Rules

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

The Enforcement Division is responsible for ensuring compliance with state game, fish, and recreational vehicle laws. Major responsibilities include enforcement of the rules and regulations related to:

- hunting and fishing seasons, methods of taking animals and fish, bag and possession limits;
- public safety, especially where it concerns alcohol consumption while hunting or operating recreational vehicles;
- commercial use and possession of natural resources and products;
- the protection of the state's air and water.

In addition, we provide educational training programs in firearms safety, advanced hunter education, bow hunter education, snowmobile safety, all terrain vehicle safety, and off-highway motorcycle safety. These activities ensure that natural resources will be available for future generations to enjoy and that citizens will be safe in their recreational pursuits.

The Enforcement Division administers 3 pass-through grants: Boat and Water Safety grants provide \$1.086 million to sheriffs' offices each year. Personal Watercraft grants provide \$450,000 to sheriffs' offices each year. Snowmobile grants provide \$400,000 to sheriffs' offices and local law enforcement agencies each year.

STRATEGIES AND PERFORMANCE:

Our strategic plan identifies 4 primary strategies to accomplish division responsibilities within the existing budget:

- Continue to involve staff at all levels in the division decision making.
- Continue our traditional role of law enforcement services.
- Increase voluntary compliance through education.
- Remain responsive to emerging trends and new responsibilities.

The Enforcement Division uses a variety of strategies to protect natural resources including:

- saturation of problem areas with a specialized task force;
- CO work plans to communicate workload priorities;
- requiring CO's to perform training activities;
- using media to highlight new laws and regulations;
- providing boat and water safety grants to local law enforcement;
- cooperative planning on snowmobile grants to avoid duplication of effort.

These strategies have proven to be effective in enhancing public safety. This can be seen in the reduction in the number of hunting fatalities in comparison to states with similar regulatory schemes. We attribute this success to the Youth Firearm Safety and Advanced Hunter Education programs. An average of 20,000 students take our hunting safety and education courses each year, and approximately 197,000 students have completed them over the past 10 years.

Accident Rate / 100,000 Licenses Sold

	<u>1990</u>	<u>1992</u>	<u>1994</u>	<u>1997</u>
Total Licenses Sold	890,000	835,000	866,000	865,000
Number of Students Certified (Cumulative)	691,000	732,000	779,000	849,553
Accident Rate	.007%	.005%	.003%	.004%
Total Accidents	63	41	28	35

Increased snowmobile law enforcement activity has decreased the number of fatalities and snowmobile accidents. The table below compares accidents and fatalities for the last 4 winter seasons. The trend of increasing number of accidents and fatalities was reversed in the 1997-1998 season, in large measure because of high profile enforcement efforts during the 1996-1997 season by conservation officers.

Year	Fatal	Non-Fatal
94-95 Season	19	489
95-96 Season	26	582
96-97 Season	32	615
97-98 Season	19	275

2000-01 Biennial Budget

PROGRAM: Enforcement - DNR Laws and Rules

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

FINANCING INFORMATION:

The Division has a complex funding mechanism. The following table shows F.Y. 1999 resources excluding grants:

Fund	Percent	Amount (\$000's)
Game & Fish Fund	64.0%	\$12,299
General Fund	18.0%	\$3,341
Water Recreation Account	6.0%	\$1,176
Snowmobile Account	6.0%	\$1,058
ATV Account	1.0%	\$276
Solid Waste Fund	0.5%	\$100
Off-Highway M/C Account	0.3%	\$67
Off-Highway Vehicle Account	0.2%	\$47
Police State Aid	4.0%	\$757

The funding mix is changed to reflect actual changes in conservation officer activities based on 3-year averages of an ongoing time study. The most recent changes resulted from an increase in recreational usage, and legislatively assigned responsibilities.

New responsibilities assigned to the division include:

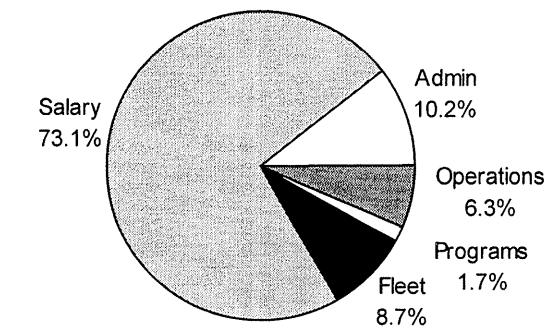
- Wetlands Conservation Act enforcement (1990)
- Civil citation (civil penalty-litter) authority (1992)
- Off-road vehicle and motorcycle enforcement (1994)
- Off-road motorcycle training (1995)
- Increased alcohol enforcement (1995).

REVENUE:

The Enforcement Division generates revenues from criminal and civil fines, restitution penalties from criminal prosecutions, the sale of confiscated property, and safety training fees.

Enforcement Major Expenditures

F.Y. 1998 w/o Grants



BUDGET ISSUES:

Over the past 10 years, the Enforcement Division's base budget has been diminished by higher salaries, including a Hay Study implementation, and by increased vehicle and fleet costs. These increases have not been offset by increased appropriations. The following strategies have been adopted to allow us to provide an acceptable level of service within our existing appropriations.

- Purchases of non-fleet equipment has been eliminated, causing us to fall behind in replacing snowmobiles, all-terrain vehicles, small outboard motors, small boats, and other equipment. Necessary snowmobiles have been leased which frequently results in equipment having to be returned just when it is needed most due to lease periods which are shorter than the snow season. The division does not have adequate resources to replace necessary equipment. Equipment is being replaced on an emergency basis.
- The Enforcement Division currently has 17 field stations that are vacant or held open to save salary costs. During the coming biennium the Division anticipates at least 10 retirements which will compound the vacancy situation. The division is unable to adequately address recruitment of protected class candidates because it cannot fund a full-time protected class recruitment position.

2000-01 Biennial Budget

PROGRAM: Enforcement - DNR Laws and Rules

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

- Vehicle life cycles have been extended by 1 or 2 years to reduce costs. Computers have been leased rather than purchased.
- Several educational programs were funded at levels significantly lower than needed to provide funding for other priorities. The Adopt-A-School Program was not funded in the current fiscal year. Officer training was funded at approximately one-half of the amount needed to maintain our CO's at a peak level of readiness.
- At current funding levels we are unable to:
 - Adequately fund field operations in the areas of communications, fleet costs, and replacement of firearms;
 - Implement administrative improvements including a case management system, fully utilize available technology, and provide support to officers;
 - Adequately fund education programs available to the public.
- A one time shift of \$3.044 million from the Game and Fish Fund to the General Fund for operations support was made last biennium as a component of the fisheries license fee increase. This shift was not made permanent, and will not occur in the F.Y. 2000-01 biennium. As a result, the Enforcement Program will reduce its purchases of non-fleet equipment.

While these strategies have allowed us to continue operations, there are significant services expected by the public that cannot be maintained or improved.

The Enforcement Division expends approximately 73% of its budget on employee salaries. Salary costs have increased 48.9% over the last 10 years.

The Enforcement Division is included in several agency-wide change items that would address some of our needs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and the following change items. A biennial appropriation of \$260,000 for the Workforce 2000 initiative, a Game and Fish Fund budget reduction of \$41,000 in F.Y. 2000, and \$33,000 in F.Y. 2001, a snowmobile gas tax reduction of \$220,000 each year, a one-time appropriation of \$302,000 in F.Y. 2000, and \$302,000 in F.Y. 2001 to convert to the 800 MHZ radio system in the metro area, and a reduction of \$450,000 each year for the repeal of the personal watercraft surcharge.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: ENFORCEMENT--NR LAWS&RULES

Activity: ENFORCEMENT--NR LAWS&RULES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	13,195	13,810	14,413	15,294	15,294	15,731	15,731	2,802	9.9%
OPERATING EXPENSES	5,112	4,648	4,881	4,481	4,537	4,483	4,547	(445)	-4.7%
SUBTOTAL STATE OPERATIONS	18,307	18,458	19,294	19,775	19,831	20,214	20,278	2,357	6.2%
CAPITAL OUTLAY	0	0	8	8	8	8	8	8	100.0%
LOCAL ASSISTANCE	1,114	1,477	1,482	1,707	1,372	1,707	1,372	(215)	-7.3%
Total Expenditures	19,421	19,935	20,784	21,490	21,211	21,929	21,658	2,150	5.3%
CHANGE ITEMS:									
	FUND								
(A) DNR WORKFORCE 2000 INITIATIVE	GEN				130			130	
(A) GAME AND FISH FUND BUDGET REDUCTION	G&F				(41)			(33)	
(A) SNOWMOBILE BUDGET REDUCTION	NRF				(220)			(220)	
(B) LAW ENFORCE 800 MHZ RADIO CONVERSION	GEN				302			302	
(B) PERSONAL WATERCRAFT SURCHARGE REPEAL	NRF		(450)		(450)			(450)	
Total Change Items			(450)		(279)			(271)	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	3,378	3,353	3,615	3,442	3,874	3,515	3,947		
MINNESOTA RESOURCES	32	0	0	0	0	0	0		
NATURAL RESOURCES	3,735	3,924	4,149	4,556	3,886	4,612	3,942		
GAME AND FISH (OPERATIONS)	12,158	12,452	12,803	13,327	13,286	13,637	13,604		
SOLID WASTE	100	100	100	100	100	100	100		
STATUTORY APPROPRIATIONS:									
NATURAL RESOURCES	0	71	55	55	55	55	55		
SPECIAL REVENUE	4	22	48	8	8	8	8		
FEDERAL	0	3	0	0	0	0	0		
GIFT	14	10	14	2	2	2	2		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: ENFORCEMENT--NR LAWS&RULES

Activity: ENFORCEMENT--NR LAWS&RULES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	19,421	19,935	20,784	21,490	21,211	21,929	21,658
<u>REVENUE COLLECTED:</u>							
DEDICATED							
NATURAL RESOURCES	0	71	55	55	55	55	55
SPECIAL REVENUE	9	48	8	8	8	8	8
GIFT	12	10	2	2	2	2	2
NONDEDICATED							
GENERAL	1	0	0	0	0	0	0
NATURAL RESOURCES	4,664	512	1,502	1,602	1,602	1,622	1,622
GAME AND FISH (OPERATIONS)	521	517	462	462	462	462	462
Total Revenues Collected	5,207	1,158	2,029	2,129	2,129	2,149	2,149
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	202.7	201.9	201.8	201.8	199.8	201.8	199.8
PART-TIME, SEASONAL, LABOR SER	5.8	7.4	7.4	7.4	7.9	7.4	7.9
OVERTIME PAY	27.0	22.0	22.0	22.0	22.0	22.0	22.0
Total Full-Time Equivalent	235.5	231.3	231.2	231.2	229.7	231.2	229.7

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Enforcement - DNR Laws and Rules
ACTIVITY:

ITEM TITLE: Law Enforcement 800 MHZ Radio Conversion

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	302	302	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$302,000 in F.Y. 2000 and \$302,000 in F.Y. 2001 for conversion to the Minnesota State Patrol's 800 MHZ radio system that will provide necessary communications links for the Enforcement Division in the most cost effective manner.

RATIONALE:

The Minnesota State Patrol and local law enforcement agencies are currently converting to new radio technology, initially in the Twin Cities and surrounding area. In order to continue using common, consistent frequency systems to enforce laws related to hunting, fishing, forestry, state parks, and other aspects of natural resources and outdoor recreation, the Department needs to convert to the new 800 MHZ radio system. The 800 MHZ, State Patrol system is the only option available for law enforcement related communications. The funding will cover the radio communication needs for Enforcement, Parks, and Forestry Divisions for the area in which the State Patrol will implement the 800 MHZ system (nine county metro area).

FINANCING:

Additional funds for the Department will be needed in future biennia as the State Patrol and local law enforcement agencies implement the 800 MHZ system over the remainder of the state.

OUTCOMES:

Department personnel will be able to communicate with other state and local law enforcement personnel for needed data and officer safety.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of (DNR)

PROGRAM: Enforcement - DNR Laws and Rules

ACTIVITY:

ITEM TITLE: Personal Watercraft Surcharge Repeal

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>		
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)					
- Water Recreation Account					
- State Operations	(\$225)	(\$225)	(\$225)	(\$225)	(\$225)
- Grants	(\$225)	(\$225)	(\$225)	(\$225)	(\$225)
Revenues: (\$000s)					
- Water Recreation Account	(\$450)	(\$450)	(\$450)	(\$450)	(\$450)

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. § 86B.415, Subd. 7a

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends repeal of the personal watercraft (PWC) surcharge effective 1-1-99. Those persons who have paid the \$50 PWC surcharge would receive a refund from the Department of Natural Resources.

RATIONALE:

The Governor feels that the \$50 surcharge on personal watercraft is discriminatory.

FINANCING:

The \$50 PWC surcharge would be repealed effective 1-1-99 and those persons who have paid the fee would receive refunds from the Department of Natural Resources within a reasonable amount of time. This would mean a loss in revenue to the Water Recreation Account in the Natural Resources Fund of approximately \$450,000 per year.

The budget reduction for the Enforcement Division would be as follows:

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Salary/Fringe	(210)	(210)	(210)
Supplies/Expense	(15)	(15)	(15)
Grants to Counties	(225)	(225)	(225)
Total	(450)	(450)	(450)

OUTCOMES:

By law the revenues from the surcharge are to be used for enforcement of the PWC laws and split evenly between the DNR's Enforcement Division and grants to county sheriff's departments.

Enforcement Division: This change means that the 3 conservation officer positions planned to be hired beginning 7-1-99 will not be hired.

The Division currently has 23 vacancies with 12 Conservation Officer Candidates currently in training. We anticipated hiring 6 candidates on or after 7-1-99.

County Grants: This change will end the personal watercraft grant program to county sheriff's departments that would have begun in F.Y. 1999.

2000-01 Biennial Budget

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)

PROGRAM PROFILE:

This program provides the administrative support to all other DNR programs, as well as direct services to the general public. The program is comprised of 4 separate budget activities. Two of them have separate management activities to identify organizational units. Each of these activities will be discussed in more detail on the following pages. The 4 budget activities and their subunits are the following:

■ Field Operations Support

- Field Services Bureau
- Engineering Bureau
- Real Estate Management Bureau

■ Regional Operations Support

■ Administrative Management

- Office of Affirmative Action and Diversity
- Commissioner's Office
- Human Resources Bureau
- Information and Education Bureau
- License Bureau
- Management Information Services Bureau
- Office of Management and Budget Services

■ Recreation and Local Initiative Grants

STRATEGIES AND PERFORMANCE:

The Operations Support program uses the following strategies:

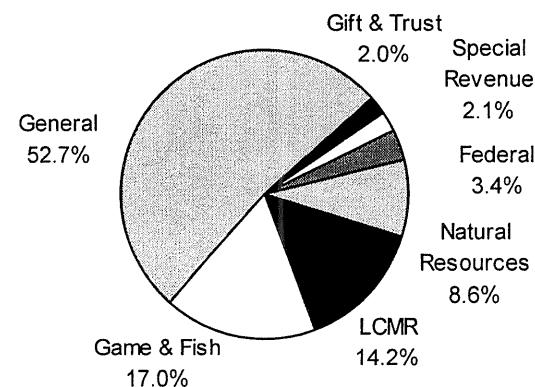
- Constantly monitor and modify our business practices to deliver a high quality of service at the lowest possible cost.
- Assess the financial impact to support services when considering new budget initiatives.
- Develop partnerships with local units of government, and other natural resource organizations on resource issues and management objectives.
- Improve communication with, and services for, stakeholders and citizens.

- Provide leadership in establishing standards for evaluating ecosystem health.
- Provide leadership in evaluating the effectiveness of ecosystem-based management efforts.
- Improve the integration of support services, including budgeting and planning.

FINANCING INFORMATION:

Operations Support

Expenditures/Budget by Fund, F.Y. 1998-99



- \$3.5 million of the General Fund consists of pass-through grants administered by OMBS.
 - City of St. Paul for Harriet Island Redevelopment.
 - City of South St. Paul for erosion control at Kaposia Park and development of a regional trail connection.
 - Renovation to the Laurentian Environmental Learning Center.
- \$3.4 million of the General Fund includes a shift of \$1.5 million per year from the Game and Fish Fund to the General Fund as part of the Fishing License increase package approved by the 1997 Legislature.

2000-01 Biennial Budget

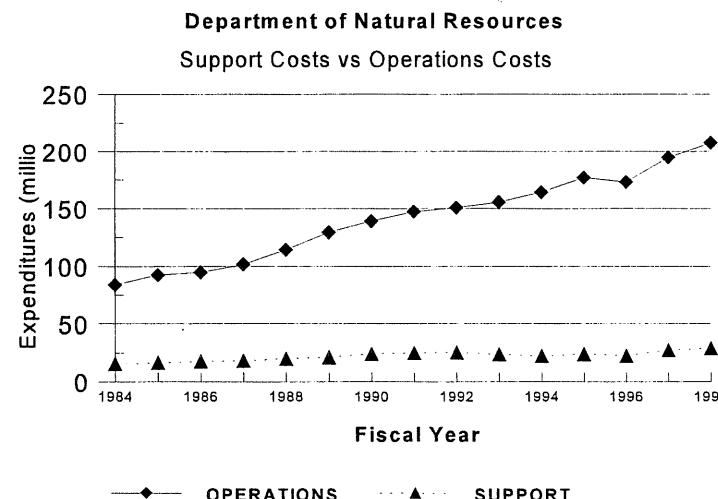
PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

BUDGET ISSUES:

The single greatest budget issue for the Operations Support program continues to be a lack of recognition of the level of administrative support that field programs require. DNR is both blessed and cursed with a multitude of funding sources. Many of the interest groups that fund the various activities are reluctant to allow the funding to be used for administrative support.

Thus, operations support expenditures have not kept pace with programmatic expenditures (see line graph below). Although they have remained stable in nominal dollars, they have declined as a percentage of total costs. Note: costs related to providing direct programmatic services (the License Bureau, LCMR projects, the Boat and Water Safety Program) have been excluded from the Operational Support Program cost historical analysis, because they are not "support costs." In addition several internal revolving accounts have been excluded for the same reason.



The primary financial challenge is finding how to provide an increased level of ever more expensive support services in an environment of decreasing resources.

- External factors that increase the cost of providing support services are:
 - changes in technology,
 - increased public desire for natural resource information,
 - changes in mandates-federal and state law, regulation and policy.
- Internal factors increasing the cost of support services are:
 - the cost of collecting data and making it available to stakeholders increases costs in the short run;
 - the benefit of integrated services and improved efficiency only decreases costs in the long run;
 - implementation of an Ecosystem Based Management approach requires an initial investment in planning costs.

The 1997 Legislature authorized a fishing license increase that also involved a funding shift of \$1.5 million per year from the Game and Fish Fund to the General Fund, for the Operations Support Program. Because of uncertainty about the General Fund balances for F.Y. 2000-01, the legislature made this a one-time appropriation.

A budget reduction of \$40,000 each year for Administrative Management Budget Activity is included in DNR's proposal to reduce Snowmobile Fund expenditures by \$1.1 million each year in order to maintain a positive balance at the end of the F.Y. 2000-01 biennium. The operating budgets of the License Bureau and the Bureau of Management Information Services will be reduced by \$18,500 and \$21,500 each year respectively.

2000-01 Biennial Budget

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

LCMR RECOMMENDATIONS - DIRECT:

Project	Fund	Amount (\$000's)
Environmental Indicators Initiative - Continuation	Env. Trust	\$400
Local Initiatives Grants Program		
- Local Units of Government for Local Parks and Recreation Areas	Future Resources	\$1,050
- Local Grants of Government for Natural and Scenic Areas	Env. Trust	\$870
- Statewide Conservation partners program	Env. Trust	\$610
- Environmental Partnerships Program Grants	Env. Trust	\$200

LCMR RECOMMENDATIONS - PASS THROUGH:

Project	Fund	Amount (\$000's)
Green Forest Certification Project	Env. Trust	\$150
Integrated Prairie Management	Env. Trust	\$350
Dakota County Wetland Health Monitoring	Env. Trust	\$160
Wild Rice Management Planning	Future Resources	\$200
Preservation of Native Wild Rice Resource	Future Resources	\$400
Forest Wildlife Biologist for Ruffed Grouse	Future Resources	\$1,000
Farm Ponds as Critical Habitats for Native Amphibians	Env. Trust	\$250
Sustainable Woodlands and Prairies on Private Lands-Continuation	Env. Trust	\$450
Greening the Metro Mississippi-Minnesota River Valleys	Env. Trust	\$800

Restoring the Greater Prairie Chicken to Southwestern Minnesota	Env. Trust	\$60
The Prairie Heritage Fund (PHF)II-Continuation	Env. Trust	\$500
Implement the Chisago and Washington Counties Green Corridor Project-Continuation	Env. Trust	\$450
Enhancing Canada Goose Hunting Opportunities for Recreation and Management Purposes	Future Resources	\$340
Restoring Native Vegetation in Parks and Nature Centers	Future Resources	\$260
Ecology Bus Water Quality Education	Future Resources	\$200
Renovation of Open Spaces: Twin Cities Neighborhoods	Future Resources	\$200
Minnesota Wolf Public Education	Env. Trust	\$120
North American Bear Center, Ely, MN.	Future Resources	\$80
Accessible Outdoor Recreation	Env. Trust	\$400
Southeast Minnesota Streams and Watershed Signage	Env. Trust	\$150
Teacher Training in Interdisciplinary Environmental Education	Env. Trust	\$60
Development and Rehabilitation of Recreational Shooting Ranges	Future Resources	\$350
Youth Outdoor Environmental Education Program	Future Resources	\$125
Twin Cities Environmental Service Learning-Continuation	Env. Trust	\$40
Minnesota Whitetail Deer Resource Center Exhibits	Future Resources	\$400
Hyland Lake Environmental Center	Env. Trust	\$220
Wind Power for Rural Development-Continuation	Future Resources	\$250
Mesabi Trail Land Acquisition and Development-Continuation	Future Resources	\$1,000
Kabetogama to Ash River Community Trail System	Future Resources	\$100
Mesabi Trail Connection	Future Resources	\$80
Dakota County Bikeway Mapping	Future Resources	\$15

2000-01 Biennial Budget

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

Metropolitan Regional Parks Acquisition, Rehabilitation and Development	Env. Trust	\$2,000
Mississippi Riverfront Trail and Access	Future Resources	\$155
Luce Line Trail Connection through Wirth Park	Future Resources	\$300
Freshwater Mussel Resources in the St. Croix River	Env. Trust	\$58
Landscaping for Wildlife and Nonpoint Source Pollution Prevention	Env. Trust	\$150
Saint Paul-Minneapolis Native Plant Habitat Interpretive Program	Future Resources	\$130
Restoring Ecological Health to St. Paul's Mississippi River Bluffs	Env. Trust	\$200
Protecting Dakota County Farmland and Natural Areas	Env. Trust	\$200
Conservation-Based Development Program	Env. Trust	\$150
Sustainable Stormwater Management and Erosion Control for Athletic Fields	Future Resources	\$200
Chisago Lakes Outlet Channel Project	Future Resources	\$40
Blufflands Implementation	Future Resources	\$33
Lake Minnetonka Citizens Monitoring and Education Network	Future Resources	\$40
Lake Calhoun and Lake Harriet Gravity Flow Stream System	Future Resources	\$250

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and the following change items:

In the Field Operations Support Activity, a \$5 million biennial appropriation for statewide asset preservation and repair, and a deficiency appropriation of \$515,000 in F.Y. 1999 for leased lot land appraisals.

In the Regional Operations Support Activity, a base reduction of \$90,000.

In the Administrative Management Activity, annual base reductions of \$60,000 in Field Services, \$50,000 from Management Information Services; \$45,000 from the Commissioner's Office; and \$45,000 from the Office of Management and Budget Services.

Also the Administrative Management Activity, an increase of \$222,000 in F.Y. 2000 and \$235,000 in F.Y. 2001 for the Workforce 2000 initiative, a \$40,000 reduction each year as part of the snowmobile gas tax reduction, an increase of \$1.298 million in F.Y. 2000 and \$616,000 in F.Y. 2001 for the Project IT Infrastructure initiative, \$800,000 in F.Y. 2000 and \$1.9 million in F.Y. 2001 for the electronic licensing system, \$205,000 each year for Outdoors on the Line, and \$2.461 million in F.Y. 2000 and \$246,000 in F.Y. 2001 and beyond for the Project Cedar initiative.

The Governor makes no recommendation on the LCMR projects.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **NATURAL RESOURCES DEPT**

Program: **OPERATIONS SUPPORT**

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
FIELD OPERATIONS SUPPORT	11,115	9,725	11,771	10,718	13,158	10,835	13,275	4,937	23.0%
REGIONAL OPERATIONS SUPPORT	4,631	3,872	5,530	4,380	4,290	4,410	4,320	(792)	-8.4%
ADMINISTRATIVE MANAGEMENT	15,955	15,621	20,968	17,910	22,916	18,274	21,496	7,823	21.4%
REC & LOCAL INITIATIVE GRANTS	7,759	13,621	1,554	61	12,178	61	4,280	1,283	8.5%
Total Expenditures	39,460	42,839	39,823	33,069	52,542	33,580	43,371	13,251	16.0%

CHANGE ITEMS:	FUND				
(A) BASE BUDGET REDUCTIONS	GEN			(290)	(290)
(A) DNR WORKFORCE 2000 INITIATIVE	GEN			222	235
(A) SNOWMOBILE BUDGET REDUCTION	NRF			(40)	(40)
(B) DNR PROJECT IT INFRASTRUCTURE	GEN			1,298	616
(B) ELECTRONIC LICENSING SYSTEM	G&F			800	1,900
(B) LAKESHORE LEASE LAND EXCHANGE	GEN	515			
(B) LOCAL GRANTS LCMR ALLOCATIONS	EVT	495		4,219	4,219
(B) LOCAL GRANTS LCMR ALLOCATIONS	MNR			7,898	
(B) OPERATIONS SUPPORT LCMR ALLOCATIONS	EVT			200	200
(B) OUTDOORS ON THE LINE	GEN			205	205
(B) PROJECT CEDAR	GEN			2,461	246
(B) STATEWIDE ASSET PRESERVATION AND REPAIR	GEN			2,500	2,500
Total Change Items			1,010	19,473	9,791

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE							
GENERAL	4,563	5,727	1,231	0	4,419	0	4,419
MINNESOTA RESOURCES	15,575	19,745	20,046	17,617	24,013	18,088	21,600
NATURAL RESOURCES	3,788	4,698	1,012	0	7,898	0	0
GAME AND FISH (OPERATIONS)	3,463	3,323	3,690	3,624	3,584	3,704	3,664
GAME AND FISH (OPERATIONS)	8,738	6,383	7,327	8,682	8,682	8,812	8,812
OPEN APPROPRIATIONS:							
GAME AND FISH (OPERATIONS)	0	0	0	0	800	0	1,900
Total Financing	39,460	42,839	39,823	33,069	52,542	33,580	43,371

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	93	509	2,682	0	0	0	0
SPECIAL REVENUE	650	491	1,127	655	655	655	655
GAME AND FISH (OPERATIONS)	209	26	84	55	55	55	55
FEDERAL	1,633	1,133	1,758	1,695	1,695	1,625	1,625
AGENCY	0	0	3	0	0	0	0
GIFT	603	614	613	590	590	590	590
PERMANENT SCHOOL	145	190	250	151	151	51	51
Total Financing	39,460	42,839	39,823	33,069	52,542	33,580	43,371
FTE BY EMPLOYMENT TYPE:							
FULL TIME	357.1	359.0	358.1	358.1	370.4	358.1	370.4
PART-TIME, SEASONAL, LABOR SER	25.3	28.6	27.7	27.7	32.5	27.7	33.8
OVERTIME PAY	1.4	3.4	3.4	3.4	3.4	3.4	3.4
Total Full-Time Equivalent	383.8	391.0	389.2	389.2	406.3	389.2	407.6

BUDGET ACTIVITY: Field Operations Support

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This activity provides professional support services to the entire agency. The services are managed on a department wide basis to minimize duplication of costs while providing the maximum flexibility to address department-wide priorities. This activity includes 3 separate bureaus.

Bureau of Field Services (BFS). Provides centralized management of facilities, equipment, safety and health, and materials. Primary activities:

- Manage, maintain and repair 2,000+ buildings and facilities for all divisions.
- Maintain, repair, and replace 4,000+ pieces of fleet and radio equipment.
- Provide safety training and services to all DNR divisions and the PCA.
- Provide procurement, inventory and surplus services to all DNR divisions.

Bureau of Engineering (BOE). Includes professional engineering, architectural, surveying and landscape architecture services that:

- create resource maps for citizens and managers;
- design electrical, mechanical, and structural plans for all divisions;
- design resource facilities such as water control structures that restore wetlands, improve habitat and enhance hunting and fishing opportunities;
- survey land boundaries for acquisition and development;
- design and build recreational facilities such as trail centers, campgrounds and public access for public use and resource management.

Bureau of Real Estate Management (BREM). In-house and contract staff provide real estate services needed for land acquisitions, sales, leasing, licensing, appraisals and exchanges related to all lands under Department management. This bureau also:

- administers \$7.8 million of payments-in-lieu-of-taxes to counties;
- generates \$3 million each year from leases, licenses, easements, and sales.

STRATEGIES AND PERFORMANCE:

The Field Services Bureau uses the following strategies to achieve its goals:

- Establishes incentives to encourage divisions to share equipment and other resources in order to maximize use and minimize cost.
- Establishes maintenance, repair, and replacement schedules that stress preventative maintenance to minimize downtime and expensive repairs.
- Minimizes workplace injuries, employee lost-time, and workers compensation costs by proactive delivery of safety and health programs.
- Actively explores opportunities to streamline the procurement process and acquire goods and services in the most cost effective manner.

The Bureau of Engineering's strategies are to:

- manage conflicting priorities within 500-600 annual projects so that the time limits on capital budget and LCMR projects are honored without abandoning base level responsibilities to on-going division responsibilities;
- maintain a complex cost accounting and project tracking system needed to equitably balance one-time vs. on-going projects, and charge both fairly;
- continually develop and improve project design and detail standards.

The Bureau of Real Estate Management strategies are to:

- improve services by focusing more regionally and improving coordination internally with land managing divisions;
- improve access to land ownership and transaction information of the land record system by improving user knowledge and making the system more user friendly for internal and external customers.

PERFORMANCE:

Field Services accomplished the following during the 1998-99 biennium:

- Conducted a successful pilot project for use of credit cards for items less than \$2,500. This reduced payment transactions and increased financial accountability. This project will expand department-wide in the next biennium.
- Reduced severe injury accidents by almost 32% from F.Y. 1997 to F.Y. 1998.
- Partnered with the Division of Parks and Recreation to provide warehousing responsibilities for the Nature Store, reducing department overhead costs.
- Increased the reliability of equipment and decreased equipment downtime through timely replacement, repair, and maintenance. This resulted in a 3.8% increase in the number of miles each vehicle will deliver.
- Eliminated 10,000 invoice payments per year by adding fuel purchases to the fleet program.

2000-01 Biennial Budget

BUDGET ACTIVITY: Field Operations Support
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

The Bureau of Engineering increased their productivity as follows:

	F.Y. 1998	F.Y. 1999
Requests for Engineering Services	500	600
Construction Contract Bids	92	110
Dollar Value of Contract Bids	\$11,200,000	\$15,000,000
Land Surveys Completed	130	130
Recreational Mapping Projects Completed	194	200

The following real estate transactions were completed in 1998:

- exchanged 2,256 acres
- sold 513 acres
- issued 786 new contracts on 19,228 acres
- acquired 10,468 acres.

FINANCING INFORMATION:

REVENUE:

This activity generates dedicated and non-dedicated revenue. Examples include the following funds:

- **Cambridge Deposit Fund.** Receives revenue from DNR land leases.
- **Game and Fish Fund.** Revenues from DNR residences and leases of game and fish lands.
- **Permanent School Fund.** Includes land sales and leases. Also the recovery of lakeshore land sales costs.
- **Special Revenue Fund.** Includes the proceeds from the sale of non-fleet equipment and recreational maps, and lease income from consolidated conservation area lands.

BUDGET ISSUES:

Important issues include the following:

- The relationship between staff cutbacks in the field services bureau, under funding of the maintenance and repair effort, and increasing equipment and repair costs. The result is that the increased maintenance needs of aging buildings must be accomplished with fewer people and smaller budgets.
- The BOE lacks the staff needed to help division managers make strategic decisions about maintaining the existing facility infrastructure. The result is non-engineering staff making engineering decisions that may lead to additional costs, infeasible projects, and may even put the public at risk.
- The cumulative impact of staff cutbacks in BREM has reached the point where real estate transactions can no longer be kept current. As a result, transactions must now be prioritized, and each takes longer to complete.
- The 1998 tax bill (Chapter 389) required DNR to appraise all lakeshore leased land by June 1999, but no funds were appropriated for the appraisals. BREM did not have the staff to handle this volume, or the budget to hire contractors. F.Y. 1999 costs are estimated to be \$765,000. Rent revenues will be used to cover \$250,000.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FIELD OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	6,325	6,577	7,031	7,190	7,230	7,397	7,437	1,059	7.8%			
OPERATING EXPENSES	4,516	2,737	4,511	3,387	5,787	3,397	5,797	4,336	59.8%			
TRANSFERS	0	0	0	17	17	17	17	34				
SUBTOTAL STATE OPERATIONS	10,841	9,314	11,542	10,594	13,034	10,811	13,251	5,429	26.0%			
CAPITAL OUTLAY	262	404	219	114	114	14	14	(495)	-79.5%			
LOCAL ASSISTANCE	12	7	10	10	10	10	10	3	17.6%			
Total Expenditures	11,115	9,725	11,771	10,718	13,158	10,835	13,275	4,937	23.0%			
<u>CHANGE ITEMS:</u>												
<u>FUND</u>												
(A) BASE BUDGET REDUCTIONS	GEN				(60)			(60)				
(B) LAKESHORE LEASE LAND EXCHANGE	GEN		515									
(B) STATEWIDE ASSET PRESERVATION AND REPAIR	GEN				2,500			2,500				
Total Change Items			515		2,440			2,440				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	5,269	4,582	5,735	5,077	7,517	5,192	7,632					
NATURAL RESOURCES	464	413	495	469	469	481	481					
GAME AND FISH (OPERATIONS)	4,709	4,344	4,726	4,658	4,658	4,748	4,748					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	244	98	406	236	236	236	236					
GAME AND FISH (OPERATIONS)	209	26	84	55	55	55	55					
FEDERAL	75	72	72	72	72	72	72					
AGENCY	0	0	3	0	0	0	0					
PERMANENT SCHOOL	145	190	250	151	151	51	51					
Total Financing	11,115	9,725	11,771	10,718	13,158	10,835	13,275					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FIELD OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001				
				Base	Governor Recomm.	Base	Governor Recomm.			
<u>REVENUE COLLECTED:</u>										
DEDICATED										
NATURAL RESOURCES	51	0	0	0	0	0	0			
SPECIAL REVENUE	296	323	368	365	365	365	365			
GAME AND FISH (OPERATIONS)	210	65	55	55	55	55	55			
AGENCY	27	16	15	20	20	20	20			
PERMANENT SCHOOL	2,268	2,542	2,610	1,910	1,910	1,810	1,810			
NONDEDICATED										
GENERAL	8	13	13	12	12	12	12			
CAMBRIDGE DEPOSIT FUND	221	228	211	219	219	219	219			
GAME AND FISH (OPERATIONS)	52	137	199	98	98	98	98			
Total Revenues Collected	3,133	3,324	3,471	2,679	2,679	2,579	2,579			
<u>FTE BY EMPLOYMENT TYPE:</u>										
FULL TIME	125.1	123.2	123.0	123.0	123.5	123.0	123.5			
PART-TIME, SEASONAL, LABOR SER	4.1	4.7	4.7	4.7	4.7	4.7	4.7			
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2			
Total Full-Time Equivalent	129.5	128.1	127.9	127.9	128.4	127.9	128.4			

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FIELD OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	6,325	6,577	7,031	7,190	7,290	7,397	7,497	1,179	8.7%
OPERATING EXPENSES	4,516	2,737	4,511	3,387	5,787	3,397	5,797	4,336	59.8%
TRANSFERS	0	0	0	17	17	17	17	34	
SUBTOTAL STATE OPERATIONS	10,841	9,314	11,542	10,594	13,094	10,811	13,311	5,549	26.6%
CAPITAL OUTLAY	262	404	219	114	114	14	14	(495)	-79.5%
LOCAL ASSISTANCE	12	7	10	10	10	10	10	3	17.6%
Total Expenditures	11,115	9,725	11,771	10,718	13,218	10,835	13,335	5,057	23.5%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) LAKESHORE LEASE LAND EXCHANGE	GEN		515						
(B) STATEWIDE ASSET PRESERVATION AND REPAIR	GEN				2,500			2,500	
Total Change Items			515		2,500			2,500	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	5,269	4,582	5,735	5,077	7,577	5,192	7,692		
NATURAL RESOURCES	464	413	495	469	469	481	481		
GAME AND FISH (OPERATIONS)	4,709	4,344	4,726	4,658	4,658	4,748	4,748		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	244	98	406	236	236	236	236		
GAME AND FISH (OPERATIONS)	209	26	84	55	55	55	55		
FEDERAL	75	72	72	72	72	72	72		
AGENCY	0	0	3	0	0	0	0		
PERMANENT SCHOOL	145	190	250	151	151	51	51		
Total Financing	11,115	9,725	11,771	10,718	13,218	10,835	13,335		
REVENUE COLLECTED:									

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: FIELD OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
NATURAL RESOURCES	51	0	0	0	0	0	0
SPECIAL REVENUE	296	323	368	365	365	365	365
GAME AND FISH (OPERATIONS)	210	65	55	55	55	55	55
AGENCY	27	16	15	20	20	20	20
PERMANENT SCHOOL	2,268	2,542	2,610	1,910	1,910	1,810	1,810
NONDEDICATED							
GENERAL	8	13	13	12	12	12	12
CAMBRIDGE DEPOSIT FUND	221	228	211	219	219	219	219
GAME AND FISH (OPERATIONS)	52	137	199	98	98	98	98
Total Revenues Collected	3,133	3,324	3,471	2,679	2,679	2,579	2,579
FTE BY EMPLOYMENT TYPE:							
FULL TIME	125.1	123.2	123.0	123.0	125.0	123.0	125.0
PART-TIME, SEASONAL, LABOR SER	4.1	4.7	4.7	4.7	4.7	4.7	4.7
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	129.5	128.1	127.9	127.9	129.9	127.9	129.9

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Field Operations Support

ITEM TITLE: Statewide Asset Preservation and Repair

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$2,500	\$2,500	\$2,500	\$2,500
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$2.5 million in F.Y. 2000 and \$2.5 million in F.Y. 2001 as an increase to the agency's base budget for building maintenance in accordance with the provisions of M.S. 16A.11, Subdivision 6, as amended by the 1998 Session. This recommendation is part of a statewide, multi-agency initiative to reduce facility repair and replacement needs by at least 5% in each agency.

RATIONALE:

According to the statute, the detailed operating budget of each State department must include amounts necessary to adequately maintain state buildings.

The Department of Finance, in consultation with the Statewide Facility Maintenance Group, has developed a set of funding guidelines. These guidelines indicate that the funding requirements for DNR facilities are \$6.3 million per year. Currently the DNR spends \$1.6 million of operating funds on facility maintenance each year. The remaining funding requirement to meet the suggested guidelines is \$4.7 million. This recommendation provides \$2.5 million annually.

The current condition, suitability and functionality of DNR facilities are poor. Facility and infrastructure maintenance and repair as well as the necessary technical support is significantly under-funded. Our assessment of the suitability and condition of our facilities places our deferred maintenance liability in the range of \$22 to \$26 million.

The state has made capital investments in buildings and a variety of infrastructure to conduct the day-to-day business of the Department. To protect the states' investment, to derive full utilization to the public, and to provide workplaces which support the productive work of Department employees, proper maintenance of these facilities is essential. This request is to provide the mandated financial resources necessary to effectively maintain this basic infrastructure.

To accomplish its goals, the DNR must put workers in facilities that are safe, productive and accessible to the public. Well maintained facilities of all kinds enhance resource management efforts, and improve customer service.

The Building Maintenance Guidelines developed with the Statewide Facility Maintenance Group embody a sophisticated calculation of the re-investment cycle required to maintain the utility of buildings for an indefinite time. The calculations are based on weighted life cycles for the various building components and indexed to current building values.

The Building Maintenance Guidelines are an important improvement over past generalized model. These guidelines more closely match the DNR's capital improvement patterns. The DNR generally sponsors capital improvements as long term ventures in the public interest. As such the agencies facilities must be maintained for indefinite use. This model assumes we will maintain our buildings so that they are in as good a condition in the fiftieth year as they are in the first.

FINANCING:

This recommendation is intended to address the single issue of maintaining the capital assets of the state for which the DNR is steward. The expenditure will be made in 2 principle areas. Approximately 4% will be used for additional staff to manage the funding. The remainder will be spent on repair and replacement projects, and private vendor contracts for services and materials.

Current annual base funding is \$2.2 million which provides for 10 FTE with the remainder of the budget committed to repair and replacement projects, and to private sector vendor contracts for services and materials.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of

PROGRAM: Operations Support

ACTIVITY: Field Operations Support

ITEM TITLE: Statewide Asset Preservation and Repair
(Continuation)

OUTCOMES:

This initiative will improve existing performance measures in the following ways:

- Healthier and safer facilities.
- Full life cycle utilization of facilities.
- Improved conditions in workplaces.
- Reduce the backlog of deferred maintenance.
- Corresponding reduction in the risk of catastrophic loses to the physical plant and injuries to employees.
- Facilities adapted to technological advances.
- Corresponding increases in employee productivity and customer service.
- Pro-active facility management, able to respond to user needs.
- Improved ability to manage the states' natural resources.

If funded, the effects on all department units and the regions will be broadly beneficial.

There will be a significant reduction in the need for CAPRA funding in future bonding bills to cover deferred maintenance issues which have deteriorated into emergencies. There will be an ongoing need for CAPRA funding to provide some risk coverage for catastrophic loses.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Field Operations Support

ITEM TITLE: Lakeshore Lease Land Exchange

1998-99 Biennium			
	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)			
General Fund			
- State Operations	\$515	\$-0-	\$-0-
Revenues: (\$000s)			
General Fund	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>			
If yes, statutes(s) affected:			
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation	

GOVERNOR'S RECOMMENDATION:

The Governor recommends a deficiency appropriation of \$515,000 for F.Y. 1999 to implement the provisions of Laws of 1998, Chapter 389, Article 16, Section 31 related to the exchange of county lakeshore lands for leased state owned lakeshore lots.

RATIONALE:

The provisions of Chapter 389 require each leased lot in the exchange to be appraised by a licensed appraiser, agreed to by the DNR and the county board of the county board of the county containing the lot. DNR will pay the cost of the appraisal and submit the appraisal to the Land Exchange Board by June 1, 1999.

The land offered in exchange must be of approximately equal value based on an appraisal by a licensed appraiser. The licensed appraiser must be agreed to by the DNR and the county board.

Prior to submission of the exchange plan by the county, the DNR must examine each leased lot in the plan and, where possible, add land to leased lot to ensure that it conforms to zoning requirements. Nonconforming lots are grandfathered into local zoning.

The Land Exchange Board must rule on whether or not the exchange represents a value for value exchange. Board approval is not limited by those portions of the land exchange statutes relating to the approval process. The DNR must exchange the lands, if the plan is approved, however mineral and water power rights remain with the state.

FINANCING:

The deficiency appropriation is needed to restore other programs funds that are temporarily providing resources to cover the costs of lakeshore lot survey and appraisal services. The Commissioner of Natural Resources must pay for the cost of the appraisals and may recover these costs from the respective county board after the exchange and sale. If the lessee does not elect to purchase the land, the county board may sell the land by public sale at the expiration of the lease term. If this occurs, the reimbursement from the county board could take from 1 to 16 years.

The total estimated costs for F.Y. 1999 are \$765,000. The base level funding from 50% of the lakeshore lease rental fees will be used to offset these costs by \$250,000 leaving an unfunded budget amount of \$515,000.

OUTCOMES:

The deficiency appropriation will provide the funds necessary to complete the exchange and sale of leased lakeshore lots in accordance to the provisions of Chapter 389.

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Regional Operations Support

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

DNR Regional Administration, located in 6 major population centers around the state, enhances the efficiency of resource management by:

- coordinating the design and delivery of agency and external programs;
- providing professional support services that allow resource managers to spend more time in the field;
- filling gaps in service delivery through development of innovative community partnerships and creating a more informed public.

These services are provided by a regional administrator, a regional planner, a regional business manager, a regional information officer, community assistance coordinators, and clerical support personnel. Their efforts are concentrated in three areas:

Public Outreach and Coordination:

During the past several biennia, the need for Regional Administration staff to work on complex multi-disciplinary natural resource issues has increased significantly due to the agency's concept of sustainable natural resource management which includes a greater partnership role with the public.

Regional Administrators:

Play key roles in natural resource issues environmental review, and work closely with legislators, local units of government, and citizen groups. Regional administrators coordinate and advocate interdisciplinary local approaches with partners. Regional administrators carry regional concerns of staff and parties forward for resolution. Examples of efforts the past biennia include:

- protecting rare fens;
- developing agreements between trout anglers and bird watchers for fish habitat improvement projects;
- advocating measures to enhance water quality for fish and wildlife along the Mississippi River;
- developing locally-based and regional flood control strategies;
- siting of utility lines across a Wild and Scenic River;

- addressing the loss of natural areas in urban areas.

Regional Planners:

- Coordinate development and implementation of resource management plans such as:
 - designation of Old Growth forests,
 - Off-Highway Vehicle use areas,
 - and protecting natural shorelines.
- Develop interdisciplinary work plans and budgets.
- Coordinate the Environmental Partnership, Conservation Partners, and Greenways and Natural Areas grants.

Community Coordinators:

Work closely with citizens and field staff on natural landscapes and watershed projects such as: the Oak Savanna, Red River Valley, Metro trout streams, the Blue Earth and Leech Lake Watersheds, and urban greenways in the Twins Cities Metro area. Coordinators link DNR staff with counties, landowners, cities, non-profit organizations and other agencies. Their work extends and leverages the abilities of field staff and community partners to address local resource issues and needs.

Information and Education:

Information and Education staff provide critical links to the public by producing and disseminating information. They maintain relations with regional media, develop and implement communication plans to further resource initiatives, and provide various forms of education and outreach services to environmental and conservation groups. They provide information in a range of forms including, news releases, radio programs, reports, brochures, newsletters, community meetings and by one-on-one discussions with citizens.

Business Offices:

Regional administration business offices manage payroll, benefits administration, and personnel transaction services. They provide budget management expertise and handle a wide variety of financial transactions and reports. Regional business offices manage FEMA applications and reimbursement for regional facilities in natural disasters. They process all DNR contracts for repair, construction, development and maintenance projects within the region. A new role for the business offices is administering the fiscal aspects of local grants for DNR's community partners.

As resource pressures grow, government agencies and citizens have sought more effective natural resource management approaches. Regional Administration has led such efforts by fostering stronger partnerships with other units of government

2000-01 Biennial Budget

BUDGET ACTIVITY: Regional Operations Support

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

and stakeholder groups. The preliminary success of these projects indicates that this shift toward more community outreach should continue. Internal and external demands upon Regional Administration for outreach, information and education, and planning services will increase.

STRATEGIES AND PERFORMANCE:

In its efforts to achieve greater efficiency and effectiveness in resource management, Regional Administration relies on 3 strategies:

- Emphasize local interdisciplinary and broad external partnerships to achieve community-based approaches to resource management.
- Leverage resources from non-profits, citizen groups, and other government units.
- Provide financial incentives through grants to non-profits, local units of government and stakeholder groups.

FINANCING INFORMATION:

REVENUE:

This activity generates dedicated revenue. Significant items include the following funds:

- *Federal Fund.* Include Disaster Public Assistance advances and reimbursements passed through DEM to DNR for emergency work, debris clearance, and damage on DNR land.
- *General Fund.* Dedicated-state match for Disaster Public Assistance.
- *Special Revenue.* Accounts set up for seminars, workshops cooperative efforts with outside entities, and the sale of DNR merchandize.

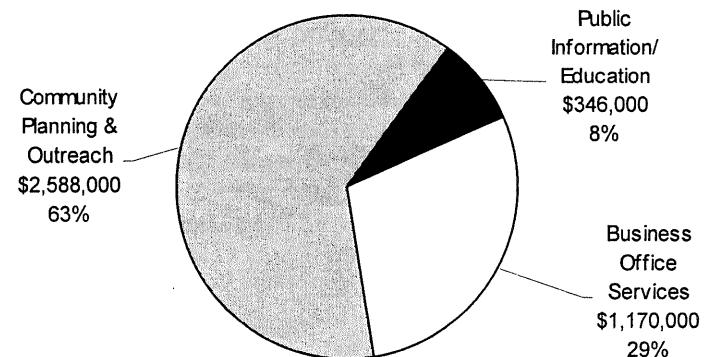
GRANTS:

Program grants administered through this budget activity include The Environmental Partnership, Conservation Partners, and the Greenways and Natural Areas grants.

The following chart shows how the Regional Administration budget is expended by the component categories.

Regional Administration Budget

Component Categories



BUDGET ISSUES:

Funding has been received for new initiatives but this does not alleviate erosion of the base. An example of what the absence of one Regional Information Officer in East Central Minnesota would mean:

- No regional communications expertise on 1837 Treaty Issues.
- No media contact for 75 regional newspapers and 26 regional radio stations.
- No professional communications services for DNR employees in 15 counties.
- Less participation in education and community events (sports shows, environmental expos, classrooms, conservation association meetings, etc.).

In other regions, the loss of an information officer would impair the Department's ability to similarly communicate on forest resources, agricultural, flooding, or urban sprawl issues, to name a few.

The Regional Administration services are necessary for continuation of DNR's effort to work with the public for quality natural resources management.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REGIONAL OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	2,856	3,066	3,251	3,287	3,287	3,387	3,387	357	5.7%			
OPERATING EXPENSES	1,480	511	1,337	681	681	671	671	(496)	-26.8%			
SUBTOTAL STATE OPERATIONS	4,336	3,577	4,588	3,968	3,968	4,058	4,058	(139)	-1.7%			
CAPITAL OUTLAY	74	104	350	122	122	62	62	(270)	-59.5%			
LOCAL ASSISTANCE	221	191	592	290	200	290	200	(383)	-48.9%			
Total Expenditures	4,631	3,872	5,530	4,380	4,290	4,410	4,320	(792)	-8.4%			
CHANGE ITEMS:												
(A) BASE BUDGET REDUCTIONS		FUND										
		GEN				(90)		(90)				
Total Change Items						(90)		(90)				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	33	0	0	0	0	0	0	0			
GENERAL	3,650	3,245	4,353	3,927	3,837	4,020	3,930					
MINNESOTA RESOURCES	249	96	121	0	0	0	0					
NATURAL RESOURCES	218	226	236	241	241	248	248					
GAME AND FISH (OPERATIONS)	48	0	0	38	38	38	38					
STATUTORY APPROPRIATIONS:												
GENERAL	93	18	249	0	0	0	0	0	0			
SPECIAL REVENUE	11	30	54	43	43	43	43	43	43			
FEDERAL	348	204	515	131	131	61	61	61	61			
GIFT	14	20	2	0	0	0	0	0	0			
Total Financing	4,631	3,872	5,530	4,380	4,290	4,410	4,320					
REVENUE COLLECTED:												

**State of Minnesota
2000-2001 Biennium Budget
(Dollars In Thousands)**

Agency: **NATURAL RESOURCES DEPT**

Program: **OPERATIONS SUPPORT**

Activity: **REGIONAL OPERATIONS SUPPORT**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
GENERAL	93	18	253	0	0	0	0
SPECIAL REVENUE	13	37	48	43	43	43	43
FEDERAL	453	351	596	138	138	61	61
GIFT	23	9	0	0	0	0	0
NONDEDICATED							
GENERAL	1	1	0	0	0	0	0
Total Revenues Collected	583	416	897	181	181	104	104
FTE BY EMPLOYMENT TYPE:							
FULL TIME	55.1	55.6	55.6	55.6	55.6	55.6	55.6
PART-TIME, SEASONAL, LABOR SER	5.6	6.0	5.1	5.1	5.1	5.1	5.1
OVERTIME PAY	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	60.8	61.6	60.7	60.7	60.7	60.7	60.7

2000-01 Biennial Budget

BUDGET ACTIVITY: Administrative Management

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This activity provides overall agency management, including formulating and establishing policies and priorities, and integrating department operations in a cohesive direction. The activity includes the following units and activities:

- **Office of Affirmative Action and Diversity** manages programs and policies to ensure compliance with federal and state laws, rules and regulations related to affirmative action, and equal employment opportunity.
- **Commissioner's Office** provides leadership for the department and specialists in regulatory and legislative affairs, agricultural policy, media, ethics, and organizational management.
- **Bureau of Human Resources** serves all bureaus and divisions by:
 - providing advice to management on employee relations issues, including labor agreements and plans covering agency employees;
 - conducting audits, studies and exams for over 400 agency job classifications;
 - developing and implementing or coordinating agency-wide employee development and training opportunities;
 - coordinating the agency's employee recognition programs;
 - providing personnel, payroll and insurance expertise and processing.
- **Bureau of Information and Education**
 - produces and distributes news releases and handles inquires from the print and broadcast media;
 - designs publications, posters, photo/video graphic work for DNR disciplines;
 - informs the public about boat and water safety and manages that local grant program;
 - produces and distributes the Volunteer magazine;
 - assists disciplines with marketing, coordinates special events, such as the department's State Fair Building;
 - handles public inquires through the Information Center from a toll-free phone line, walk-ins or electronic mail ;
 - conducts special projects that address new human resources management practices and performance measurement and administer the department's awards program.

- **License Bureau** administers antlerless deer, turkey and hunting lotteries and maintains accountability for and coordinates the procurement, distribution, and issuance of:
 - game, fish and cross country ski licenses;
 - snowmobile, all-terrain vehicle, off-highway motorcycle, off-road vehicle, watercraft registrations and titling.
- **Office of Management and Budget Services (OMBS)** provides management, budget, and financial services to all divisions. It also works with outside communities to balance ecosystem sustainability with recreational and commercial use of the states natural resources. Together, these units:
 - integrate strategic planning, budgeting and financial reporting;
 - conduct internal audits;
 - provide accounting, business, and policy services for all units;
 - provide integrated ecological and resource information to government and private sector decision makers through the environmental review process;
 - administer 5 matching grant programs and pass-through appropriations;
 - provide access and support to under served communities;
 - coordinate volunteer programs;
 - provide leadership to integrate eco-system based management into DNR; policy and activities.
- **Bureau of Management Information Services**
 - manages and operates shared computer systems, networks, geographic information systems (GIS), shared data bases, applications, and web sites;
 - supports the statewide accounting, procurement, and personnel systems;
 - provides computer training and user support services, library and research services, and data entry services, for DNR units and their employees.

STRATEGIES AND PERFORMANCE:

This budget activity employs advances in technology and management in 6 strategic areas:

- *Customer Service.* Improve customer access to DNR information and services by using state of the art technology, such as electronic licensing and registration, toll-free information numbers, Internet access, etc.
- *Decision Making.* Provide resource managers with information systems, databases, and analytical models essential to managing natural resources effectively.
- *Management Efficiency.* Use computer technology to achieve high quality services at a reasonable cost

2000-01 Biennial Budget

BUDGET ACTIVITY: Administrative Management
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

- *Internal Partnerships.*
 - Support services work teams collaborate to provide a unified service concept to internal clients (resource managers, personnel liaisons, and business managers).
 - Focus teams on geographic areas and assign staff to work with Regional Management Teams to deliver services directly to regional clients.
- *Provide Ecosystem Based Management Leadership.* Provide support to managers in adopting ecosystems and sustainability concepts into natural resource management.
 - Develop tools to measure progress in towards sustainability goals.
 - Provide communication and education tools (workshops, environmental education opportunities, written materials) to provide staff and stakeholders with the information they need to make informed decisions.
- *Delegation.* Organize work teams to serve specific internal clients and work with unit specialists (personnel liaisons and business managers) and delegate responsibilities to teams and individuals.

Major accomplishments:

- The Human Resources Bureau produced a multi-agency satellite training video presented to 1,670 employees at 70 sites, saving travel and expense costs.
- The Information Center provides a one-stop, state-wide toll free telephone e-mail information source and a DNR Web page to serve the public. An average day sees 565 phone calls, 78 walk-in clients, and 1,650 publications mailed out.
- The License Bureau sold over 2 million licenses and permits and issued over 380,000 recreational vehicle and boating registrations in 1997.
- The process of identifying sustainability issues was developed and implemented, resulting in budget initiatives that reflected cooperation, coordination and partnerships across geographic and discipline boundaries. This process solicits input from citizens, stakeholders and other government units.
- The merger of the Office of Planning and the financial management bureau was started in 1998 to ensure better integration of the strategic planning and budgeting processes.

FINANCING INFORMATION:

GRANTS:

Recreational Boating Safety. Federal funds are provided through the U.S. Coast Guard for boating safety and are allocated by the department to selected counties for an increased level of patrol with emphasis of enforcement of boating-while-intoxicated laws.

Minnesota Children's Museum. Grant funds are provided to the museum for early childhood environmental education that introduces young children to the natural environmental through various Minnesota habitats.

BUDGET ISSUES:

Budget Level. Interest groups have been successful in reducing the level of dedicated funds used for administrative costs. These reductions are not always offset by increases in non-dedicated funding. The administrative support budget has remained flat, in spite of rising operating budgets and an increasing demand on administrative services.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	9,223	10,118	11,375	11,090	12,021	11,405	12,349	2,877	13.4%			
OPERATING EXPENSES	6,561	5,044	9,110	5,611	9,686	5,630	7,908	3,440	24.3%			
OTHER EXPENSES	31	23	0	0	0	0	0	(23)	-100.0%			
TRANSFERS	0	0	0	911	911	941	941	1,852				
SUBTOTAL STATE OPERATIONS	15,815	15,185	20,485	17,612	22,618	17,976	21,198	8,146	22.8%			
CAPITAL OUTLAY	3	0	2	2	2	2	2	2	100.0%			
LOCAL ASSISTANCE	137	436	481	296	296	296	296	(325)	-35.4%			
Total Expenditures	15,955	15,621	20,968	17,910	22,916	18,274	21,496	7,823	21.4%			
CHANGE ITEMS:												
(A) BASE BUDGET REDUCTIONS	GEN				(140)			(140)				
(A) DNR WORKFORCE 2000 INITIATIVE	GEN				222			235				
(A) SNOWMOBILE BUDGET REDUCTION	NRF				(40)			(40)				
(B) DNR PROJECT IT INFRASTRUCTURE	GEN				1,298			616				
(B) ELECTRONIC LICENSING SYSTEM	G&F				800			1,900				
(B) OPERATIONS SUPPORT LCMR ALLOCATIONS	EVT				200			200				
(B) OUTDOORS ON THE LINE	GEN				205			205				
(B) PROJECT CEDAR	GEN				2,461			246				
Total Change Items					5,006			3,222				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	280	114	136	0	200	0	200					
GENERAL	6,656	8,438	9,858	8,613	12,659	8,876	10,038					
MINNESOTA RESOURCES	180	128	563	0	0	0	0					
NATURAL RESOURCES	2,781	2,684	2,959	2,914	2,874	2,975	2,935					
GAME AND FISH (OPERATIONS)	3,981	2,039	2,601	3,986	3,986	4,026	4,026					
Total Financing	15,955	15,621	20,968	17,910	22,916	18,274	21,496					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: ADMINISTRATIVE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
OPEN APPROPRIATIONS:							
GAME AND FISH (OPERATIONS)	0	0	0	0	800	0	1,900
STATUTORY APPROPRIATIONS:							
GENERAL	0	491	2,433	0	0	0	0
SPECIAL REVENUE	395	363	667	376	376	376	376
FEDERAL	1,093	770	1,140	1,431	1,431	1,431	1,431
GIFT	589	594	611	590	590	590	590
Total Financing	15,955	15,621	20,968	17,910	22,916	18,274	21,496
REVENUE COLLECTED:							
DEDICATED							
GENERAL	222	1,075	1,849	0	0	0	0
SPECIAL REVENUE	406	325	377	351	351	351	351
FEDERAL	1,030	841	1,866	2,366	2,366	2,366	2,366
GIFT	494	669	607	607	607	607	607
NONDEDICATED							
GENERAL	167	74	0	0	0	0	0
NATURAL RESOURCES	16	4,267	3,250	3,586	3,136	3,746	3,296
CAMBRIDGE DEPOSIT FUND	26	27	27	27	27	27	27
GAME AND FISH (OPERATIONS)	76	31	52	50	50	50	50
Total Revenues Collected	2,437	7,309	8,028	6,987	6,537	7,147	6,697
FTE BY EMPLOYMENT TYPE:							
FULL TIME	176.9	180.2	179.5	179.5	191.3	179.5	191.3
PART-TIME, SEASONAL, LABOR SER	15.6	17.9	17.9	17.9	22.7	17.9	24.0
OVERTIME PAY	1.0	3.2	3.2	3.2	3.2	3.2	3.2
Total Full-Time Equivalent	193.5	201.3	200.6	200.6	217.2	200.6	218.5

F.Y. 2000-2001 Information Technology New Funding

AGENCY: NATURAL RESOURCES DEPT

PROGRAM: OPERATIONS SUPPORT

ACTIVITY: ADMINISTRATIVE MANAGEMENT

IT Change Item: DNR PROJECT IT INFRASTRUCTURE

ITEM DESCRIPTION AND PURPOSE:

Project IT Infrastructure will provide the necessary underpinning for the timely delivery of information to customers and users.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	370	0	125	125	125	125
Personnel	560	560	560	560	560	560
Services	153	51	102	102	102	102
Software	210	0	50	50	50	50
Supplies	0	0	0	0	0	0
Training	5	5	5	5	5	5
Total	1,298	616	842	842	842	842

Initiative dollars will be used to add local area networks and wide area network connections to 12 field offices; to maintain and replace network, database, and GIS hardware on a proactive schedule; to fund five network positions (four existing, one new) and two Oracle programmer/analyst positions; to purchase development and access tools for Oracle databases, and to purchase Spatial Database Engine software for integration of GIS and tabular data. These efforts will supplement existing local area networks and wide area networks already in place in the Central Office and six Regional Offices, existing network and GIS servers in those seven offices, existing Oracle database engine software and a soon-to-be-purchased database server, and extensive collection of GIS data sets and development/query software (Arc/INFO and ArcView).

RATIONALE:

Information Technology will support the continuing shift from a centralized management and decision making approach to a more distributed one, and will enable the centralized communication, coordination and information sharing functions essential to an ecosystem-based management approach.

Together, DNR's Project IT Infrastructure and Project CEDAR will provide timely access to current data and information, resulting in well-informed decision making, improved customer service, increased collaboration among communities of interest, and more effective natural resource management.

These IT budget initiative packages will support the following management strategies described in the July 1997 Directions for Natural Resources Strategic Plan:

- * Promotes integrated approaches to managing resources
- * Provides for high quality information and accelerates the collection, interpretation and dissemination of scientific information.
- * Improves delivery of technical assistance to community partners and resource managers.

These packages will also support the key goals in OT's draft master plan for information technology, Beacon to Our Future - Developing a Master Plan for Information Technology in Minnesota. Project IT Infrastructure speaks directly to the needs to "maintain and upgrade key agency information infrastructure" and to "improve the consistency, security, and reliability of the technology infrastructure." The IT Project seeks to "use technology to improve the management of our natural resources." This project intends to develop infrastructure to support collaboration, coordination, communication, information sharing; to foster the integration of tabular and geographic information, and to provide ready access to information and communication channels for field employees.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
IT Change Item: DNR Project IT Infrastructure
(Continuation)

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X	X	X	X	X
Operations	X	X	X	X	X	X
Modification					X	X
Retirement						

This project will be planned, developed and implemented during the 2000-01 biennium. Its operational life cycle is expected to last 5-15 years, with planned maintenance, replacements, and upgrades along the way. The project will provide funds for operation and maintenance from base budget dollars, added to the base via this initiative. Any desktop computer enhancements that may be necessitated by infrastructure improvements will need to be funded from other sources (e.g., reallocation of existing base).

OFFICE OF TECHNOLOGY ANALYSIS:

Agency is making excellent progress managing technology resources and identifying individual technology-related projects; however, there is a concern that divisional "silo" systems and projects exist, but the CEDAR project, if successful, addresses this concern.

OT Master Plan: Goal 2-Efficient and effective government. This project would provide infrastructure and network capabilities to regional and central offices and field employees. This project would support agency-wide collaborations, communication and information sharing. Recommendation: Proceed as planned while ensuring agency-wide data and applications are shared between divisions and that the agency seeks collaborations with other agencies within the environmental community. OT supports this project.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this technology initiative at the requested level.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: Electronic Licensing System - Point of Sale System

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Natural Resources Fund				
Game and Fish Fund				
State Operations	800	1,900	1,900	1,900
Revenues: (\$000s)				
Game and Fish Fund	700	1,600	1,600	1,600
Interest Earnings	100	300	300	300

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. M.S. 84.027 Subd. 15

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends expanding the current 4 county pilot authorization to statewide implementation of Electronic Licensing System - Point of Sale (ELS-POS). Also included in the recommendation is Open Appropriation authority from the Game and Fish Fund and Natural Resources Fund to pay on a per transaction basis, the costs of ELS-POS.

RATIONALE:

The ELS-POS System will improve the collection of license customer information and license sales revenues. The current "paper driven" system provides limited information on DNR license customers and collection of funding is slow and expensive. The ELS-POS system will utilize point of sale technology to provide electronic license information capture, production of license documents at the point of sale and create a comprehensive database of license customers. License agents will have a POS terminal instead of license forms.

The ELS-POS system will provide a comprehensive database of license customer information, increase the speed of fund collection resulting in increased interest accrual to dedicated accounts. Improved customer information will be an essential element for the Department's efforts to implement Ecosystem-Based Management (EBM) for the state's natural resources and customers. The system will also enhance enforcement capabilities, improve customer service, and reduce the increasing costs of a "paper driven system".

FINANCING:

The costs of ELS when fully implemented, as proposed, is estimated to be about \$3.2 million per year. This will be offset by estimated savings of \$2.7 million from: county auditor license sales service commission of 4% - \$1.6 million; interest earned on accelerated license collections - \$.3 million; printing costs from current paper based system - \$.8 million from other base savings. These cost savings may not cover the full costs of implementation and operation of ELS. Therefore we intend to explore other potential ways to reduce operations costs. An alternative would be to reduce the number of license agents (currently there are about 2,800 license agents). Low volume agents could use alternative means of licensing including telephone and internet sales. Another alternative would be to add a small fee to the purchase of each license.

OUTCOMES:

ELS will result in greatly improved customer service, improved license management, accelerated collection of DNR revenues, and improved natural resource customer information leading to better management of the state's resources. The system will also assist the Department in meeting federal mandates for natural resources surveys and enforcement.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of (DNR)
PROGRAM: Operations Support
ACTIVITY: Administrative Management

ITEM TITLE: The Outdoors on the Line

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$205	\$205	\$205	\$205
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding the *Outdoors on the Line* initiative. Each year Minnesotans and tourists spend more than \$3 billion to fish, hunt, watch wildlife, and enjoy the outdoors. The demand for information about Minnesota's natural resources is growing rapidly. To respond to the demand, the DNR is working to accelerate the dissemination of information to the public, to communities, local governments, and resource management specialists. Through telephone and electronic access, the DNR can successfully meet the growing natural resource information demands of our citizens

RATIONALE:

Minnesota ranks high in terms of resource quality and opportunity. Information is the key to informed decision-making about resource use. The questions from the public can be as simple as, "Where can I go snowmobiling?" or as complex as, "What does my community need to know to make a good decision on a new development?" Outdoors on the Line provides funding for people to answer those

questions and direct questions to state resources as efficiently as possible. The public is looking for more and better information about the critical role natural resources plays in our overall well-being and the link between human activity and human health.

FINANCING:

Increase the Information Center's capacity to meet customer growing demands for information about Minnesota's natural resources by adding four clerical positions to the existing compliment in the Information Center as well as paying for personal computers, computer programming, supplies and communications (postage and phone).

	<u>F.Y. 2000</u>	<u>F. Y. 2001</u>
Salary / Fring	160.0	160.0
Supplies / Exp.	45.0	45.0
	205.0	205.0

OUTCOMES:

This will allow the Information Center to continue to meet the growing demand for natural resource-related and information services available through the DNR (e.g., the Center annually answers and responds to 150,000 telephone inquiries, 30,000 walk-in customers at the Center in St. Paul, distributes 600,000 maps, brochures, and fact sheets, and handles thousands of Internet requests for information and publications from the DNR website). Customer service indicators will improve; customer contact numbers will increase.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: NATURAL RESOURCES DEPT

PROGRAM: OPERATIONS SUPPORT

ACTIVITY: ADMINISTRATIVE MANAGEMENT

IT Change Item: PROJECT CEDAR

ITEM DESCRIPTION AND PURPOSE:

Collaborative Environmental Data, Applications, and Reporting

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	205	0	0	0	0	0
Personnel	0	0	0	0	0	0
Services	1,984	229	13	13	13	13
Software	255	0	30	30	30	30
Supplies	5	5	0	0	0	0
Training	12	12	0	0	0	0
Total	2,461	246	43	43	43	43

Initiative dollars will be used to develop a communitybased management tracking database, an electronic document management system, a revenue management system, a land ownership database, a Minnesota streams GIS layer, a campground management system, a forest management decision support system, enhanced delivery of IT training, and four staff positions to administer and maintain these systems. These development efforts will occur in the context of existing or under-development databases and systems for customers, e-mail, hunting lotteries, MAPS, extensive GIS data sets that will benefit from land ownership data and complement the streams project, an extensive (but aging) infrastructure of personal computers and several series of classroom-delivered IT training courses.

RATIONALE:

IT will support the continuing shift from a centralized management and decision making approach to more distributed one, and will enable the centralized communication, coordination and information sharing functions essential to an EBM approach.

Together, DNR's Project IT Infrastructure and Project CEDAR will provide timely access to current data and information, resulting in well-informed decision making, improved customer service, increased collaboration among communities of interest, and more effective natural resource management.

These IT budget initiatives will support the July 1997 Directions for Natural Resources Strategic Plan:

- * Promotes integrated approaches to managing resources
- * Provides for high quality information and accelerates the collection, interpretation and dissemination of scientific information.
- * Improves delivery of technical assistance to community partners and resource managers.

These packages will also support the key goals in OT's draft master plan for information technology, Beacon to Our Future - Developing a Master Plan for Information Technology in Minnesota. Project CEDAR has a training component that aims to "ensure technological competence in the workplace." Project CEDAR seeks to "use technology to improve the management of our natural resources."

Project CEDAR intends to achieve integration in several areas: integrated data, integrated tabular and geographic information; integrated information systems that will replace older stand-alone systems; and approaches to managing resources. The project expects to accomplish several business results: accelerated collection, interpretation, and dissemination of scientific information; improved business operations effectiveness and efficiency; better customer service; improved cash management; and improved employee computer skills.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: NATURAL RESOURCES, DEPARTMENT OF
IT Change Item: Project Cedar
(Continuation)

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X				
Operations	X	X	X	X	X	X
Modification				X	X	X
Retirement						

This project will be planned, designed, developed, and implemented during the 2000-01 biennium. Its operation life cycle is expected to last 5-10 years, with modifications and upgrades along the way. The project will provide funds for operations from base budget dollars, added to the base via this initiative. Modification and upgrade funding will need to come from other sources (e.g., reallocation of existing base). We anticipate that databases designed during this project via sound principles of business object and technical data modeling will have minimal needs for modification.

OFFICE OF TECHNOLOGY ANALYSIS:

Agency is making excellent progress managing technology resources and identifying individual technology-related projects; however, there is a concern that divisional "silo" systems and projects exist, but the CEDAR project, if successful, addresses this concern.

OT Master Plan: Goal 2-Efficient and effective government. This ambitious agency-wide project would provide a set of natural resource databases and application systems which would allow DNR to manage natural resources as a single ecosystem. Recommendation: Proceed as planned while ensuring agency-wide data and applications are shared between divisions and that the agency seeks collaborations with other agencies within the environmental community. OT supports this project.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this technology initiative at the requested level.

This page intentionally left blank.

2000-01 Biennial Budget

(Dollars in thousands)

BUDGET ACTIVITY: Recreation and Local Initiative Grants
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This activity provides financial assistance to local governments and private organizations to build recreational facilities and to protect and enhance natural areas. These projects promote more livable communities, healthier population, and greater public appreciation and knowledge of natural resource benefits.

■ *Grants Summary.*

The Local Parks Grants and Natural and Scenic Area Grants programs are established in M.S. 85.019. The Conservation Partners and Community Environmental Partnerships Grants programs are not established in statute, but are referenced and outlined in the recommendation of the Legislative Commission on Minnesota Resources (LCMR) since 1995.

- Local Park Grants provide matching grants to encourage the creation or enhancement of high quality outdoor recreation facilities.
- Natural and Scenic Area Grants provide matching grants to protect and enhance natural and scenic areas.
- Conservation Partners Grants provide matching grants to encourage enhancement of fish, wildlife and native plant habitats, and research and surveys of fish and wildlife directly related to specific habitat improvements.
- Community Environmental Partnership Grants provide matching grants to encourage environmental service projects and related education activities through public and private partnerships.

In addition to the Local Initiative Grants Programs, the Trails and Waterways Division administers 2 related matching grant programs for trails. The Trail Linkage Grant Program provides matching grants to promote access between people and desirable destinations via trail linkages. The Regional Trail Grant Program provides matching grants to promote development of regionally significant trails funded with local or federal funding.

All of the following grant programs are competitive and provide matching grants requiring at least 50% contribution by the grant recipient.

GRANT PROGRAM	1997 SESSION	1998 SESSION
Local Park Grants	\$600	\$2,162
Natural and Scenic Area Grants	\$600	\$1,338
Conservation Partners Grant	\$600	\$200
Environmental Partnership Grants	\$200	\$0
Totals	\$2,000	\$3,700

■ *Significant Changes.*

- Five new Local Initiative Grant programs have been added in the last 5 years.
- Local grants staff administer more of DNR's pass-through appropriations.
- Both grants and pass-through appropriations have significant increases. (LCMR recommendation for 1999 local initiatives grants is \$2,670,000; recommended LCMR pass-through projects to DNR will exceed \$3 million).

STRATEGIES AND PERFORMANCE:

■ *Program Strategies.*

- Mass mailing of promotional material.
- Application review and ranking.
- Processing grant agreements and project billing.
- Ongoing project monitoring to ensure compliance with grant agreements.
- Technical assistance. Review proposals for facility design, accessibility and appraisal requirements, environmental and historical/archeological impact.

■ *Performance Summary.* Numbers of grants made in the last few years:

- Local Park Grants: 114 projects funded during the last 3 grant rounds.
- Natural and Scenic Area Grants: 30 projects funded and approximately 940 acres proposed for acquisition and protection since 1996.
- Conservation Partners Grants: 196 approved since 1996.
- Community Environmental Partnerships Grants: 35 projects funded in 1997.

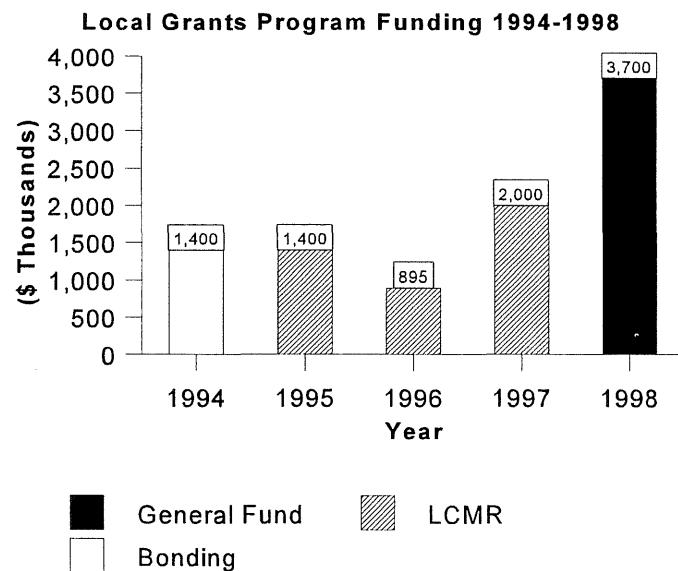
- The Local Initiatives Grants, plus the pass-through appropriations administered by the local grants staff in DNR, represent a significant contribution to protecting and enhancing natural areas and outdoor recreation areas. One key

2000-01 Biennial Budget

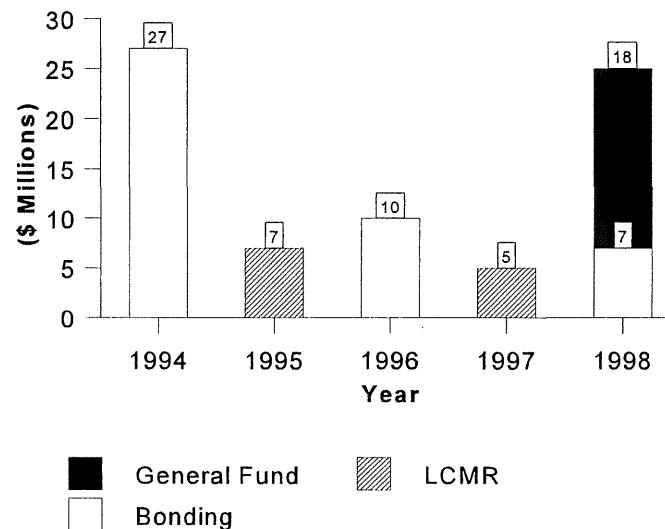
BUDGET ACTIVITY: Recreation and Local Initiative Grants
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
 (Continuation)

characteristic of all this activity is that it involves a variety of partnerships and cooperative efforts among state, local government, private organization and private citizen stakeholders. All of these projects are undertaken as positive, voluntary initiatives on the part of the participants.

FINANCING INFORMATION:



Pass Through Appropriations 1994 - 1998



BUDGET ISSUES:

- *Recommendations to raise the maximum grant amounts.* During the 1998 legislative session, the Legislature raised the maximum grant amount for the Natural and Scenic Area Grant Program from \$200,000 to \$500,000. The LCMR will recommend the maximum grant amount for Local Park Grants be raised from \$50,000 to \$250,000 and that maximum grant amounts for the Conservation Partners and Community Environmental Partnership grant programs be raised from \$10,000 to \$20,000.
- Over the last 5 years the demand for Local Park Grants, Natural and Scenic Area Grants, and Conservation Partners Grants have exceeded the funds available. The only year that the Environmental Partnerships Grants were available, the demand about equaled the available appropriation, \$200,000.
- The Federal Land and Water Conservation Fund program has not been funded for the last 3 years. This places additional pressure on state grant programs. It has been particularly noticeable in the Local Park Grant program.

2000-01 Biennial Budget

BUDGET ACTIVITY: Recreation and Local Initiative Grants
PROGRAM: Operations Support
AGENCY: Natural Resources, Department of (DNR)
(Continuation)

LCMR RECOMMENDATION:

■ *Metropolitan Regional Park System*

To increase the appropriation made to the Metropolitan Council in ML 97,
Chap 216, Sec. 15, Subd 4B (\$495,000 Environmental Trust Fund)

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: REC & LOCAL INITIATIVE GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
LOCAL ASSISTANCE	7,759	13,621	1,554	61	12,178	61	4,280	1,283	8.5%
Total Expenditures	7,759	13,621	1,554	61	12,178	61	4,280	1,283	8.5%
<u>CHANGE ITEMS:</u>									
(B) LOCAL GRANTS LCMR ALLOCATIONS	EVT		495		4,219		4,219		
(B) LOCAL GRANTS LCMR ALLOCATIONS	MNR				7,898				
Total Change Items			495		12,117		4,219		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	4,283	5,580	1,095	0	4,219	0	4,219		
GENERAL	0	3,480	100	0	0	0	0		
MINNESOTA RESOURCES	3,359	4,474	328	0	7,898	0	0		
STATUTORY APPROPRIATIONS:									
FEDERAL	117	87	31	61	61	61	61		
Total Financing	7,759	13,621	1,554	61	12,178	61	4,280		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
FEDERAL	117	87	31	61	61	61	61		
NONDEDICATED									
GENERAL	0	1	0	0	0	0	0		
Total Revenues Collected	117	88	31	61	61	61	61		

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Board of Water and Soil Resources (BSWR)	PAGE
Agency Executive Summary	D-325
Budget Brief	D-329
 PROGRAMS, BUDGET ACTIVITIES, AND CHANGE ITEMS	
SOIL AND WATER CONSERVATION	D-330
Administration	D-332
Change Item - RIM Funding Shift	D-335
IT - Change Item - Information Resource Management	D-337
Grants	D-339
Conservation Easements	D-343

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Board of Water and Soil Resources (BWSR)

AGENCY MISSION AND VISION:

The mission of the Board of Water and Soil Resources (BWSR) is to help local units of government manage and conserve their soil and water resources.

Statutory policy goals for the BWSR include:

- encouraging landowners to conserve soil and water resources through the implementation of conservation practices (M.S. 103A.206);
- encouraging landowners to retire marginal, highly erodible land (M.S. 103A.209);
- administering water policy in such a way as it benefits the state and its citizens (M.S. 103A.211).

Minnesota Milestones goals supported by agency programs include the following:

- “Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy.”
- “Minnesotans will improve the quality of the air, water and earth.”
- “Minnesotans will restore and maintain healthy ecosystems that support diverse plants and wildlife.”

KEY SERVICE STRATEGIES:

The primary service strategy used by the BWSR is providing financial, technical and administrative assistance to local units of government.

OPERATING ENVIRONMENT:

A number of trends affect the programs and activities of the BWSR, including:

- increasing public expectations that agricultural producers should be held responsible for ensuring that their operations do not harm the environment;
- a related increase in landowner need for technical and financial assistance;

- increasing capability of local governments to develop and implement long-term natural resource plans;
- increasing public awareness of basic environmental science and the support of sustainable practices;
- shifting governmental roles; agencies are beginning to accomplish resource management through partnerships rather than individual agency activity;
- increasing reliance on local governments to implement state programs;
- decreased federal aid for technical and financial assistance.

ORGANIZATION/PROGRAM STRUCTURE:

Of BWSR's approximately 64 staff members, 35 (55%) are housed in its field offices, located in St. Paul, Rochester, Marshall, New Ulm, Bemidji, Brainerd, and Duluth. The St. Paul field office is co-located with the central office. Field staff provide one-on-one assistance to local governments in implementing BWSR programs and in developing the partnerships necessary to develop good local resource management capabilities.

In order to reflect the categorical differences between the types of funding the agency receives, BWSR has divided its soil and water conservation program into three separate budget activities. The activities are conservation easements, administration, and grants.

GOVERNOR'S RECOMMENDATION:

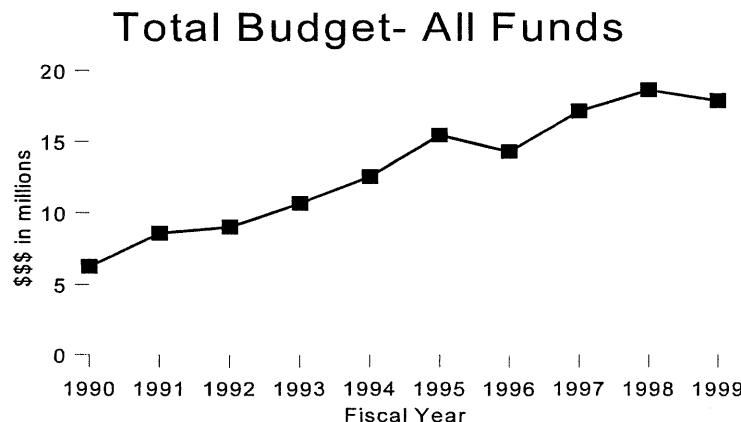
The Governor recommends the agency's base budget and increased funding for the following initiatives:

- \$520,000 in F.Y. 2000, and \$495,000 in F.Y. 2001 for the Information Resource Management project.
- \$1,430,000 each year to shift the administrative costs of the RIM program from the capital budget to the General Fund, and to fund an administrative services director position, and a grants coordinator position.

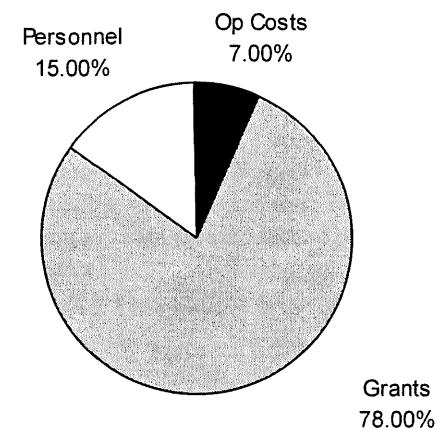
**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Board of Water and Soil Resources
(Continuation)

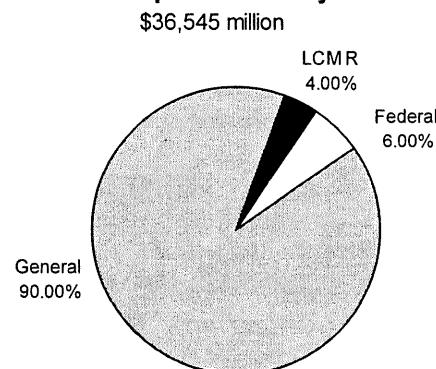
TRENDS AND PERSPECTIVE:



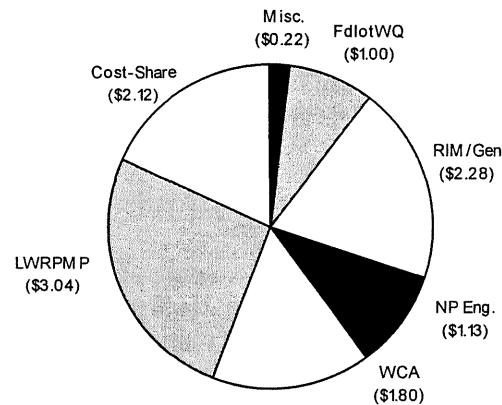
1998-99 Expenditures
\$36,545 million



1998-99 Expenditures by Fund



1998 Annual Grants
in millions



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: WATER & SOIL RESOURCES BOARD

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
WATER & SOIL RESRCS BD	17,156	17,401	19,334	16,969	20,654	17,074	19,659	3,578	9.7%
Total Expenditures	17,156	17,401	19,334	16,969	20,654	17,074	19,659	3,578	9.7%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	165	0	0	660	0	660		
GENERAL	16,818	15,964	18,064	16,328	18,278	16,413	18,338		
MINNESOTA RESOURCES	15	766	250	0	1,075	0	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	79	189	205	11	11	31	31		
FEDERAL	244	317	815	630	630	630	630		
Total Financing	17,156	17,401	19,334	16,969	20,654	17,074	19,659		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	50.0	50.0	61.0	60.0	67.0	60.0	67.0		
PART-TIME, SEASONAL, LABOR SER	5.7	6.2	7.3	7.3	7.3	6.8	6.8		
Total Full-Time Equivalent	55.7	56.2	68.3	67.3	74.3	66.8	73.8		

This page intentionally left blank.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Water and Soil Resources Board (BWSR)

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>	
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)	\$16,286	\$16,286	\$32,572	
<u>BASE ADJUSTMENT</u>				
Biennial appropriations	\$63	\$63	\$126	
Living snowfence cost-share	(\$100)	(\$100)	(\$200)	
Uniform Pension Bill Reduction	(\$4)	(\$4)	(\$8)	
2000-01 Salary & Benefit base	<u>\$83</u>	<u>\$168</u>	<u>\$251</u>	
<u>BASE LEVEL (for 2000 and 2001)</u>	\$16,328	\$16,413	\$32,741	
<u>CHANGE ITEMS</u>				
RIM Funding Shift	\$1,430	\$1,430	\$2,860	
Information Resource Management	<u>\$520</u>	<u>\$495</u>	<u>\$1,015</u>	
GOVERNOR'S RECOMMENDATION	\$18,278	\$18,338	\$36,616	

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency base, the the following change items:

- The RIM Funding Shift change item saves taxpayers money by eliminating the interest costs incurred when state salaries are paid with bond funds. This initiative shifts 9 existing RIM FTE's to the General Fund and adds an administrative services director and a grants coordinator. The request also shifts local government easement grants from the capital budget to the General Fund.
- The Information Resources Management (IRM) change item enables BWSR to provide better service and improved grants tracking by increasing computer support to local governments. This initiative improves their website and existing databases, which will allow local governments to get grant applications and other information on-line. It will also enhance internal communications, and connect the field offices to the internet.

Brief Explanation of Budget Decisions:

- The biennial appropriation base adjustment makes the MN Joint Powers grant part of the agency base.
- The living snowfence adjustment reduces the base by the amount of this one time item.
- The Uniform Pension Bill reduction conforms to the requirements stipulated in the Laws of 1997, Chapter 233, Article 1, Section 70.

2000-01 Biennial Budget

PROGRAM: Soil and Water Conservation
AGENCY: Water and Soil Resources Board (BWSR)

PROGRAM PROFILE:

Our mission is to help local governments manage and conserve their irreplaceable natural resources. Our only program is soil and water conservation. Its goals are to:

- protect and improve water and soil quality by reducing soil erosion;
- improve local governments' ability and capacity to manage natural resources.

To accomplish these goals, our program is divided into 3 budget activities. Each is discussed in their respective activity level narratives:

- Administration includes all staff costs, and our accounting, computer support, communications, human resources, and engineering support costs.
- Grants make up 78% of our operating budget. They go primarily to soil and water conservation districts, watershed districts, watershed management organizations, and counties, to carry out soil and water management activities.
- Conservation easements includes three acquisition programs and two federal partnership programs.

STRATEGIES AND PERFORMANCE:

Our primary strategy is to provide local governments with financial, administrative and technical assistance encouraging sustainable soil and water conservation practices. Specific strategies are discussed at the activity level.

Performance indicators include the reduction of soil erosion and the improvement of water quality. These are long-term goals that must be measured over years. They are difficult to assess on a biennial basis.

FINANCING INFORMATION:

The next page contains several charts and graphs showing our historical funding level, our spending by activity, and our spending by funding source. In addition

to our general fund operating budget, we receive a substantial portion of our funding in the capital budget. In the 1998 legislative session we received \$15 million, which will be matched by \$13 million of federal funds.

BUDGET ISSUES:

The key issues affecting our base level budget are:

- Reorganizing to recognize the growth we've experienced in the past 10 years. This includes shifting administrative costs out of the capital budget and into the general fund, and restructuring staff to better execute our administrative responsibilities.
- Data collection and reporting requirements necessitate the enhancement of our ability to automate our business practices.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the program budget and the RIM funding shift, and Information Resources Management change items. The Governor makes no recommendation on the LCMR projects.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ADMINISTRATION	3,976	3,554	4,221	4,001	5,951	4,086	6,011	4,187	53.9%
GRANTS	13,180	13,847	15,113	12,968	14,703	12,988	13,648	(609)	-2.1%
Total Expenditures	17,156	17,401	19,334	16,969	20,654	17,074	19,659	3,578	9.7%

CHANGE ITEMS:	FUND					
(P) RIM FUNDING SHIFT	GEN			1,430		1,430
(B) INFORMATION RESOURCE MANAGEMENT	GEN			520		495
(B) LCMR PROJECTS	EVT			660		660
(B) LCMR PROJECTS	MNR			1,075		
Total Change Items				3,685		2,585

FINANCING BY FUND:						
DIRECT APPROPRIATIONS:						
ENVIRONMENT & NATURAL RESOURCE						
GENERAL	0	165	0	0	660	0
MINNESOTA RESOURCES	16,818	15,964	18,064	16,328	18,278	16,413
	15	766	250	0	1,075	0
STATUTORY APPROPRIATIONS:						
SPECIAL REVENUE	79	189	205	11	11	31
FEDERAL	244	317	815	630	630	630
Total Financing	17,156	17,401	19,334	16,969	20,654	17,074
						19,659

FTE BY EMPLOYMENT TYPE:						
FULL TIME	50.0	50.0	61.0	60.0	67.0	60.0
PART-TIME, SEASONAL, LABOR SER	5.7	6.2	7.3	7.3	7.3	6.8
Total Full-Time Equivalent	55.7	56.2	68.3	67.3	74.3	66.8
						73.8

2000-01 Biennial Budget

BUDGET ACTIVITY: Administration

PROGRAM: Soil and water conservation

AGENCY: Water and Soil Resources Board (BWSR)

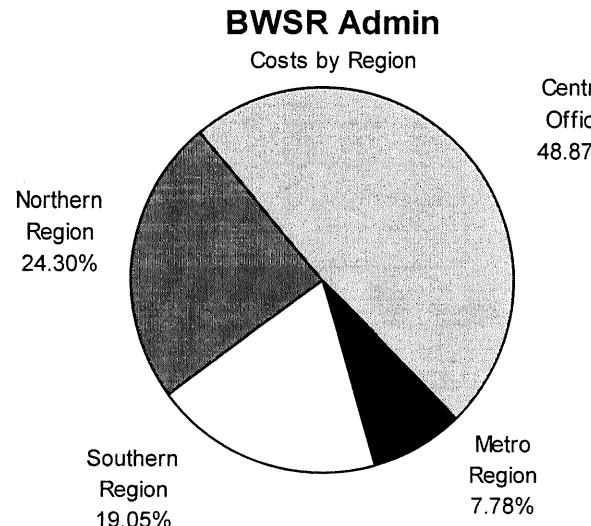
ACTIVITY PROFILE:

The administration activity contains our personnel and operating costs. It consumes \$8 million (22%) of our budget.

Field Staff: The majority of our staff (60%) are located in our field offices, where they provide the following services to local government units (LGUs):

- technical and administrative assistance with state programs;
- information on how state and federal actions affect them;
- leadership and assistance in developing partnerships between LGUs, often based on watershed boundaries;
- feedback to state agencies on how state programs affect local governments.

Central office staff: Are responsible for budgeting, accounting, human resources, communications, program administration, policy development, and computer support. They also provide some direct service to LGU's.



The rest of our budget consists of operating costs, which include rent, utilities, travel, supplies, etc.

STRATEGIES AND PERFORMANCE:

BWSR's primary strategy is to provide local government with the training, financing and expertise they need to administer state programs consistently at the local level. We also set performance standards, develop policy, and collect data on statewide programs and grants.

Performance indicators include:

- To pay grants within 48 hours of receiving all paperwork;
- To process easements in 60 days. Deeds currently take 6-18 months.
- To provide basic administrative, managerial and program training to LGU's. We currently train about 1,750 people per year;
- To solicit citizen input on county water management issues through the use of 80 local task forces.
- The degree to which other agencies use the local water plans for information on wellhead protection, urban stormwater management, and wetland protection;
- Growth in the number of joint powers organizations.

FINANCING INFORMATION:

The administration activity is funded by the general fund, with the exception of the administrative costs associated with the RIM program. These costs have historically been funded in the capital budget.

BUDGET ISSUES:

Our grant payments have grown from \$10 million in 1990 to \$28 million in 1998 (a 180% increase). Over the same period, our grant staffing has increased from 1 FTE to 1.5 FTE (a 50% increase). Easements have grown significantly over the same period, and CREP and road replacement have been added. Our priority on LGU service has made field staff the priority in hiring decisions, but we've now reached the point where the need for administrative staff is hindering both field staff and LGU's.

The base level funding for RIM administration is now stable. The need to fund this cost in the capital budget has passed. The funding should be shifted to the General Fund.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: ADMINISTRATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	2,569	2,649	3,045	2,816	4,148	2,901	4,367	2,821	49.5%
OPERATING EXPENSES	1,020	842	1,038	1,059	1,677	1,059	1,518	1,315	69.9%
SUBTOTAL STATE OPERATIONS	3,589	3,491	4,083	3,875	5,825	3,960	5,885	4,136	54.6%
CAPITAL OUTLAY	96	0	0	0	0	0	0	0	0
LOCAL ASSISTANCE	291	63	138	126	126	126	126	51	25.4%
Total Expenditures	3,976	3,554	4,221	4,001	5,951	4,086	6,011	4,187	53.9%
CHANGE ITEMS:									
	<u>FUND</u>								
(P) RIM FUNDING SHIFT	GEN				1,430		1,430		
(B) INFORMATION RESOURCE MANAGEMENT	GEN				520		495		
Total Change Items					1,950		1,925		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	3,674	3,521	4,144	4,000	5,950	4,085	6,010		
MINNESOTA RESOURCES	15	0	0	0	0	0	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	51	1	2	1	1	1	1		
FEDERAL	236	32	75	0	0	0	0		
Total Financing	3,976	3,554	4,221	4,001	5,951	4,086	6,011		
REVENUE COLLECTED:									
DEDICATED									
GENERAL	583	349	0	0	0	0	0		
SPECIAL REVENUE	52	190	202	1	1	1	1		
FEDERAL	278	680	176	0	0	0	0		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: ADMINISTRATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
ENVIRONMENT & NATURAL RESOURCE	4	0	0	0	0	0	0
GENERAL	48	36	0	0	0	0	0
Total Revenues Collected	965	1,255	378	1	1	1	1
FTE BY EMPLOYMENT TYPE:							
FULL TIME	49.5	49.5	60.0	60.0	67.0	60.0	67.0
PART-TIME, SEASONAL, LABOR SER	5.2	5.2	6.3	6.3	6.3	6.3	6.3
Total Full-Time Equivalent	54.7	54.7	66.3	66.3	73.3	66.3	73.3

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Water and Soil Resources, Board of
PROGRAM: Soil and water conservation
ACTIVITY: Administration

ITEM TITLE: RIM Funding Shift

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,430	\$1,430	\$1,430	\$1,430
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that RIM administrative costs be moved from the capital budget to the General Fund to avoid unnecessary interest costs. He also recommends funding an administrative services director and a grants coordinator position.

Administrative Services Director (\$192,000):

RATIONALE:

This money would be used for an administrative services director to supervise the administrative services section. An assessment by the Department of Administration's Management Analysis Division (MAD) recommends placing all budgeting, human resources, computer support, and communications under the supervision of one manager. The MAD report notes that BWSR has grown from 19 staff to 64 staff in the 11 years since it was made an independent agency. As the agency has grown, the complexity of our communications and organization has increased. This position will provide overall coordination and planning of workload and resources.

FINANCING:

Funding would be used to hire an administrative support services director. There is no current base funding.

Grants Coordinator (\$131,000):

RATIONALE:

This item requests one new position to administer BWSR grants. Although grant dollars administered by BWSR and the number of local governments served by BWSR have increased 180% over the past decade, staffing has only increased from 1 FTE to 1.5 FTE over the same period.

In an effort to streamline overall government administrative costs, BWSR took over the distribution of DNR's shoreland management grants (\$518,000 annually) and PCA's feedlot program (\$855,000 annually). These grants are now distributed with BWSR's Natural Resources Block Grant. Although this has streamlined the process for local governments and has led to a significant *overall* decrease in state administrative effort, it has meant an increase in administrative costs for us.

A 1998 legislative audit pointed out that the sheer volume of work necessary to process the grants has severely limited the time staff have to spend on the financial oversight responsibilities.

An internal committee appointed to examine BWSR's financial oversight and accountability systems found that:

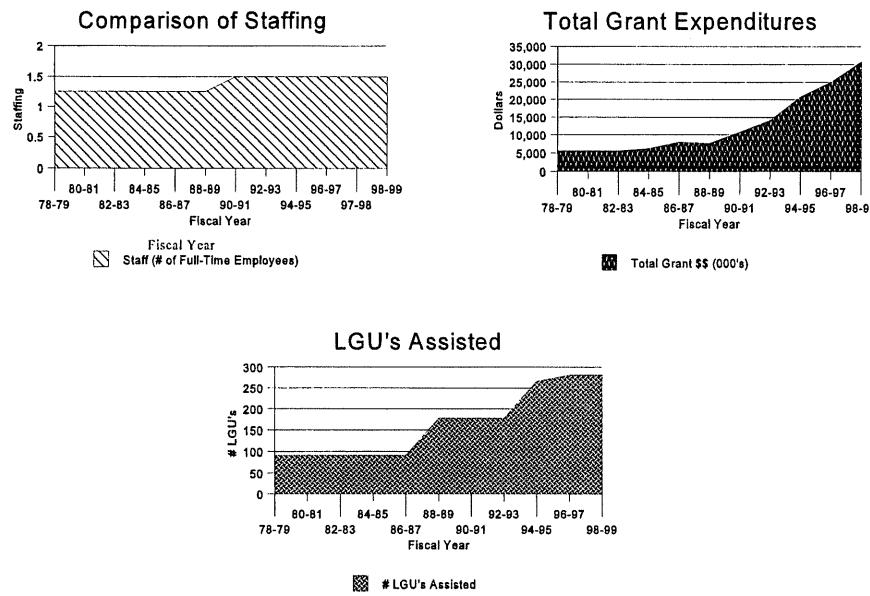
- Existing financial controls have been put together in a piece meal fashion,
- Workload volume limits the time staff have for follow-up with LGU's,
- Compliance checks were often not completed due to time constraints,

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Water and Soil Resources, Board of
PROGRAM: Soil and water conservation
ACTIVITY: Administration

ITEM TITLE: RIM Funding Shift
(Continuation)

BWSR Grant Administration



FINANCING:

Funding would be used for one grants specialist. Current base funding is \$196,000 for 1.5 FTEs.

EASEMENT ADMINISTRATION (\$2,537,000)

RATIONALE:

This funding would be used for BWSR and local government staff to meet demand created by the addition of \$13 million federal dollars for easement acquisition and

the full implementation of the Road Replacement Program to transfer the costs of staff members from the capital budget to the biennial operating budget, consistent with the legislature's and the administration's direction; and to provide grant funding to soil and water conservation districts for easement program support.

BWSR easement staff provides engineering design services for conservation practices and wetland restorations; legal real estate services; easement processing; and assists with local soil and water conservation district program administration.

FINANCING:

BWSR funding would be used for staff to meet workload demand from increased easement acquisition funding. Current administrative dollar amount, allocated in the F.Y. 1999-2000 capital budget, is \$1.4 million, which covers costs of current staff through F.Y. 1999. Without additional dollars in the operating budget, BWSR will return to the historic use of bonding funds to hire the necessary staff.

Local government funding (\$450,000 annually) will be sent out in grants to help local governments meet the increased workload.

OUTCOMES:

The primary outcome is more effective and efficient delivery of services to the internal and external clientele of BWSR.

- More careful oversight of local government units' use of state grant dollars. Currently, BWSR staff constraints allow only for yearly auditing of the cost-share program. Increased staff would give the agency the ability to audit our other programs, such as the Reinvest in Minnesota (RIM) Reserve Program, the Wetland Conservation Act, and the Local Water Planning Program. Our staff accountant, who currently only is able to provide thorough year-end financial close-out information to 5 or 6 local governments per year, would be able to provide such information to up to 20. This increased oversight is in concurrence with State Auditor recommendations.
- Improved internal organization, allowing for smoother and more efficient budgeting, accounting, communications and human resources.
- Improvement in easement processing time and procedures.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: WATER & SOIL RESOURCES BOARD

PROGRAM: WATER & SOIL RESRCS BD

ACTIVITY: ADMINISTRATION

IT Change Item: INFORMATION RESOURCE MANAGEMENT

ITEM DESCRIPTION AND PURPOSE:

This proposal builds upon BWSR's FY 98-99 budget initiative, which was only partially funded, and provides increased support for:

1. Remote computing, connectivity, data exchange, and high capacity wide area network/local area network.
2. Electronic repository and distribution of forms, grant application materials, agency rules and handbooks.
3. On-line communication with local government units.
4. Integrated program reporting and data base functions.

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.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	25	25	25	25	25	25
Grants	0	0	0	0	0	0
Hardware	35	35	32	32	32	32
Personnel	388	363	363	363	363	363
Services	72	72	0	0	0	0
Software	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Training	0	0	0	0	0	0
Total	520	495	420	420	420	420

BWSR information management and electronic communications. (\$420,000/biennium).

Funding will be used in the following manner, \$2.4k for local internet service for 4 field offices, \$27.6k for increased communication costs resulting from upgraded communication links, \$20k for 16 additional phone lines to complete agency's wide area network, and \$70k for scheduled personal computer upgrades, BWSR is also requesting under this category \$300k for two additional computer positions.

Local Government Annual Reporting System (LARS) (\$150,000/biennium).

Funding will be used to hire a program coordinator. This request is necessary due to the expansion of the LARS program to include soil and water related program activities of DNR, MPCA, MDA, and the USDA Natural Resources Conservation Service that are implemented by local governments in the state.

Unification Project/Data Base Management (\$295,000/biennium).

BWSR will be completing a database management project (Unification project) in FY99. The purpose of this project has been to integrate a number of disparate agency databases into a unified system, develop access tools for both internal needs and external clients, and finally achieve Year 2000 compliance of agency data bases. One product of the Unification project is an assessment of BWSR business enterprises and recommendations on means to optimize them. BWSR requests \$150k/biennium to hire a program analyst and \$145k/biennium for contract services necessary to create software programs which allow for the program activities of the Reinvest in Minnesota Rim Reserve, Wetland Conservation Act, State Cost-Share and Local Water Planning.

BWSR Web Site/Homepage (\$150,000/biennium).

BWSR requests \$150k/biennium to support the agency web page through hiring of a web site administrator. This position will be responsible for maintaining and enhancing BWSR's current web site.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: WATER & SOIL RESOURCES BOARD
IT Change Item: Information Resource Management
(Continuation)

RATIONALE:

To empower BWSR employees to serve larger numbers of clientele, with improved services, in less time, and within budget constraints. To provide greater access to agency information, and information on soil and water conservation practices and projects conducted in the state. To provide legislators, citizens, cooperating agencies, and other stakeholders with convenient, fast, and easy access to public information on soil and water conservation.

In the FY98-99 biennium, BWSR undertook a significant information management and electronic communication initiative. The focus of that initiative was hiring of additional computer staff, upgrading of communication links in BWSR offices, the purchase and installation of a new network server and associated software, and scheduled personal computer upgrades. That initiative was funded at \$300k per biennium. Current funding allowed for the necessary hardware and software purchases required for the new computer network, installation of new communication links, and hiring of two of the four computer staff identified in the original request. The current level of implementation is not adequate to maintain and operate the agency's information management and electronic communications at a level necessary to stay current with state and industry standards.

BWSR implemented a data base unification project and a world wide web project, to improve data management and public access. These projects which will be completed in FY99 will require additional financial resources in order to fully implement and maintain them.

This investment will improve the quality of life in MN by providing tools to local government which aid in the implementation and adoption of soil and water resource protection programs.

Investing now in technology will reduce state expenditures in the areas of fiscal oversight, communication and reporting by BWSR clientele.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X	X	X	X	X
Operations	X	X	X	X	X	X
Modification	X	X	X	X	X	X
Retirement	X	X				

This initiative builds off of previous efforts of the agency some of which are still under development such as the unification project, and the local government annual reporting system. These projects all underwent extensive planning and redesign. The majority of this initiative focuses on what can be described as operations and maintenance, however a portion of the initiative does focus on providing a stable source of revenue to the agency for the purpose of hiring professional services to develop and/or enhance input and output functions of the agency's database programs.

OFFICE OF TECHNOLOGY ANALYSIS:

The Board has begun information resource management practices. However, the Board is addressing these needs: Executive leadership, steering committee, planning, models, IT skills and organization.

OT Master Plan: Goal 2-Efficient and effective government. This project would provide on-line communication with local government, integrated program reporting and database functions, an electronic repository and distribution of forms, remote computing, connectivity, data exchange, and a high-capacity local/wide area network. Recommendation: Complete the hiring of a chief information officer and the creation of an IT organization which is capable of supporting agency-wide planning and implementation. OT supports funding contingent upon the hiring of a CIO, the completion of the IT organization, and the completion of the information resource management plan.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this technology initiative at the requested level.

2000-01 Biennial Budget

BUDGET ACTIVITY: Grants

PROGRAM: Soil and Water Conservation

AGENCY: Water and Soil Resources Board (BWSR)

ACTIVITY PROFILE:

The BWSR carries out most of its programmatic responsibilities through local governments and provides them with financial, technical and administrative assistance.

Approximately \$28 million (78%) of BWSR's budget passes through to local governments as grants. Specific grants, showing their current annual base appropriation amounts and a brief description, are shown below:

The Local Water Resources Protection and Management Program (LWRPMP) (\$3,035,000):

- provides non-competitive grants to each county; combined state and local funding totals \$37,500 per county;
- provides competitive grants for counties to pursue innovative water management activities;
- coordinates develops and implements local water management plans;
- provides a focal point for other state agencies' water management efforts.

The Cost-Share Program (\$2,120,000):

- is a formula-based grant to soil and water conservation districts (SWCDs);
- 80% passes through to individual landowners;
- pays up to 75% of landowners' conservation practice costs;
- can be used for grass waterways, riparian buffer zones, windbreaks, animal waste control systems, and other conservation practices.

The Wetland Conservation Act (WCA) (\$1,800,000):

- aims to reverse the trend that has cost Minnesota 60 percent of its wetland area (about 11.1 million acres) since the mid-1800s;
- provides grants to the more than 530 local units of government to offset their costs of administering the program;
- contains 2 provisions for easements. Both are discussed under the easements budget activity.

The Nonpoint Engineering Assistance Program (\$1,130,000):

- provides grants to 11 SWCD joint powers organizations to hire engineers and technicians who provide technical assistance on conservation projects.

The Reinvest in Minnesota (RIM) Reserve/General Services grants (\$2,282,000):

- \$750,000 goes to SWCDs, the amount depends on how many RIM Reserve easements they process;
- \$1,530,000 is shared by Minnesota's 91 SWCDs for operating and administrative costs.

Feedlot Water Quality Grants (\$1,000,000):

- provides grants to SWCDs to share the cost of water quality improvements with landowners;
- this was new funding provided in the 1998 supplemental budget;
- an additional one-time appropriation of \$1,000,000 was included in the 1998 capital budget.

Miscellaneous grants (\$216,000):

- funding to Area 2, a nine-county area in southwestern Minnesota prone to flooding (\$189,000)
- funding to the Southeast Minnesota Water Resources Board (\$27,000)

STRATEGIES AND PERFORMANCE:

Our primary strategy is providing financial, technical and administrative assistance to local units of government.

Our performance indicators center around how successful our local government clientele are in developing and implementing resource protection plans. Examples include:

- progress made toward the "no net loss" goal established in the WCA. The WCA has protected or mitigated an average of 5,000 acres of wetland annually. About 36 counties participate in a wetland banking program.
- passage of about 30 new or stricter ordinances on shore land development, feedlots, or septic systems.
- financing and completion of Cost-Share practices, generally expected to be around 550 a year.

2000-01 Biennial Budget

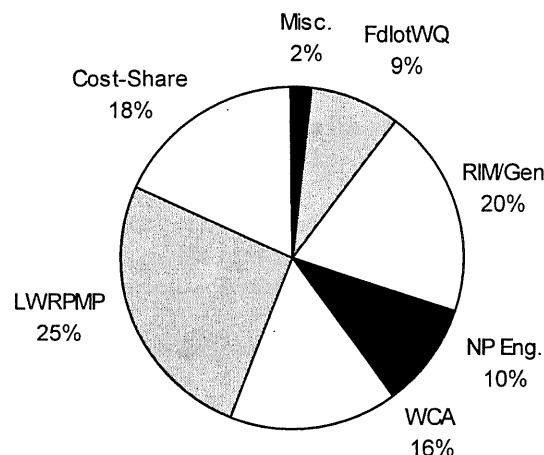
BUDGET ACTIVITY: Grants

PROGRAM: Soil and water conservation

AGENCY: Water and Soil Resources Board (BWSR)

(Continuation)

1998 Annual Grants



FINANCING INFORMATION:

The BWSR receives approximately \$29 million biennially for grants to local government. The chart shows the breakdown of how these funds are distributed. These programs are funded solely through general fund appropriation.

BUDGET ISSUES:

Streamlining grants

The grant funds for the LWRPMP and the WCA are distributed as part of a Natural Resources Block Grant to counties, which also includes funding for DNR's shore land management program (\$518,000 annually) and PCA's feedlot program (\$855,000 annually). Although this has streamlined the process for local

governments and has led to an *overall* decrease in state administrative effort, it has meant an increase in administrative time and effort for us.

The increased volume of grants we now administer makes it difficult to accurately and efficiently manage the workflow at existing staff levels.

LCMR RECOMMENDATIONS:

Direct:

- *Updating Outmoded Soil Surveys:* funding for the first biennium of a four-biennia project to update and digitize soil surveys in up to 25 counties (\$500,000 Environmental Trust Fund);
- *Accelerated Water Plan Implementation:* \$140,000 is for St. Louis County to inventory and evaluate sewage treatment systems; \$75,000 is to the Whitefish Area Property Owners Association to inspect all lakshore properties on the Whitefish chain of lakes for septic system compliance; and \$50,000 is for Chisago County to develop sustainable wastewater treatment alternatives. (\$1,000,000 Environmental Trust Fund);

Pass-Through:

- *Minnesota River Basin Initiative:* to provide cost-share funding for landscape planning and demonstration, and restoration and management projects in the Minnesota River Basin (\$700,000 Environmental Trust Fund);
- *Karst Education for Southeastern Minnesota:* to develop teacher training workshops, educational materials and exhibits demonstrating the connections between land use and groundwater contamination (\$120,000 - Environmental Trust Fund);
- *Goodhue County Natural Resources Inventory and Management Plan:* pass-through funding to inventory, evaluate and describe natural resources in the county and create a GIS-based map and database (\$75,000 - Environmental Trust Fund);

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	26	127	321	0	0	0	0	(448)	-100.0%			
OPERATING EXPENSES	10	138	271	100	100	100	100	(209)	-51.1%			
TRANSFERS	0	0	(855)	(855)	(855)	(855)	(855)	(855)	100.0%			
SUBTOTAL STATE OPERATIONS	36	265	(263)	(755)	(755)	(755)	(755)	(1,512)	*****			
CAPITAL OUTLAY	0	47	336	510	510	530	530	657	171.5%			
LOCAL ASSISTANCE	13,144	13,535	15,040	13,213	14,948	13,213	13,873	246	.9%			
Total Expenditures	13,180	13,847	15,113	12,968	14,703	12,988	13,648	(609)	-2.1%			
CHANGE ITEMS:												
	FUND											
(B) LCMR PROJECTS	EVT				660			660				
(B) LCMR PROJECTS	MNR				1,075							
Total Change Items					1,735			660				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	165	0	0	660	0	660					
GENERAL	13,144	12,443	13,920	12,328	12,328	12,328	12,328					
MINNESOTA RESOURCES	0	766	250	0	1,075	0	0					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	28	188	203	10	10	30	30					
FEDERAL	8	285	740	630	630	630	630					
Total Financing	13,180	13,847	15,113	12,968	14,703	12,988	13,648					
REVENUE COLLECTED:												

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: WATER & SOIL RESOURCES BOARD

Program: WATER & SOIL RESRCS BD

Activity: GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	0	0	0	10	10	30	30
FEDERAL	0	0	0	630	630	630	630
Total Revenues Collected	0	0	0	640	640	660	660
FTE BY EMPLOYMENT TYPE:							
FULL TIME	0.5	0.5	1.0	0.0	0.0	0.0	0.0
PART-TIME, SEASONAL, LABOR SER	0.5	1.0	1.0	1.0	1.0	0.5	0.5
Total Full-Time Equivalent	1.0	1.5	2.0	1.0	1.0	0.5	0.5

2000-01 Biennial Budget

BUDGET ACTIVITY: Conservation Easements
PROGRAM: Soil and Water Conservation
AGENCY: Water and Soil Resources Board (BWSR)

ACTIVITY PROFILE:

The conservation easement activity has 3 goals:

- To improve water quality
- To reduce soil erosion
- To enhance fish and wildlife habitat

To accomplish these goals, BWSR administers a number of easement programs.

The Reinvest in Minnesota (RIM) Reserve Program

- removes marginal cropland from production through permanent easements,
- pays landowners 90% of the assessed value of their land,
- has enrolled 81,809 acres (including 19,000 acres of wetlands) since 1986,
- is administered through local soil and water conservation districts (SWCDs).

The Conservation Reserve Enhancement Program (CREP)

- is a federal partnership to enroll 100,000 acres in the Minnesota River Valley.
- Cost is approximately \$100 million; \$40 million state and \$60 million federal.

The Permanent Wetland Preserves (PWP) Program:

- was created under the Wetland Conservation Act (WCA),
- protects existing wetlands at risk for being drained or filled,
- has enrolled approximately 11,600 acres since 1993.

The Wetlands Reserve Program (WRP)

- is a partnership with the Natural Resources Conservation Service (NRCS).
- NRCS restores wetlands in exchange for 30 year easements.
- We add a perpetual easement, effective when the NRCS easement expires.

The Road Replacement Program:

- Created from 1996 amendments to the Wetland Conservation Act.
- Replaces wetlands destroyed by local government road construction activity.

STRATEGIES AND PERFORMANCE:

The conservation easements strategy provides financial incentives to landowners to encourage the use of wise resource management practices.

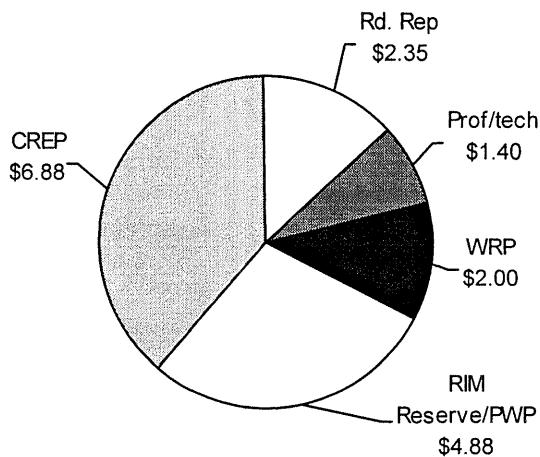
Our performance goal for the 1998 appropriation is based on our historical average cost of \$960/acre. Easement goals are:

RIM Reserve: 5,078 acres
CREP: 17,904 acres
PWP: 727 acres
WRP: 5,208 acres

FINANCING INFORMATION:

Easement activity is funded through the capital budget. Please note that the fiscal pages do not include capital budget figures. We've included it here only because it's such a large part of our total operations. The 1998 bonding bill allocated \$17.5 million to easement programs. The chart shows the amount each program received.

1998 Capital Budget Easement Funding (in millions)



2000-01 Biennial Budget

BUDGET ACTIVITY: Conservation Easements
PROGRAM: Soil and Water Conservation
AGENCY: Water and Soil Resources Board (BWSR)
(Continuation)

BUDGET ISSUES:

Funding easement administration costs

Administrative costs for easement programs occur at both the state and local level. SWCDs receive general fund money through the General Services grant to fund their administrative costs, and ours are funded primarily through the capital budget. Recognizing that these costs are relatively stable and recurring, the Governor recommends funding them in the general fund operating budget.

A change request has been submitted to fund these costs with a general fund appropriation in F.Y. 2000 and beyond.

This page intentionally left blank.

2000-01 Biennial Budget

AGENCY: Citizens' Council on Voyageurs National Park (CCVNP)

MISSION STATEMENT: The Citizens' Council on Voyageurs National Park provides oversight and day to day input on decisions affecting a wide range of park resource issues, and serves as a link between federal and state agencies, and citizens and interest groups.

The Council is comprised of 17 members: 13 citizen members appointed by the Governor, 4 of whom must reside in Koochiching county and 4 residents of St. Louis county (where Voyageurs National Park is located); as well as 4 legislative members, 2 each from the House and Senate. The council meets at least quarterly and its subcommittees meet as necessary. An office is maintained and located in International Falls, with a part-time administrative secretary on staff.

KEY SERVICE STRATEGIES:

Lobbying: The Council has lobbied successfully for park development projects such as the Rainy Lake Visitors Center and the historic Kettle Falls Hotel. It has also been involved in the control of water levels on the Rainy Lake and Namakan Reservoirs. The Citizens' Council was instrumental in promoting and supporting the establishment of the steering committee, and has had continued membership in the group.

Education: The Council has created a web site to be used as a public relations tool to better inform the public of issues relating to the Park and its unique character. Upgraded data processing and communication technologies have also improved the Council's communications.

Planning: The Council is involved with the Park Service's general management plan/environmental impact statement for Voyageurs National Park. This plan will guide the management of visitors and resources over the next 20 years, and includes a visitor use and facilities plan, which will address uses and facilities both inside and outside the park.

REVENUES: None

EXPLANATION OF AGENCY'S BUDGET PLAN: Significant elements of the council's budget include:

- Improve organizational structure
 - Maintain an office close to the Voyageurs National Park to respond to citizen concerns and to communicate with council members, agencies, and interest groups.

- Hold quarterly meetings to receive formal input and discuss issues of concern with the National Park Service.
- Update the new web site to better serve as a public relations tool.
- Advocate on major policy decisions
 - No designated wilderness within the park.
 - Promoting the need to balance recreation and preservation.
 - Become what the Park's master plan says the Council should be: a clearinghouse for information and a center for dispute resolution.
- Be a catalyst to solve water level problems
 - Continue support for the steering committee's actions and encourage the U.S. side to expedite the proposal on new rule curves to the International Joint Commission.
 - Serve as a catalyst to get necessary action taken by appropriate agencies.
 - Develop a better program for lobbying on water level issues.
- Encourage citizen participation
 - Use the website and newsletter to better inform the public.
 - Be a conduit for public input on park policy.
 - Advocate for individuals and organizations having problems with the park.
 - Coordinate public education effort between the Council and Park Service.
- Support tourism marketing and promotion
 - Maximize park use - Minnesota first, then the rest of the nation.
 - Distinguish Voyageurs National Park from the BWCAW.
 - Work with marketing groups, specifically the MN Office of Tourism and the VNP Getaways Group, to increase park visitation.
 - Work with the IRRRB to include International Falls in its marketing and to provide funding to market the Park.
- Improve relationships with VNP management and other organizations
 - Provide an appropriate feedback mechanism from the public to the Park on the Park's management policies and procedures.
 - The Park Service should recognize the Citizens' Council on Voyageurs National Park as the official voice of the state of Minnesota regarding the Park and its issues, maintenance, operations and policies.

GOVERNOR'S RECOMMENDATION:

The Governor recommends sunset of the council. The purposes for which the council was created have been accomplished. At this time, the council's activities largely serve to benefit the local community. A one-time appropriation of \$25,000 is recommended in F.Y. 2000 for costs associated with closing the office.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: VOYAGEURS NATIONAL PARK

Program: VOYAGEURS NATL PK COMM

Activity: VOYAGEURS NATL PK COMM

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	23	22	26	28	25	28	0	(23)	-47.9%			
OPERATING EXPENSES	42	30	49	38	0	40	0	(79)	-100.0%			
SUBTOTAL STATE OPERATIONS	65	52	75	66	25	68	0	(102)	-80.3%			
Total Expenditures	65	52	75	66	25	68	0	(102)	-80.3%			
<u>CHANGE ITEMS:</u>												
	FUND											
(B) ELIMINATION OF THE CITIZEN'S COUNCIL	GEN				(41)			(68)				
Total Change Items					(41)			(68)				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	65	52	75	66	25	68	0					
Total Financing	65	52	75	66	25	68	0					
<u>FTE BY EMPLOYMENT TYPE:</u>												
PART-TIME, SEASONAL, LABOR SER	0.6	0.7	0.7	0.7	0.7	0.7	0.0					
Total Full-Time Equivalent	0.6	0.7	0.7	0.7	0.7	0.7	0.0					

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: VOYAGEURS NATIONAL PARK

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	64	64	64	64	0	0	0	0
BASE ADJUSTMENTS								
SMALL AGENCY OPERATIONAL EXPENSE	1	3	1	3	0	0	0	0
2000-01 SAL. & BEN. BASE	1	1	1	1	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	2	4	2	4	0	0	0	0
BASE BUDGET	66	68	66	68	0	0	0	0

This page intentionally left blank.

2000-01 Biennial Budget

AGENCY: Science Museum of Minnesota (SMM)

MISSION AND VISION: The Science Museum of Minnesota is a unique statewide educational resource. It operates both a public museum and the largest school outreach program across the state; produces films and exhibits which are distributed internationally; conducts scientific research; and serves as a repository for collections of the state's natural and cultural heritage.

Mission: The Science Museum invites learners of all ages to experience their changing world through science.

Vision: To enhance science learning experiences of value to all Minnesotans with the opening of the museum's new facility in December 1999.

KEY SERVICE STRATEGIES: Create compelling and distinctive exhibits and programs which will expand audiences and enrich opportunities for learners of all ages.

- Ensure a successful transition into the new building.
- Enrich school field trips with more direct linkage to the classroom.
- Develop partnerships that leverage public and private resources.

PERFORMANCE SUMMARY: In F.Y. 1998, Science Museum reached 1.1 million people in the state:

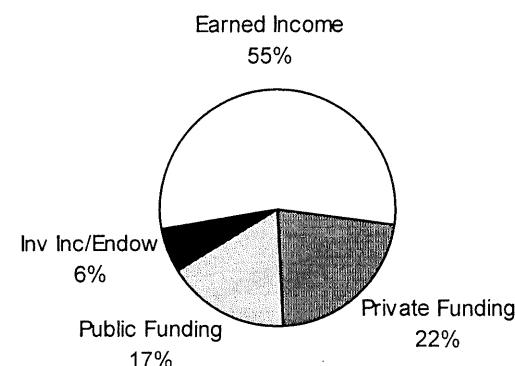
- 680,000 people at the museum
- 170,000 (including 4,441 teachers) in their own school districts
- 250,000 in classes, trips, camps and special events

The quality of the museum's programs continues to be highly rated by visitors, educators, funding partners, and other museums across the country. Of special note are programs directed to engage at-risk youth in science and to ensure access for low income students and families.

EXPLANATION OF AGENCY'S BUDGET PLAN: F.Y. 2000 is a year of major transition -- Science Museum will operate in its current location until Labor Day, will close for 3 months to allow for the move, and re-open in early December 1999. F.Y. 2001 will be the first full year of operation in the new building. Revenue stability is critical in the midst of such major change. State funds primarily support salaries, wages and benefits for ongoing program activities.

Science Museum requests an increase of 3% each year (\$35,000 in F.Y. 2000 and \$71,000 in F.Y. 2001) to cover cost of living increases in salaries.

REVENUES: Museum revenues totaled nearly \$21 million in F.Y. 1998 from the following sources:



ISSUES AFFECTING AGENCY'S OPERATIONS:

- Maintaining interest in the current programs prior to opening in the new building.
- Raising funds in addition to the project and operating budgets to successfully implement the vision for the opening, new exhibits, information technology, training and new programs.

LCMR RECOMMENDATIONS: The LCMR recommends funding for 2 projects:

- \$250,000 for a soils experiment center and soils demonstration plots.
- \$350,000 for quantifying the contribution of streambank versus overland erosion to riverine suspended sediment concentrations.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget except for the following adjustments: a biennial increase in funding of \$106,000 for cost of living increases in salaries.

The Governor makes no recommendation regarding the LCMR projects put forward by the Science Museum.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: SCIENCE MUSEUM
Program: SCIENCE MUSEUM OF MINN
Activity: SCIENCE MUSEUM OF MINN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
	Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>									
LOCAL ASSISTANCE	1,483	1,386	1,914	1,164	1,499	1,164	1,535	(266)	-8.1%
Total Expenditures	1,483	1,386	1,914	1,164	1,499	1,164	1,535	(266)	-8.1%
<u>CHANGE ITEMS:</u>									
(B) 3% INFLATIONARY INCREASE	GEN				35			71	
(B) SEDIMENT SOURCES STUDY	EVT				175			175	
(B) SOIL RESEARCH AND OUTREACH	EVT				125			125	
Total Change Items					335			371	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	300	0	300		
GENERAL	1,108	1,136	1,164	1,164	1,199	1,164	1,235		
MINNESOTA RESOURCES	375	250	750	0	0	0	0		
Total Financing	1,483	1,386	1,914	1,164	1,499	1,164	1,535		

2000-01 Biennial Budget

AGENCY: Minnesota Academy of Science

AGENCY MISSION AND VISION:

Mission: The mission of the academy is to provide opportunities for interactions between practicing scientists and Minnesota students.

Vision: To foster lifelong learning and the passion for the process of science for all Minnesota students.

The Minnesota Academy of Science is a volunteer organization of scientists and engineers who value education, science, engineering, technology and their applications. "Best practice in science has always included extensive inquiry and investigation, but it is frequently given less emphasis in the face of competing demands for student time and teacher resources."

The Minnesota Academy of Science has been helping teachers and parents make better use of out-of-school resources, expanding the classroom walls and breaking down traditional boundaries that limit student investigations.

KEY SERVICE STRATEGIES:

- Provide learning experiences in science.
- Make use of resources beyond the classroom by connecting students with resident scientists in active research in government, universities and industry.
- Involve students in a process which is student-directed, not teacher-directed.
- Provide opportunities for students to show what they know and can do.
- Provide opportunities for students to be positive role models for younger children.
- Reinforce individual science, mathematics and technology skills.

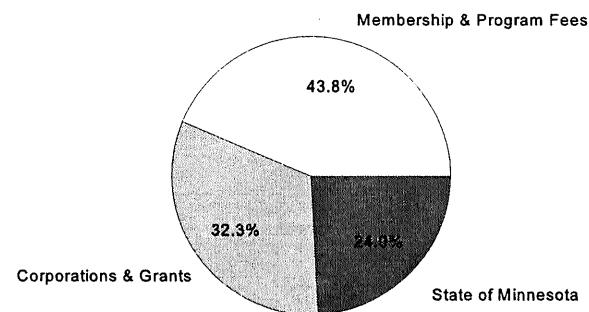
PERFORMANCE SUMMARY:

- ***State Science Fair:*** Now in its 62nd year, the State Science Fair program has increased more than 80% over the past 10 years from 191 in 1988 to 349 in 1998.
- ***REAP:*** Alison Boutin, a 1998 Research and Engineering Apprenticeship Program (REAP) participant and Burnsville High School senior, was invited by the French National Research Council to present her research at a paleobotany conference in Aix en Provence in August 1998. Alison is the only high school student to have presented at this international conference.

- ***Scholar of Distinction in Science:*** The Academy facilitated the task force on the Scholar of Distinction for the Department of Education, Children and Families. The completed report was submitted to Garcia and Associates for review. They said, "The task force report is comprehensive, challenging and encouraging to students... We are particularly impressed with the writing style, evident enthusiasm for the field and most especially *the process of the task force.*"
- ***Westinghouse Science Talent Search:*** B.J. Greenleaf of Mayo High School, a Westinghouse Science Talent Search finalist, placed 6th in the nation and won a \$15,000 scholarship. B.J. was chosen from over 1,580 entrants nation-wide. Since the Westinghouse Science Talent Search began in 1942, Minnesota has had 29 finalists. There have been 8 finalists since 1993, the year when the Academy became involved in identifying and encouraging outstanding students to complete the application process.

REVENUES: The 1998 sources of revenue are membership and program fees (44%), corporations and grants (32%) and the state (24%).

1998 Revenue Sources



EXPLANATION OF AGENCY'S BUDGET PLAN: The Minnesota Academy of Science is requesting base level funding of \$41,000 for each year of the 2000-01 biennial budget for youth science programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ACADEMY OF SCIENCE

Program: ACADEMY OF SCIENCE

Activity: ACADEMY OF SCIENCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
	Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>									
LOCAL ASSISTANCE	36	41	41	41	41	41	41	0	.0%
Total Expenditures	36	41	41	41	41	41	41	0	.0%
<u>FINANCING BY FUND:</u>									
<u>DIRECT APPROPRIATIONS:</u>									
GENERAL	36	41	41	41	41	41	41	41	41
Total Financing	36	41	41	41	41	41	41	41	41

2000-01 Biennial Budget Agency Executive Summary

AGENCY: Legislative Commission on Minnesota Resources (LCMR)

AGENCY MISSION AND VISION:

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.

MS 116P and an adopted Strategic Plan guide expenditure recommendations from the LCMR to the Minnesota Legislature for natural resource projects. Recommendations are from 3 funding sources, the Environment and Natural Resources Trust Fund, the Minnesota Future Resources Fund and the Great Lakes Protection Account. Funding recommendations are for new, innovative or accelerative natural resource projects designed to help sustain, enhance and utilize Minnesota's natural resources.

KEY SERVICE STRATEGIES:

The Commission uses a number of approaches to assess the status of the state's natural resources and identify important issues and needs. These approaches include: site visits to public and private sector natural resource projects and regional forums at which citizens advise Commission members of their needs regarding natural resources. In addition to these activities, the Commission is advised by a Citizens Advisory Committee (appointed by the Governor) regarding priorities for expenditures from the Environment and Natural Resources Trust Fund.

Strategic Plan: Every 2 years, the Commission adopts a comprehensive strategic plan and issues a request for proposal (RFP) which is open to everyone for the Minnesota Future Resources Fund, the Minnesota 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.

Priorities for Funding: In the 1999 Strategic Plan, the Commission adopted 12 priorities for funding. In addition to the 12 priority strategies, the LCMR announced in the RFP an intention to recommend funding for a Local Initiatives

Grants Program and for State and Metro Parks, Recreation Areas and Trails. In the Strategic Plan and RFP, an overarching criteria was for projects that promote and demonstrate a sustainable approach. Projects were reviewed for their compatibility with the natural system and the balancing of the benefits to the environment, the community and economy.

Review Process: In the 2-year cycle for funding recommendations of projects beginning 7-1-99, 464 proposals for \$196,000,000 were received. The Commission evaluated them based on the criteria and priority strategies set forth in a strategic plan (updated biennially) and in the request for proposals. In addition, the Citizens Advisory Committee advised the Commission regarding allocations from the Environment and Natural Resource Trust Fund.

After the Commission made an initial selection of those projects which best fit the priority strategies and criteria from among all proposals, 173 project managers were invited to present their project proposals before Commission members at a series of hearings. Hearings were held in St. Paul, Mankato, and Grand Rapids to ensure access to the process and an opportunity to present funding proposals and issues and activities of importance in different geographical areas

Recommendations: For the biennium beginning 7-1-99, the Commission is recommending 121 projects for a total of \$42.25 million to the 1999 Legislature from the 3 funding sources. Additionally, all proposed research projects selected for funding recommendations undergo a scientific peer review. The Commission oversees and evaluates project progress and completion through work program review.

OPERATING ENVIRONMENT:

- *Think beyond the short-term future* to provide a long range view. The Commission, unlike other agencies in this budget, is more like a zero based budgeting operation. The process starts clean and fresh every 2 years, so it's not just a matter of continuing existing programs and making a few adjustments. The LCMR strives to understand what the issues of tomorrow will be and prepare both our colleagues in the Legislature and the executive branch agencies. Research, studies, inventories and pilot projects are at the heart of this effort. The Commission is also a vehicle to allow small yet significant projects which could not compete successfully in the rest of this budget process to be addressed.
- Ensure a *statewide perspective* on natural resource needs. All legislators are subject to intense pressure to support local projects. The challenge to LCMR

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

State and Metro regional park, recreation area and trail needs for acceleration of acquisition, development, rehabilitation, and enhancement as described in MS 116P.02, Subd. 5 (includes in the definition of natural resources, the state recreation system and the metro regional recreation system).

■ *Historic Sites*

Protect, enhance, reuse or interpret historic sites. Priority will be given to projects designated as local, state or federal historic sites.

■ *Water Quality*

Improve and protect water quality on a watershed(s) basis through research and implementation of processes to reduce nonpoint source pollution.

■ *Agriculture and Natural Resource Based Industries*

Accelerate the use of farming, forestry, tourism or mineral use practices that enhance wildlife habitat and provide protection of the environment and human health through research, implementation, or analysis of improved management techniques.

■ *Urbanization Impacts*

Evaluate, develop, and analyze urbanization and sprawl impacts on Minnesota's natural resources and implement mitigation strategies.

■ *Innovations in Energy and Transportation*

Advance the use of renewable and alternative energy that reduces damage from energy generation, consumption and promotes conservation and efficiency.

■ *Decisionmaking Tools*

Facilitate natural resource decision-making through: utilization of Geographic Information Systems(GIS); Comparative risk assessment or economic and externality analyses; Evaluation of the cumulative environmental impacts of individual land use activities; Flood mitigation strategies.

■ *Environmental Education*

Accelerate the implementation of environmental education activities consistent with the Greenprint Statewide Plan for Environmental Education in Minnesota, with an emphasis on local government official and teacher training. The priority is for implementation of noncapital programmatic activities carried out through partnerships. This includes hunting and sportfishing interests.

■ *Benchmarks and Indicators*

Create benchmarks, including biological indicators, for key natural resources to permit effective monitoring and assessment of environmental trends and environmental factors affecting human health.

■ *Critical Lands or Habitats*

Land acquisition (fee or other interest), restoration or enhancements that protect critical habitats, such as: wetlands, native prairies, unique and/or sensitive areas, scenic bluffs, old-growth forests, greenway corridors, projects that connect or reconnect fragmented habitat area, sport-fishing habitat, and lakes and rivers. Public water access for boating and non-boating is included.

■ *Native Species Planting*

Expand rural and urban revegetation with native species consistent with underlying natural ecosystems. This strategy includes the demonstration of planting and protection of native species on private and public lands.

■ *Native Fish Species*

Research and development to enhance native fish and mollusk population in their natural communities. Expand ecosystem knowledge and classification to guide enhancement.

■ *Exotic Species*

Research and demonstrate ecologically sound methods to control or eradicate exotic species of plants or animals that are or may become a threat to the environment.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

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 fund 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 incorporation of successful programs into the regular budget. Adapting regular budgets to accommodate new techniques or programs is an interesting challenge for the Commission as well as the executive agencies.

ORGANIZATION/PROGRAM STRUCTURE:

The LCMR is comprised of 20 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 and Senate committees on environment and natural resources finance (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), 7 members of the Senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and 7 members of the House appointed by the Speaker. At least 3 members from the Senate and 3 members from the House must be from the minority caucus. The members elect their officers, rotating the chair from the Senate to the House every 2 years. The LCMR employs a full time professional and support staff.

SUMMARY OF BUDGET REQUEST:

The commission's budget plan does not have direct long-range financial implications; a new set of allocation recommendations is prepared 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).

Funding Available, F.Y. 2000-01

Environment and Natural Resources Trust Fund (fund 03)	\$26,010,000
Minnesota Future Resources Fund (fund 13)	16,040,000
Great Lakes Protection Account (included in fund 20)	<u>200,000</u>
Total	\$42,250,000

The final recommendation includes 121 specific projects recommended to the 1999 legislature. The strategies, project titles and dollar amounts follow:

Project funding to a non-state agency is placed through a state agency as the fiscal agent. The recipient and fiscal agent are listed next to the project title. Each of these projects, agency and non-agency, are also found in the related agency budget detail documents.

1999 LCMR RECOMMENDATIONS

The following pages contain the list of projects to be recommended by the LCMR to the 1999 Legislature. The projects are listed in strategy order, from the Six-Year Strategic Plan for 1998-2004 adopted by the LCMR on 11-18-97.

- *Local Initiatives Grants Program*
- *Local and Regional Trails*

The LCMR intends to recommend a matching grants program in the Department of Natural Resources (DNR) for local initiatives for the following types of projects: Local and Regional Parks, Regional trail and Trail Linkages Grants, Natural or Scenic Areas, Community Environmental Partnerships, Conservation Partners Program.

- *State Parks, Recreation Areas and Trails*
- *Metro Parks, Recreation Areas and Trails*

2000-01 Biennial Budget
Agency Executive Summary

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
 (Continuation)

LCMR 1999 RECOMMENDED PROJECTS

<u>Fund & Project Title</u>	<u>Affiliation</u>	<u>Amount</u>	<u>Fiscal Agent</u>
Local Initiatives Grants Program			
030/130 - Local Initiatives Grants Program	Department of Natural Resources	1,680,000/ 3,170,000	MN DNR
	1 project funded at:	4,850,000	

Local and Regional Trails

130 - Mesabi Trail Land Acquisition and Development-Continuation	St Louis and Lake Ct. Regional Rail Authority	1,000,000	MN DNR
130 - Kabetogama to Ash River Community Trail System	Kabetogama Lake Association	100,000	MN DNR
130 - Mesabi Trail Connection	East Range Joint Powers Board	80,000	MN DNR
130 - Dakota County Bikeway Mapping	Dakota County	15,000	MN DNR
130 - Mississippi Riverfront Trail and Access	City of Hastings	155,000	MN DNR
	5 projects funded at:	1,350,000	

State Parks, Recreation Areas and Trails

030 - Management and Restoration of Natural Plant Communities on State Trails	Department of Natural Resources	150,000	MN DNR
030 - North Shore Touring Trail	North Shore Touring Trail Association	550,000	MN DNR
030 - State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation	Department of Natural Resources	1,000,000	MN DNR
030 - Ft. Snelling State Park-Upper Bluff Implementation-Continuation	Department of Natural Resources	250,000	MN DNR

030 - Interpretive Boat Tours of Hill Annex Mine State Park	Department of Natural Resources	60,000	MN DNR
5 projects funded at:			2,010,000

Metro Parks, Recreation Areas and Trails

030 - Metropolitan Regional Parks Acquisition, Rehabilitation, and Development	Metropolitan Council	2,000,000	MN DNR
130 - Luce Line Trail Connection through Wirth Park	Minneapolis Park and Recreation Board	300,000	MN DNR
2 projects funded at:			2,300,000

Historic Sites

130 - Documenting Traditional Cultural Properties in Minnesota	Historical Society	50,000	MHS
130 - Using National Register Properties to Interpret Minnesota History	Historical Society	90,000	MHS
030 - Historic Site Land Acquisition	Historical Society	175,000	MHS
130 - Murphy's Landing Improvements to Prairie, Accessible Trail, and Ferry Landing	Murphy's Landing	110,000	MHS
130 - Gibbs Farm Museum Interpretation	Ramsey County Historical Society	150,000	MHS
030 - Traverse des Sioux Site Development	Historical Society	250,000	MHS
130 - Old Wadena Historic Site Development	Wah De Nah Historic and Environmental Learning Project	25,000	MHS
130 - Pickwick Mill Machine Restoration	Pickwick Mill, Inc.	100,000	MHS
	8 projects funded at:	950,000	

Water Quality

030 - On-site Sewage Treatment Alternatives-Performance, Outreach, and Demonstration-Continuation	Pollution Control Agency	550,000	PCA
030 - Identification of Sediment Sources in Agricultural Watersheds	Science Museum of MN	350,000	Science Museum
130 - Accelerated Statewide Local Water Plan Implementation	BWSR	1,000,000	BSWR

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

<u>Fund & Project Title</u>	<u>Affiliation</u>	<u>Amount</u>	<u>Fiscal Agent</u>
030 - Tracking Sources of Fecal Pollution Using DNA Techniques	University of Minnesota	300,000	U of M
030 - Groundwater Flow in the Prairie du Chien Aquifer	University of Minnesota	110,000	U of M
130 - Lake Minnetonka Citizens Monitoring and Education Network	Lake Minnetonka Association	40,000	MN DNR
030 - Erosion Impacts on the Cannon Valley Big Woods	Big Woods Project	150,000	U of M
130 - Lake Calhoun and Lake Harriet Gravity Flow Stream System	Minneapolis Park and Recreation Board	250,000	MN DNR
9 projects funded at:		2,750,000	

Agriculture and Natural Resource Based Industries

030 - Green Forest Certification Project	Institute for Agriculture and Trade Policy	150,000	MN DNR
030 - Accelerated Transfer of New Forest-Research Findings	University of Minnesota	115,000	U of M
030 - Minnesota Wildlife Tourism Initiative	Department of Natural Resources	250,000	MN DNR
030 - Integrated Prairie Management	U of M/Clay County	350,000	MN DNR
130 - Improved Agricultural Systems Overlying Sensitive Aquifers in Southwestern Minnesota	Department of Agriculture/U of M	200,000	Dept of Ag.
030 - Diversifying Agriculture for Environmental, Economic, and Social Benefits	University of Minnesota	600,000	U of M
030 - Minnesota River Basin Initiative: Local Leadership	Minnesota River Basin Joint Powers Board	700,000	BWSR

130 - Commercial Fertilizer Plant for Livestock Solid Waste Processing	AquaCare International, Inc.	400,000	AURI
130 - Preservation of Native Wild Rice Resource	Leech Lake Reservation	200,000	MN DNR
130 - Wild Rice Management Planning	Bois Forte Band of Chippewa	200,000	MN DNR
030 - Mesabi Iron Range, Water and Mineral Resource Planning	Range Association of Municipalities and Schools/U of M	650,000	MN DNR
130 - Sustainable Aquaculture Development in Minnesota	Department of Agriculture/University of Minnesota	185,000	Dept. of Ag.
130 - Sustainable Farming Systems-Continuation	University of Minnesota	350,000	U of M-MISA
130 - Economic Analysis of Agriculture for Multiple Benefits	Land Stewardship Project	250,000	Dept. of Ag.
130 - Non-wood Agricultural Fibers and Industrial Hemp for Pulp and Paper Manufacture	University of Minnesota	200,000	U of M
130 - Sustainable Livestock Systems	University of Minnesota	350,000	U of M-WCES
130 - Forest Wildlife Biologist for Ruffed Grouse	The Ruffed Grouse Society, Inc.	1,000,000	MN DNR
030 - Organic Farming Training Project	Minnesota Food Association	350,000	Dept. of Ag.
130 - Construction and Demolition Waste Abatement Demonstration Project	The Green Institute (dba Reuse Center)	250,000	OEA
130 - Minnesota River Valley Scenic Byway Interpretive Signage	Upper Minnesota Valley Regional Development Commission	100,000	MN DOT
20 projects funded at:		6,850,000	

Urbanization Impacts

130 - Resources for Redevelopment: A Community Property Investigation Program	Minnesota Environmental Initiative	100,000	PCA
---	------------------------------------	---------	-----

2000-01 Biennial Budget
Agency Executive Summary

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
 (Continuation)

<u>Fund & Project Title</u>	<u>Affiliation</u>	<u>Amount</u>	<u>Fiscal Agent</u>
030 - Tools and Training for Community-Based Planning	MN Planning	450,000	MN Planning
030 - Protecting Dakota County Farmland and Natural Areas	Dakota County	200,000	MN DNR
130 - Urban Corridor Design	University of Minnesota	600,000	U of M
030 - Conservation-Based Development Program	Minnesota Land Trust	150,000	MN DNR
130 - Sustainable Stormwater Management and Erosion Control for Athletic Fields and Parking Lot Retrofit	Minneapolis Park and Recreation Board	200,000	MN DNR
130 - Community-Based Initiatives: Land Use for Sustainable Agriculture-Continuation	Sustainable Resources Center	400,000	Dept. of Ag.
130 - Chisago Lakes Outlet Channel Project	Chisago County	40,000	MN DNR
130 - Virginia Storm Sewer Project	City of Virginia	225,000	DTED
130 - Blufflands Implementation	Winona County	33,000	MN DNR
10 projects funded at:		2,398,000	

Innovations in Energy and Transportation

130 - Ice Arena Design for Efficiency and Air Quality-Continuation	Center for Energy and Environment	100,000	Amateur Sports Commission
130 - Promoting High Efficiency Cogeneration	Minnesota Environmental Quality Board	100,000	MN Planning
030 - Evaluate Biodiesel Made from Waste Fats and Oils	Minnesota Soybean Growers Association	125,000	Dept. of Ag.
130 - Wind Power for Rural Development-Continuation	Sustainable Resources Center	250,000	MN DNR

4 projects funded at:	575,000			
Decision-making Tools				
130 - Goodhue County Natural Resources Inventory and Management Plan	Goodhue County	75,000	BWSR	
130 - Public Access to Mineral Knowledge	Department of Natural Resources	100,000	MN DNR	
030 - Updating Outmoded Soil Surveys-Continuation	Minnesota Board of Water and Soil Resources	500,000	BWSR	
030 - Climate Variability and Change Impacts on Minnesota Resources	University of Minnesota	350,000	U of M	
030 - Minnesota Environmentally Preferable Chemicals Project	Institute for Local Self-Reliance	150,000	OEA	
130 - GIS Utilization of Historic Timberland Survey Records	Historical Society	120,000	MHS	
030 - By-Products Application to Agricultural, Mineland and Forest Soils	Western Lake Superior Sanitary District	350,000	PCA	
030 - Winter Severity Index for Deer	Minnesota Deer Hunter's Association	60,000	MN DNR	
8 projects funded at:		1,705,000		

Environmental Education

030 - Uncommon Ground: An Educational Television Series	University of Minnesota	400,000	U of M
130 - Ecology Bus Environmental Education	Prairie Ecology Bus Center	200,000	MN DNR
130 - Renovation of Open Spaces: Twin Cities Neighborhoods	Crown Jewel Foundation	200,000	MN DNR
030 - Karst Education for Southeastern Minnesota	Southeast Minnesota Water Resources Board	120,000	BWSR
030 - Minnesota Wolf Public Education	International Wolf Center	120,000	MN DNR
130 - North American Bear Center	North American Bear Center	80,000	MN DNR
030 - Accessible Outdoor Recreation	Wilderness Inquiry	400,000	MN DNR
030 - Science Outreach and Integrated Learning on Soil	Science Museum of Minnesota	250,000	Science Museum

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

<u>Fund & Project Title</u>	<u>Affiliation</u>	<u>Amount</u>	<u>Fiscal Agent</u>
030 - Southeast Minnesota Streams and Watershed Signage	Minnesota Trout Association	150,000	MN DNR
030 - Teacher Training in Interdisciplinary Environmental Education	Audubon Center of the North Woods	60,000	MN DNR
130 - Development and Rehabilitation of Recreational Shooting Ranges	Department of Natural Resources	350,000	MN DNR
130 - Youth Outdoor Environmental Education Program	Dakota County	125,000	MN DNR
030 - Twin Cities Environmental Service Learning-Continuation	Eco Education	40,000	MN DNR
130 - Minnesota Whitetail Deer Resource Center Exhibits	Minnesota Deer Hunter's Association	400,000	MN DNR
030 - Sustainability Forums	MN Div. Izaak Walton League of America	200,000	OEA
130 - Minnesota River Watershed Ecology and History Exhibit	Joseph R. Brown Heritage Society	90,000	MHS
030 - Hyland Lake Environmental Center	Suburban Hennepin Regional Park District	220,000	MN DNR
130 - Aquaculture, Hydroponics, and Greenhouse Research Lab	Chisago Lakes High School	100,000	Dept. of Ag.
18 projects funded at:		3,505,000	

Benchmarks and Indicators

030 - Measuring Children's Exposures to Environmental Health Hazards	University of Minnesota	500,000	U of M
030 - Minnesota County Biological Survey-Continuation	Department of Natural Resources	1,600,000	MN DNR

030 - Environmental Indicators Initiative-Continuation	Department of Natural Resources	400,000	MN DNR
030 - Dakota County Wetland Health Monitoring Program	Dakota County	160,000	PCA
030 - Predicting Water and Forest Resources Health and Sustainability	University of MN-Duluth NRRI	300,000	UMD-NRRI
130 - Potential for Infant Risk from Nitrate Contamination	Department of Health	200,000	Health
030/200 - Assessing Lake Superior Waters off the North Shore	University of MN-Duluth	400,000	UMD
030 - Minnesota's Forest Bird Diversity Initiative-Continuation	Department of Natural Resources	450,000	MN DNR
030 - Farm Ponds as Critical Habitats for Native Amphibians	USGS/Biological Resources Div., Upper Mississippi Science Center	250,000	MN DNR
030 - Improved Minnesota Fungus Collection and Database	University of Minnesota	70,000	U of M
11 projects funded at:		4,330,000	

Critical Lands or Habitats

030 - Sustainable Woodlands and Prairies on Private Lands-Continuation	MN Forestry Association/Nature Conservancy	450,000	MN DNR
030 - National Prairie Passage-Linking Isolated Prairie Preserves	Minnesota Department of Transportation	150,000	MN DOT
030 - Greening the Metro Mississippi-Minnesota River Valleys	Greening the Great River Park	800,000	MN DNR
030 - Restoring the Greater Prairie Chicken to Southwestern Minnesota	The Minnesota Prairie Chicken Society	60,000	MN DNR
030 - The Prairie Heritage Fund-Continuation	Pheasants Forever, Inc.	500,000	MN DNR
030/130 - Public Boat Access and Fishing Piers	Department of Natural Resources	1,000,000/ 299,000	MN DNR
030 - Arboretum Land Acquisition and Wetlands Restoration-Continuation	University of Minnesota Landscape Arboretum-Foundation	700,000	U of M

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

<i>Fund & Project Title</i>	<i>Affiliation</i>	<i>Amount</i>	<i>Fiscal Agent</i>
030 - Implement the Chisago and Washington Counties Green Corridor Project-Continuation	1000 Friends of Minnesota	450,000	MN DNR
030 - RIM Shoreland Stabilization	Department of Natural Resources	350,000	MN DNR
130 - Enhancing Canada Goose Hunting Opportunities for Recreation and Management Purposes	Geese Unlimited	340,000	MN DNR
10 projects funded at:			5,099,000

Native Species Planting

030/130 - Minnesota ReLeaf Matching Grant Program-Continuation	Department of Natural Resources	580,000/ 270,000	MN DNR
030 - Landscaping for Wildlife and Nonpoint Source Pollution Prevention	St. Paul Neighborhood Energy Consortium	150,000	MN DNR
030 - Lakescaping for Wildlife and Water Quality Initiative	Department of Natural Resources	140,000	MN DNR
030 - Development and Assessment of Oak Wilt Biological Control Technologies	University of Minnesota	200,000	U of M
130 - St. Paul-Minneapolis Native Plant Habitat Interpretive Program	St. Paul Division of Parks and Recreation	130,000	MN DNR
030 - Restoring Ecological Health to St. Paul's Mississippi River Bluffs	Friends of the Parks and Trails of St. Paul and Ramsey County	200,000	MN DNR
6 projects funded at:			1,670,000

Native Fish Species

030 - Mussel Resource Survey	Department of Natural Resources	400,000	MN DNR
------------------------------	---------------------------------	---------	--------

030 - Freshwater Mussel Resources in the St. Croix River	Macalester College	58,000	MN DNR
2 projects funded at:			458,000
Exotic Species			
030 - Biological Control of Eurasian Watermilfoil and Purple Loosestrife-Continuation	Department of Natural Resources	150,000	MN DNR
030 - Evaluate Establishment, Impact of Leafy Spurge Biocontrol Agents	Department of Agriculture	140,000	Dept. of Ag.
130 - Restoring the Outdoor Classrooms at Nature Centers	St. Paul Audubon Society	260,000	MN DNR
3 projects funded at:			550,000
030/130 - LCMR Administration		567,000/ 333,000	
Total for 1999:			42,250,000

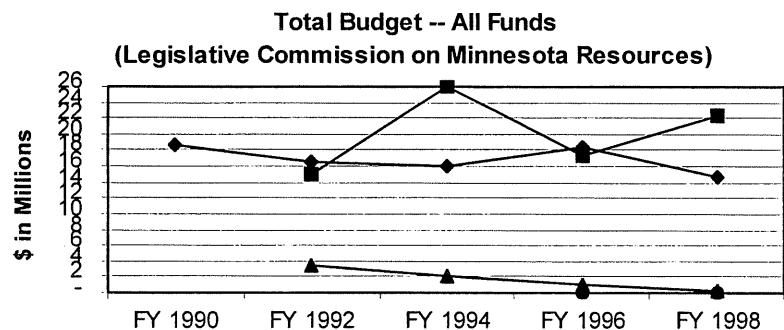
Laws 1997 Chapter 216, Sec. 15, Subd. 4 Recreation

030 - State Park and Recreation Area Acquisition, Development, Betterment and Rehab	MN DNR	496,000	MN DNR
030 - Metropolitan Regional Park System	Metropolitan Council	495,000	MN DNR
Total for 1997:			991,000

**2000-01 Biennial Budget
Agency Executive Summary**

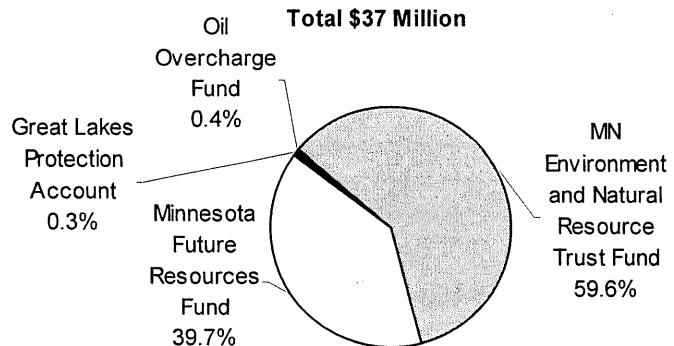
AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

TRENDS AND PERSPECTIVE:



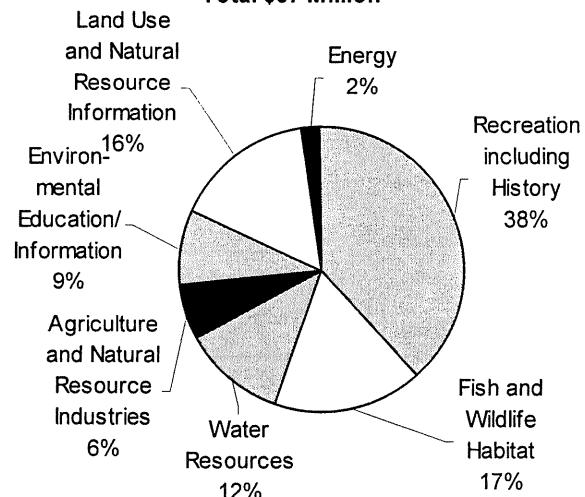
- ◆ Minnesota Future Resources Fund
- Minnesota Environment and Natural Resources Trust Fund (first appropriation F.Y. 1992)
- ▲ Oil Overcharge Money in the Special Revenue Fund (first appropriation F.Y. 1992)
- Great Lakes Protection Account (first appropriation F.Y. 1996)

F.Y. 1998-1999 LCMR FUNDING SOURCES

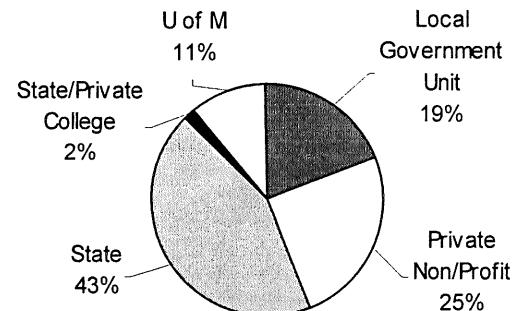


**F.Y. 1998-1999 LCMR Projects All
Funding Sources by Issue Area**

Total \$37 Million



**F.Y. 1998-1999 LCMR Projects by Category
as a Percent of Total Dollars**



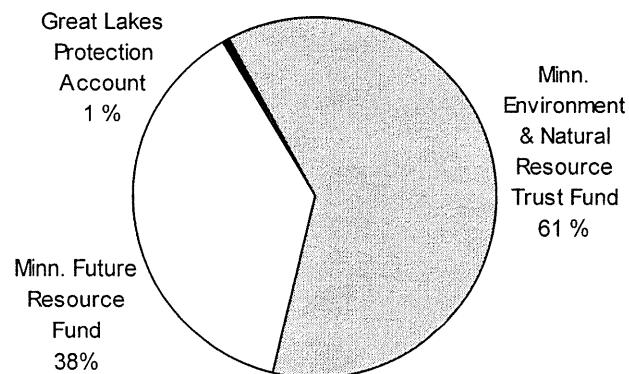
2000-01 Biennial Budget Agency Executive Summary

AGENCY: Legislative Commission on Minnesota Resources (LCMR)
(Continuation)

TRENDS AND PERSPECTIVE:

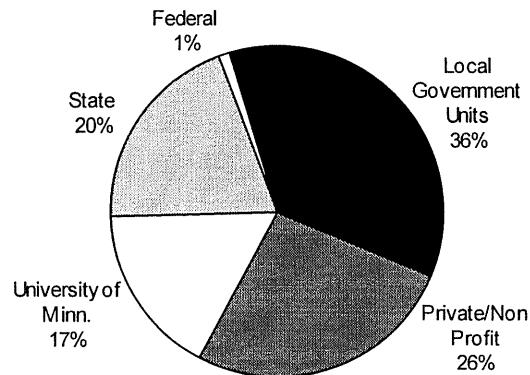
F.Y. 2000-01 LCMR Funding Sources

Total \$42.25 million

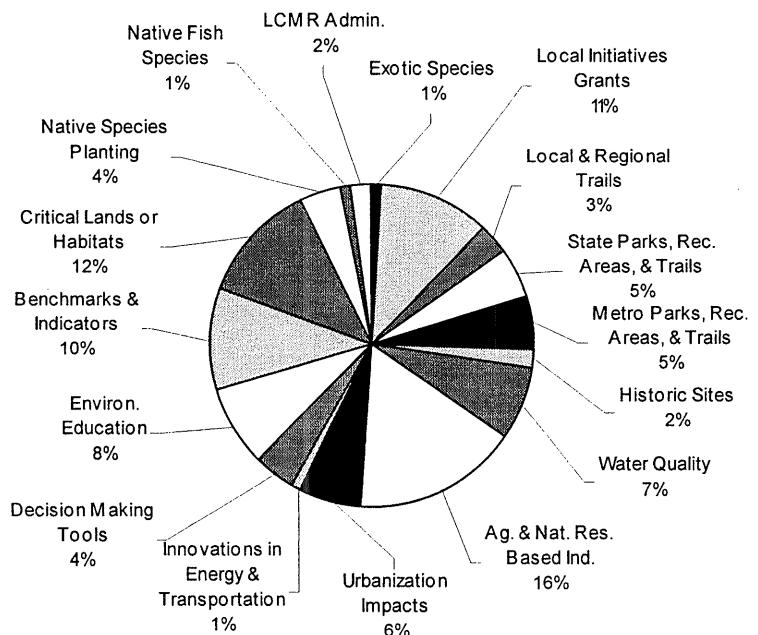


F.Y. 2000-01 LCMR Recommendations

by Category as Percent of Total Dollars



F.Y. 2000-01 Recommended Projects by Strategy Total \$42.25 million



GOVERNOR'S RECOMMENDATION:

The Governor makes no recommendation regarding the projects put forward by the LCMR.

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Agriculture, Department of (MDA)	PAGE
Agency Executive Summary	D-366
Budget Brief(s)	D-370
Agency Level Revenue Summary	D-374
Federal Funds Summary	D-377
 PROGRAMS, BUDGET ACTIVITIES, AND CHANGE ITEMS	
PROTECTION SERVICES	D-379
Agronomy and Plant Protection	D-384
Change Item - Export Certification and Pest Detection and Management	D-389
Change Item - MERLA Appropriation Increase	D-391
Change Item - Minimum Risk Pesticide Exemption	D-392
Dairy and Food Inspection	D-393
Change Item - Food Inspection General - Food handler's License fee Increase	D-397
Change Item - Risk Based Food Protection	D-399
Laboratory Services	D-401
Change Item - Laboratory Equipment Maintenance and Replacement	D-405
Change Item - Pre-design Study for Joint Agency Laboratory	D-406
Grain and Produce Inspection	D-407
Agricultural Certification	D-411
Change Item - Timberwolf Payments	D-415
Change Item - Apiary Survey (Reallocation)	D-427
AGRICULTURAL MARKETING AND DEVELOPMENT	D-417
Agricultural Marketing and Development	D-421
Change Item - Feedlot and Manure Management Research and Information Outreach	D-425
Change Item - Eliminate Ethanol Promotion and Development Appropriation	D-427
Change Item - Agriculture in the Classroom (Reallocation)	D-427
Agricultural Resource Management	D-428

2000-01 Biennial Budget

PROGRAM STRUCTURE/INDEX

(Continued)

AGENCY: Agriculture, Department of (MDA)	PAGE
PROGRAM, BUDGET ACTIVITIES, AND CHANGE ITEMS	
ADMINISTRATIVE AND FINANCIAL SERVICES	D-433
Administrative Support	D-437
IT - Change Item - Project Unity - Basic Infrastructure	D-441
IT - Change Item - Project Unity - Program Application	D-442
Change Item - Agricultural Diversification	D-443
Agricultural Finance	D-444
Change Item - Family Farm Security Payment Adjustment	D-449
Change Item - Ethanol Development General Fund Cancellation	D-449

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Agriculture, Department of (MDA)

AGENCY MISSION AND VISION:

Mission: To protect public health and safety regarding food and agricultural products; to provide consumer protection regarding product quality and content; and to ensure orderly commerce in agricultural and food products.

Vision: To work toward a diverse agricultural industry that is both economically profitable and environmentally sustainable.

KEY SERVICE STRATEGIES:

MDA focuses on serving both the agricultural producer and the consumer of food products. This is accomplished through:

- protection and promotion of Minnesota's agricultural production,
- regulation and inspection of food products for both human and animal consumption,
- promotion and development of economic opportunities for Minnesota agriculture and its products.

Because Minnesota's agricultural products are shipped both nationally and internationally, the programs of MDA affect all citizens of Minnesota, as well as citizens of the United States and the world.

OPERATING ENVIRONMENT:

Agriculture is a unique industry. Rich with tradition and cultural heritage, it is also subject to the effects of a rapidly evolving marketplace. Ongoing economic and social changes require MDA to continually review and assess the services it provides, which contributes to changing department programs. Among the significant developments:

- The 1996 farm bill, called "Freedom to Farm."
- Since the removal of government subsidy programs, commodity prices have seen increased fluctuations.

- Reduction in the number of farmers and an increase in the size of the average Minnesota farm.
- Urban areas expanding into traditional agricultural areas leading to conflicts.
- Wheat production in northwestern Minnesota has been severely affected by crop disease and poor growing conditions.
- A growing need to develop new markets for farm commodities.
- The recent collapse of the economy in Asia has impacted commodity prices and exports.
- Agriculture and its related food industries are adopting more effective food safety measures.
- With more produce and other foods being imported, there is additional risk of food contamination.
- Shortage of rail transportation affects movement of grain and other commodities to market.
- Reduction of dairy and livestock production increases the state's risk of losing its processing infrastructure.

ORGANIZATION/PROGRAM STRUCTURE:

COMMISSIONER & EXECUTIVE MANAGEMENT

Protection Services		
— Agronomy & Plant Protection		146.40 FTE
— Dairy & Food Inspection		77.50 FTE
— Laboratory Services		47.80 FTE
— Grain & Produce Inspection		78.80 FTE
— Agricultural Certification		22.50 FTE
Agricultural Marketing & Development		
— Agricultural Marketing & Development		42.10 FTE
— Agriculture Resource Management		10.00 FTE
Administrative & Financial Assistance		
— General Support Services		57.10 FTE
— Agricultural Finance		6.00 FTE

06/30/98 Total FTE's 488.20

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Agriculture, Department of (MDA)
(Continuation)

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes to the agency base level. These change items are outlined on the following budget brief pages as well as detailed on individual change item pages within the agency's budget.

<u>Change Item/Fund</u>	<u>Biennial Total</u>
General Fund	
Export Certification, Pest Detection and Management	\$1,500,000
Food Inspection	900,000
Risk Based Food Protection	2,500,000
Laboratory Equipment/Maintenance	100,000
Pre-design for Joint Agency Laboratory	100,000
Timber Wolf Payments	160,000
Ethanol Promotion & Education	(200,000)
Reallocation/Elimination	
Reallocation to Ag in the Classroom	70,000
Reallocation to Apiary Surveys	30,000
Agriculture Diversification	500,000
Feedlot & Manure Management Research & Information Outreach	1,070,000
Project Unity - Basic Infrastructure	2,200,000
Project Unity - Program Applications	1,264,000
Family Farm Payment Adjustment	(100,000)
General Fund Total	\$10,094,000

The Governor recommends that the law be changed so that the unencumbered balance in the Ethanol Development Loan Fund on 7-1-99, and all subsequent receipts, be deposited to the General Fund. The estimated amount of revenue to the General Fund for 2000-01 is \$1,517,000.

A modest Food Handler's license fee increase of 7% is recommended. Food Handler's license fees have not been increased since 1996. In addition, a new

Certificate of Free Sale fee is recommended. Together, these fees are estimated to raise \$205,000 per year.

Environmental Fund

MERLA (Superfund) Appropriation Increase	\$120,000
MERLA Revenue - Voluntary Cleanup and Technical Assistance Program	\$120,000

Open Appropriation - General Fund

This budget also provides for an open appropriation of up to \$67.9 million for Ethanol producer payments. This is an increase of \$18.3 million over the 1998-99 biennium.

Special Revenue

The Governor recommends a policy change regarding the fee-supported accounts, which have been direct appropriated in the past few budgets. The Governor recommends discontinuing this practice in favor of reinstating the statutory appropriations. This change will provide managerial discretion and accountability for delivering appropriate levels of fee-supported client services. The accounts and their budgeted amounts are listed below:

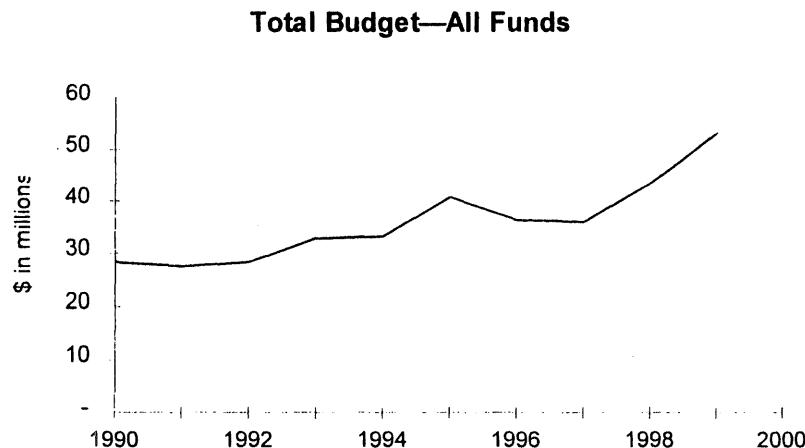
	(In 000's)	
<u>Account</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Fertilizer Inspection Account	\$1,034	\$1,055
Seed Potato Inspection Fund (Account)	374	380
Seed Inspection Fund (Account)	766	782
Commercial Feed Inspection Account	763	780
Fruit and Vegetables Inspection Account	536	547
Dairy Services Account	1,656	1,662
Livestock Weighing Fund (Account)	331	339
Commodities Research	141	142
Pesticide Regulation	4,466	4,554
TOTAL	\$10,067	\$10,241

The Governor makes no recommendation regarding the LCMR projects put forward by the Department of Agriculture.

**2000-01 Biennial Budget
Agency Executive Summary**

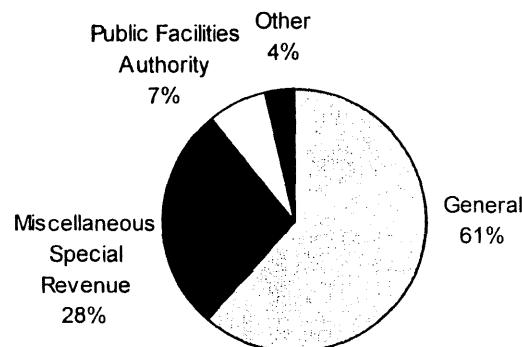
AGENCY: Agriculture, Department of (MDA)
(Continuation)

TRENDS AND PERSPECTIVE:

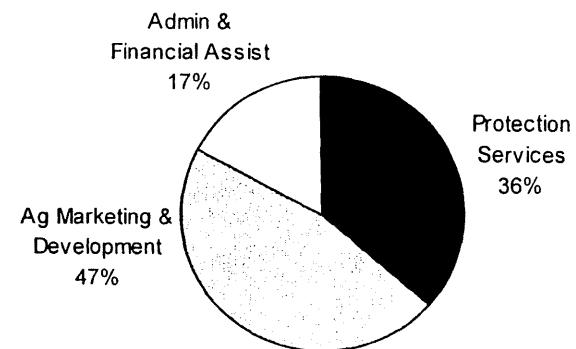


1998-99 Expenditures by Fund

Total \$153 Million

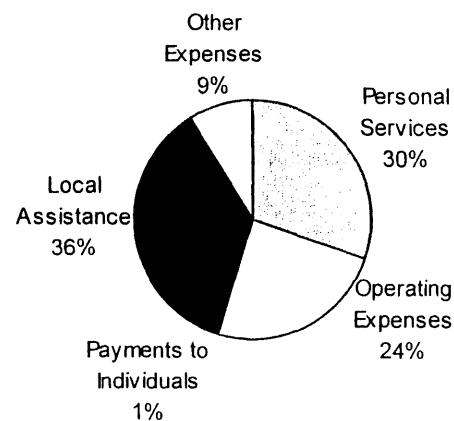


1998-99 Expenditures by Program
Total \$153 Million



1998-99 Expenditures by Category

Total \$153 Million



**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
PROTECTION SERVICES	24,826	26,918	28,705	27,916	30,071	28,186	30,741	5,189	9.3%
AG MARKETING & DEVELOP	26,015	33,675	37,845	43,894	46,579	40,931	41,986	17,045	23.8%
ADMIN & FINANCIAL ASSIST	6,191	7,357	18,820	7,919	10,318	7,325	9,272	(6,587)	-25.2%
Total Expenditures	57,032	67,950	85,370	79,729	86,968	76,442	81,999	15,647	10.2%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	67	83	0	305	0	310
GENERAL	14,675	17,245	27,282	17,052	21,959	17,294	22,481
MINNESOTA RESOURCES	125	267	433	0	1,485	0	0
SPECIAL REVENUE	9,330	9,483	10,511	10,067	0	10,241	0
ENVIRONMENTAL	293	246	292	276	336	282	342
OPEN APPROPRIATIONS:							
GENERAL	14,201	22,035	27,616	34,720	34,720	33,197	33,197
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,589	4,566	4,566	3,056	3,056
SPECIAL REVENUE	9,553	9,840	12,646	11,296	21,845	10,712	20,953
FEDERAL	1,532	1,528	1,674	1,594	1,594	1,502	1,502
ENVIRONMENTAL	12	227	108	129	129	129	129
AGENCY	0	481	2	2	2	2	2
GIFT	120	107	134	27	27	27	27
Total Financing	57,032	67,950	85,370	79,729	86,968	76,442	81,999

FTE BY EMPLOYMENT TYPE:							
FULL TIME	400.0	396.5	439.8	444.2	471.8	443.8	477.4
PART-TIME, SEASONAL, LABOR SER	46.5	34.6	35.5	28.7	35.6	27.8	34.6
OVERTIME PAY	9.0	8.0	7.9	8.0	8.0	8.1	8.1
Total Full-Time Equivalent	455.5	439.1	483.2	480.9	515.4	479.7	520.1

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Direct, Omnibus	\$16,842	\$16,842	\$33,684
<u>BASE ADJUSTMENT</u>			
New Programs to Agency Base	350	283	633
Biennial Appropriations	10	10	20
Capital Project Operating Cost	8	8	16
One-Time Appropriations	(622)	(622)	(1,244)
Salary and Benefits	271	551	822
Doc. Space Rental Increase	190	219	409
Uniform Pension Bill Red.	(15)	(15)	(30)
Statewide Administration Systems	<u>18</u>	<u>18</u>	<u>36</u>
<u>BASE LEVEL (for 2000 and 2001)</u>			
	\$17,052	\$17,294	\$34,346
<u>CHANGE ITEMS</u>			
Export Certification and Pest Detection and Management	750	750	1,500
Food Inspection	450	450	900
Risk Based Food Protection	1,000	1,500	2,500
Laboratory Equipment/Maintenance	50	50	100
Pre-design for Joint Agency Laboratory	100	-0-	100
Timber Wolf Payments	80	80	160
Ethanol Promotion & Education Reallocation	(100)	(100)	(200)
Reallocation to Ag in the Classroom	35	35	70
Reallocation to Apiary	15	15	30
Agricultural Diversification	200	300	500
Feedlot & Manure Management Research & Information Outreach	610	460	1,070
Department Wide IT Infrastructure	1,200	1,000	2,200
Project Unity (IT) - Program Applications	567	697	1,264
Family Farm Payment Adjustment	<u>(50)</u>	<u>(50)</u>	<u>(100)</u>
GOVERNOR'S RECOMMENDATION	\$21,959	\$22,481	\$44,440

Brief Explanation of Budget Decisions:

- Base adjustments for Annualizing New Programs are \$350,000 for phasing in the State Meat Inspection Program and a reduction of \$67,000 in F.Y. 2001 in the Minnesota Grown Distribution Program.
- Base adjustment for Biennial Appropriation is \$10,000 for Timber Wolf Payments to restore the amount transferred from F.Y. 1999 to F.Y. 1998.
- Base adjustment for Capital Project Operating Costs is \$8,000 for utilities for the BioControl greenhouse.
- Base adjustments for One-time Appropriations include: reductions of \$40,000 for the Dairy Diagnostics Pilot Program, \$107,000 in Manure Applicators Program, \$200,000 for the Feedlots Odor Research, \$200,000 for the Manure Digester Loan Program, \$50,000 for Beaver Damage Control grants, and \$25,000 to Passing on the Farm.
- Base adjustments to maintain current levels: Base adjustment for Documented Space Rental/Lease; Budget guidelines also provide for F.Y. 2000-01 Salary and Benefit Base adjustments of 3% per year; Base adjustments for Uniform Pension Reductions; Base adjustment for Statewide Administration Systems.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base level funding and the following change items:

- Export Certification and Pest Detection and Management. **\$1,500,000**
Additional funding of \$1.5 million to the Agronomy and Plant Protection Services and the Agricultural Marketing and Development—Biological Control for additional staff to perform regulatory and inspection services.

**2000-01 Biennial Budget
Agency Budget Brief**

Agency: Agriculture, Department of
(Continuation)

Fund: General

- Food Inspection. **\$900,000**
Additional funding of \$900,000 to return the department's inspection and regulatory efforts to adequate levels. This initiative includes a modest fee increase.
- Risk-based Food Protection. **\$2,500,000**
Funding to Dairy and Food Inspection Services and Laboratory Services to increase food safety for all Minnesotans.
- Laboratory Equipment/Maintenance. **\$100,000**
Funding for the Laboratory Services Division to establish a method by which laboratory equipment will be upgraded and replaced to meet laboratory standards.
- Pre-design for Joint Agency Laboratory. **\$100,000**
Funding for the Environmental Cluster agencies including the Department of Health to explore the possibilities of locating combined laboratory facilities in a state-owned building.
- Timber Wolf Payments. **\$160,000**
To meet the increasing number of requests for reimbursement of livestock losses due to timber wolf depredation.
- Ethanol Promotion & Education. **\$(100,000)**
Reallocation of \$50,000 per year from the Ethanol Promotion and Education to the Ag in the Classroom and Apiary inspection activities; the remaining \$50,000 per year will be eliminated from the agency's budget.
- Agriculture Diversification. **\$500,000**
To meet increasing producer demand for information on diversification options for their enterprises as well as alternative ag products.
- Feedlot and Manure Management Research and Information Outreach. **\$1,070,000**
To continue research of solutions and alternatives for manure management, use and disposal and odor control technologies; and develop a public information and outreach program to distribute research findings and educate the public and

producers groups on issues relating to animal agriculture.

- Department-wide IT Infrastructure/Project Unity Program Applications/IT Special Investments. **\$3,464,000**
To establish the basic infrastructure within the agency to support growing information technology needs and requests, to continue with the Project Unity information management system development, and to equip office and field staff with basic computer products.
- Family Farm Payment Adjustment. **(\$100,000)**
Reduces the base for Family Farm Payments from \$99,000 to \$49,000 per year.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: Special Revenue

	<u>F.Y. 2000</u>	<u>F.Y. 2001 Biennium</u>	
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$10,254	\$10,254	\$20,508
<u>BASE ADJUSTMENT</u>			
One-Time Appropriations	(250)	(250)	(500)
Doc. Space Rental/Lease	31	40	71
2000-01 Sal. & Ben. Base	189	384	573
Dedicated Receipt Adj.	<u>(157)</u>	<u>(187)</u>	<u>(344)</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$10,067	\$10,241	\$20,308
GOVERNOR'S RECOMMENDATION	\$10,067	\$10,241	\$20,308

Brief Explanation of Budget Decisions:

- Base Adjustment for One-time Appropriation. This \$250,000 initiative was for Water Monitoring projects from the Pesticide Regulatory Account.
- Base Adjustment for Documented Space Rental/Lease Increases is to fund increased costs for leased space.
- Base Adjustment for F.Y. 2000-01 Salary and Benefit Base are initiatives to fund compensation-related adjustments in accordance to budget guidelines of 3% a year.
- Seed Inspection. An expenditure increase of up to \$129,000 per year will fund increased field inspections needed to administer the Seed Inspection Program. Funding will be provided from account balance.
- Seed Potato Inspection. An expenditure increase of up to \$132,000 per year will provide funds to meet the needs of the program. This increase would be supported by projected fee increases.
- Produce Inspection. An expenditure increase of \$70,000 per year will provide funds to meet the increased cost of administering the program. Fees are not projected to increase.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends that the Department of Agriculture's fee supported accounts no longer be direct appropriated but that the statutory appropriation authority be reestablished for these accounts. This change will provide the agency with the tools to manage the accounts more effectively with greater ability and flexibility to respond to client service demands.

The Governor also recommends adjustments to the agency's base level funding in the following accounts:

- Minimum Risk Pesticide Exemption. This is a reduction of \$6,000 revenue in the Pesticide Special Revenue Account.

The Governor recommends that the law be changed so that the unencumbered balance in the Ethanol Development Loan Fund on 7-1-99, and all subsequent receipts, be deposited to the General Fund. The estimated amount of revenue to the General Fund for 2000-01 is \$1,517,000.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: Environmental

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$269	\$269	\$538
<u>BASE ADJUSTMENT</u>			
2000-01 Sal. & Ben. Base	5	10	15
Doc. Space Rental/Lease	<u>2</u>	<u>3</u>	<u>5</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$276	\$282	\$558
<u>CHANGE ITEMS</u>			
MERLA Appropriation Increase (Exp)	<u>60</u>	<u>60</u>	<u>120</u>
GOVERNOR'S RECOMMENDATION	\$336	\$342	\$678

Brief Explanation of Budget Decisions:

- Base Adjustments for 2000-01 Salary and Benefits Base are compensation adjustments in accordance with budget guidelines of 3% per year.
- Base Adjustment for Documented Space Rental/Lease increases.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency base level funding and the following change item:

- MERLA (State Superfund) Increase. This initiative will provide increased support for the voluntary cleanup program. The voluntary program recovers its costs and is revenue neutral.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Agriculture, Department of

REVENUE SOURCES:

The Department of Agriculture generates non-dedicated revenue, dedicated revenue, and federal funds. The non-dedicated revenue is generated through service and licensing fees charged by the department to various agricultural businesses. The majority of these businesses are inspected and regulated by the divisions in the Protection Services Program, specifically the Agronomy and Plant Protection Division, the Dairy and Food Inspection Division, and the Agricultural Certification Services Division. Funds collected are deposited into the Cambridge Fund and the General Fund. Total non-dedicated revenue for F.Y. 1999 is projected to be \$3,203,000.

Dedicated revenue is generated by licensing, inspection, regulatory and registration services provided by the department to agricultural industries. Revenue generated from these sources is deposited into the Special Revenue Fund and is projected to be \$19,977,000 in F.Y. 1999.

The department also receives \$1,879,000 in federal funds. These funds are both recurring federal grants and specific project grants.

FEE STRUCTURE:

There are numerous state statutes that require the Department of Agriculture to inspect, regulate, and register agricultural products and industries. These statutes require the department to license and register single persons and businesses that operate in Minnesota and to analyze labeling information to determine its accuracy. Fees are established to recover the cost of providing these services.

Finally, there are several federal programs that the department provides services for. The fees generated for these services recover the cost of providing services.

RECENT CHANGES:

The revenue streams for several of the programs are affected by the depressed farm commodity prices. One such program is the Grain Inspection program. Due to the

increased amount of grain being stored, grain inspection services have been reduced. The department is the only federally licensed inspection agency in the state for grain exported to international destinations.

Weather conditions and changes in industry affect several other programs. These are the Seed Potato program, the Fruit and Vegetable program, and the Dairy Inspection program. The decreasing number of producers affects revenue streams. Fee increases are being proposed in both the Seed Potato program and the Dairy Inspection program.

FORECAST BASIS:

The department is anticipating a steady revenue stream for most programs.

Exceptions are those programs affected by commodity prices, weather conditions, or changes in industries as noted above.

CHANGE ITEMS:

The department is projecting non-dedicated and dedicated to remain level with the exception of proposed fee increases.

The following programs have requested a fee increase:

Program (\$ in 000's)	Increased (Decreased) Revenue
Dairy & Food Inspection Retail Licensed Fees Increases and Certificates of Free Sale	\$205
The following programs are projecting fee increases that do not require legislative action:	
Dairy & Food Inspection: Dairy Services Fees	\$149
The agency is requesting a fee decrease:	
Agronomy & Plant Protection - Pesticide Account	(\$6)

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent			
<u>NON-DEDICATED REVENUE:</u>												
DEPARTMENTAL EARNINGS:												
CAMBRIDGE DEPOSIT FUND	3,103	2,906	2,992	2,995	3,200	3,000	3,205	507	8.6%			
OTHER REVENUES:												
GENERAL	14	21	11	11	655	11	402	1,025	*****			
OTHER SOURCES:												
GENERAL	610	446	200	200	200	200	200	(246)	-38.1%			
TAXES:												
GENERAL	1	0	0	0	0	0	0	0	0			
Total Non-Dedicated Receipts	3,728	3,373	3,203	3,206	4,055	3,211	3,807	1,286	19.6%			
DEDICATED RECEIPTS:												
DEPARTMENTAL EARNINGS:												
SPECIAL REVENUE	16,455	16,303	16,590	16,923	16,917	17,067	17,061	1,085	3.3%			
ENVIRONMENTAL	44	51	51	52	112	52	112	122	119.6%			
GRANTS:												
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,589	4,566	4,566	3,056	3,056	(3,391)	-30.8%			
GENERAL	0	0	163	337	337	338	338	512	314.1%			
SPECIAL REVENUE	33	239	41	50	50	51	51	(179)	-63.9%			
FEDERAL	1,396	993	1,879	1,384	1,384	1,386	1,386	(102)	-3.6%			
OTHER REVENUES:												
SPECIAL REVENUE	2,342	2,797	2,756	2,637	2,506	2,563	2,461	(586)	-10.6%			
FEDERAL	0	2	0	0	0	0	0	(2)	-100.0%			
ENVIRONMENTAL	50	47	45	43	43	0	0	(49)	-53.3%			
RURAL FINANCE ADMINISTRATION	2,728	3,229	3,366	3,376	3,376	3,381	3,381	162	2.5%			
GIFT	117	111	27	27	27	27	27	(84)	-60.9%			
OTHER SOURCES:												
PUBLIC FACILITIES AUTHORITY	0	0	2	2	2	2	2	2	100.0%			
GENERAL	0	64	112	0	0	0	0	(176)	-100.0%			
SPECIAL REVENUE	474	548	590	921	408	782	493	(237)	-20.8%			
RURAL FINANCE ADMINISTRATION	3,091	4,887	5,106	5,106	5,106	5,104	5,104	217	2.2%			
AGENCY	0	482	2	2	2	2	2	(480)	-99.2%			

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
DEDICATED RECEIPTS:									
Total Dedicated Receipts	33.921	36.177	35.319	35.426	34.836	33.811	33.474	(3.186)	-4.5%
Agency Total Revenues	37.649	39.550	38.522	38.632	38.891	37.022	37.281	(1.900)	-2.4%

**2000-2001 Biennial Budget
Federal Funds Summary(Cont.)
(\$ in Thousands)**

Agency: Agriculture, Department of

The Minnesota Department of Agriculture (MDA) received funding from the United States Department of Agriculture (USDA), the Food and Drug Administration (FDA), and from the Environmental Protection Agency (EPA) for grants and fee for service agreements. Federal expenditures totaled about 2% of the agency's F.Y. 1998-99 biennial budget. Most grants and fee for service agreements were less than \$100,000 per year.

MDA has 2 larger reoccurring grants. These are the EPA Pesticide Enforcement Grant and the Farmers Market Nutrition Program Grant.

The EPA Pesticide Enforcement Grant provides funding for pesticide enforcement, applicator enforcement and training, worker protection, groundwater monitoring, and endangered species protection. This grant is basically a 85/15 matching grant. Matching funds are special revenue funds from the Pesticide Regulatory Account.

The Farmers Market Nutrition Program provides funding to educate low income, nutritionally-at-risk families about the value of fresh locally grown produce and to increase direct sales for farmers through farmers markets. It requires a 70/30 matching grant. Matching funds are General Fund dollars. This grant increased significantly in the 1998-99 biennium.

Two previously reoccurring grants that are or will soon be discontinued include the Custom Exempt Meat Inspection fee for service contract and the Commodity Credit Corporation (CCC) Warehouse Examiners grant.

The Custom Exempt Meat Inspection Program is being replaced with the state Meat Inspection Program. This new program is a 50/50 match. The federal reimbursement is deposited into the General Fund, as this agreement requires the state to fund the program with 50% reimbursement being received from USDA. The receipts are then cancelled to the fund level.

The CCC Warehouse Examiners grant was discontinued in F.Y. 1998 due to reduced examination workload at the federal level.

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Agriculture, Department of

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
EPA Pesticide Enforcement Grant	Yes	State Operations	139	1,051	584	585
Medicated Feed Inspection	No	State Operations	11	24	41	41
Karnal Bunt Survey	Yes	State Operations	46	30	41	41
Pesticide Record Keeping	Yes	State Operations	21	40	40	40
Egg and Egg Products	No	State Operations	52	60	62	63
Mandatory Egg Products	No	State Operations	16	16	16	16
Federal Food Inspection	Yes	State Operations	32	40	48	48
Custom Exempt Meat Inspection	Yes	State Operations	98	50	-0-	-0-
Fish and Fish Products	No	State Operations	33	33	33	33
Egg and Poultry Lab Analysis	No	State Operations	72	52	52	52
CCC Warehouse Examinations	No	State Operations	55	-0-	-0-	-0-
Plant Pest Survey	Yes	State Operations	30	15	15	15
Meat Marketing	No	Grants - Individuals	-0-	11	10	10
Organic Meat Marketing	No	Grants - Individuals	63	20	20	20
Processed Food	No	Grants - Individuals	12	7	7	7
Coop Development Value Added Products	No	Grants - Individuals	50	25	10	10
Agriculture Statistics Coop Agreement	Yes	State Operations	40	30	30	30
Farmers Market Nutrition Program	Yes	Grants - Individuals	166	375	375	375
FEMA Disaster Control Account	No	State Operations	59	-0-	-0-	-0-
Agency Total			995	1,879	1,384	1,386

PROGRAM: Protection Services
AGENCY: Agriculture, Department of

PROGRAM PROFILE:

This program develops, administers and coordinates regulatory service activities that support and protect producers, processors, distributors and consumers of Minnesota agricultural products while protecting the state's natural environment.

This program involves the following 5 budget activities:

- Agronomy and Plant Protection
- Agriculture Certification
- Dairy and Food Inspection
- Grain and Produce Inspection
- Laboratory Services.

Through comprehensive oversight, analysis and related regulatory activities, this program provides for the production, processing and distribution of safe, wholesome and properly represented agricultural products.

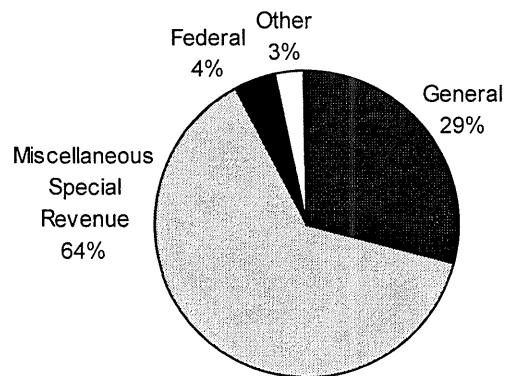
STRATEGIES AND PERFORMANCE:

This program goals are accomplished by applying state, federal, and local laws and regulations associated with health, safety, quality, labeling and environmental protection. The strategies to implement program activities cover the following areas:

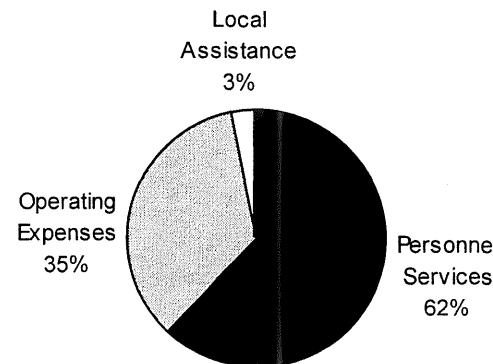
- education and information;
- technical, financial, and compliance assistance;
- monitoring, analysis, and certification of product quality and composition;
- citizen and customer complaint response;
- regulatory inspection, audits and enforcement.

(Performance information follows in the 5 budget activities of this program.)

1998-99 Expenditures by Fund
 Total \$56 Million



1998-99 Expenditures by Category
 Total \$56 Million



2000-01 Biennial Budget

PROGRAM: Protection Services

AGENCY: Agriculture, Department of
(Continuation)

BUDGET ISSUES:

A combination of recent local agriculture conditions and long-term trends in agriculture have resulted in budget concerns for several Protection Services Activities. This is exacerbated by rapid changes in the global economy and market prices.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base funding levels. In addition, the Governor recommends the following change items:

<u>General Fund</u>	<u>Biennial Amounts</u>
Export Certification, Pest Detection and Management	\$800,000
Food Inspection	900,000
Risk-Based Food Protection	2,500,000
Laboratory Equipment	100,000
Predesign Study - Laboratory	100,000
Timberwolf Payments	160,000
Apiary Survey Needs (Agency Reallocation)	30,000

Environmental Fund

MERLA Appropriation Increase (State Superfund)	120,000
--	---------

Special Revenue (Revenue Reduction)

Minimum Risk Pesticide Exemption. The agency proposes that minimum risk pesticides be exempt from the requirement to be registered. This will reduce revenues in the Special Revenue Fund by \$6,000 per year.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
AGRONOMY & PLANT PROT SERVICES	9,675	10,391	12,045	11,231	11,691	11,256	11,716	971	4.3%
DAIRY & FOOD INSPECTION	4,512	5,675	5,954	6,085	7,535	6,180	8,130	4,036	34.7%
LABORATORY SERVICES	3,864	4,065	4,096	4,000	4,150	4,103	4,153	142	1.7%
GRAIN & PRODUCE INSPECTION	5,071	5,462	5,354	5,319	5,319	5,349	5,349	(148)	-1.4%
AGRICULTURAL CERTIFICATION	1,704	1,325	1,256	1,281	1,376	1,298	1,393	188	7.3%
Total Expenditures	24,826	26,918	28,705	27,916	30,071	28,186	30,741	5,189	9.3%

CHANGE ITEMS:		FUND					
(A) EXPORT CERT & PEST DETEC & MANAGE		GEN			400		400
(B) FOOD INSPECTION		GEN			450		450
(B) RISK BASED FOOD PROTECTION		GEN			1,000		1,500
(B) TIMBERWOLF PAYMENTS		GEN			80		80
(B) APIARY SURVEY NEEDS		GEN			15		15
(B) LABORATORY EQUIPMENT/MNTC FUNDING		GEN			50		50
(B) MERLA APPROPRIATION INCREASE		ENV			60		60
(B) PREDESIGN STUDY FOR JOINT AGENCY LAB		GEN			100		
Total Change Items					2,155		2,555

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	67	83	0	0	0	0
GENERAL	6,563	7,750	8,490	8,678	10,773	8,857	11,352
MINNESOTA RESOURCES	0	7	243	0	0	0	0
SPECIAL REVENUE	9,169	9,284	10,367	9,926	0	10,099	0
ENVIRONMENTAL	293	246	292	276	336	282	342
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	7,512	7,639	7,983	7,773	17,699	7,777	17,876
FEDERAL	1,270	1,210	1,131	1,127	1,127	1,035	1,035
ENVIRONMENTAL	12	227	108	129	129	129	129
AGENCY	0	481	0	0	0	0	0
GIFT	7	7	8	7	7	7	7

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	24,826	26,918	28,705	27,916	30,071	28,186	30,741

FTE BY EMPLOYMENT TYPE:							
FULL TIME	301.6	295.7	319.6	324.2	349.2	324.2	349.2
PART-TIME, SEASONAL, LABOR SER	37.2	22.5	25.1	20.0	23.0	19.8	22.8
OVERTIME PAY	9.0	8.0	7.9	8.0	8.0	8.1	8.1
Total Full-Time Equivalent	347.8	326.2	352.6	352.2	380.2	352.1	380.1

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Agronomy and Plant Protection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This activity serves and protects the citizens of Minnesota and the state's agriculture, environment and economy through education, technical assistance, certification and regulation.

This activity administers statutes that regulate farm and urban uses of:

- pesticides,
- fertilizers and ag lime,
- seed,
- commercial feed,
- noxious weeds.

This activity also regulates or manages:

- plant and exotic pests,
- nursery stock,
- agricultural export certification.

This activity provides a level playing field for all competitors, quality assurance for consumers, environmental and human health protection and state certification for plant and grain export.

Rapid changes in these program areas have resulted in an increasing and substantial emphasis on environmental concerns regarding pesticides and fertilizers. Changes in this activity continue to occur as the needs of the citizens and regulated clientele evolve.

STRATEGIES AND PERFORMANCE:

Strategies

Due to the diverse nature of these regulatory functions, the strategies to administer the programs are varied and based upon legislative authority. Generally, the strategies include:

Information and Education. Awareness by the regulated clientele of the rules and statutes is vital to obtain compliance. The following are examples of the division's efforts to inform and educate:

- Publication of the *MDA Update* on a quarterly basis and distribution to 36,000 licensed private and commercial licensed pesticide applicators.
- In cooperation with the Minnesota Extension Service, County Agricultural Inspectors and industry, the division conducts workshops and training sessions for pesticide applicators, and issues licenses in 14 pesticide categories with 36,000 applicators.
- The monitoring of streams and ground water for agricultural chemical impacts on water quality.
- Publication of fact sheets and newsletters, distribution of training videos, sponsorship of public meetings and presentation of information to regulated clientele on a routine basis.
- Sponsorship of nitrate testing clinics in cooperation with local agencies and organizations in 65 counties in 1998.

Compliance Assistance. The division complements information and education efforts with programs directed at voluntary compliance of rules and regulations, such as the following examples:

- Inspections of agricultural chemical, feed and seed facilities and nurseries to inform and advise on compliance procedures.
- Development and promotion of Best Management Practices based on research to aid homeowners and growers on environmentally and economically sound pesticide and fertilizer use practices.
- Waste pesticide collection and empty pesticide container recycling collections for growers across the state.
- Advice to registrants of pesticides, fertilizers, seed and feed on proper labeling of products sold in the state and on regulations that apply.
- Voluntary Cleanup/Technical Assistance Program (VCTAP) to speed the cleanup of contaminated sites and promote redevelopment of sites.

2000-01 Biennial Budget

BUDGET ACTIVITY: Agronomy and Plant Protection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

(Continuation)

- Administration of the Agricultural Chemical Response and Reimbursement Account (ACRRA), which provides financial incentives to initiate and complete remediation of spills and long-term contaminated sites.

Regulation and Enforcement. The division conducts regulatory inspections and, if violations or complaints warrant, initiates appropriate enforcement actions, such as the following:

- Issuance of warning letters, stop sale notices, notices of violation, administrative penalties or criminal penalties as appropriate.
- Unannounced inspections of facilities and operators and determination of compliance.
- Response to citizen complaints regarding products, misuse of pesticides and environmental incidents.

Performance

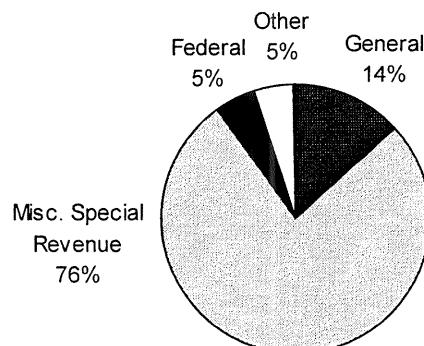
- The ACRRA program provided more than \$1.6 million in reimbursement to 59 applicants in F.Y. 1998.
- More than 250 tons of empty plastic pesticide containers have been collected from 75 counties in the biennium.
- Commercial feed manufacturing firms have demonstrated a compliance of more than 85% following initial inspections.
- Local ground water monitoring cooperative agreements have been developed with Otter Tail, Stearns, Benton, Todd, Hubbard and Becker counties.

- All nurseries that receive interstate shipments of plant stock are inspected at least once per year to prevent the spread of exotic plant pests.
- Two gypsy moth infestations detected in 1997 were successfully treated in 1998.
- Approximately 1,500 of 9,000 seed retail facilities were inspected in 1998 and approximately 2,000 of 50,000 seed lots were sampled.

FINANCING INFORMATION:

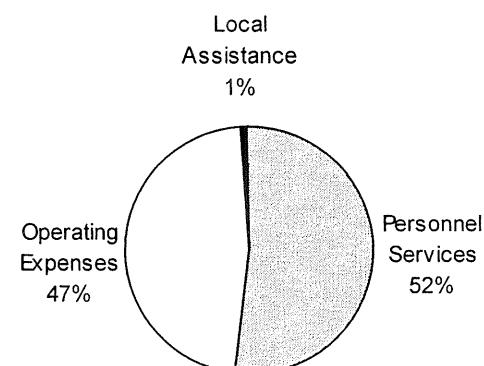
1998-99 Expenditures by Fund

Total \$22 Million



1998-99 Expenditures by Category

Total \$22 Million



2000-01 Biennial Budget

BUDGET ACTIVITY: Agronomy and Plant Protection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

(Continuation)

BUDGET ISSUES:

Most programs are fiscally sound and funded adequately to meet statutory responsibilities. However, critical program needs must be addressed to ensure program effectiveness.

- The increase exotic plant pests such as gypsy moth, Japanese beetle, and Asian long-horned beetle are of significant concern.
- The highly successful voluntary incident cleanup programs, in which the regulated clientele reimburses the Minnesota Department of Agriculture for costs, requires additional MERLA (commonly known as Superfund) funding to address program demands.
- Direct appropriation of dedicated funds restricts the agency's ability to adjust service levels to meet changes in demand for services.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: AGRONOMY & PLANT PROT SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	5,127	5,281	6,329	6,554	6,807	6,712	6,965	2,162	18.6%
OPERATING EXPENSES	4,490	5,023	5,620	4,590	4,797	4,457	4,664	(1,182)	-11.1%
OTHER EXPENSES	7	7	7	7	7	7	7	0	.0%
SUBTOTAL STATE OPERATIONS	9,624	10,311	11,956	11,151	11,611	11,176	11,636	980	4.4%
LOCAL ASSISTANCE	51	80	89	80	80	80	80	(9)	-5.3%
Total Expenditures	9,675	10,391	12,045	11,231	11,691	11,256	11,716	971	4.3%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) EXPORT CERT & PEST DETEC & MANAGE	GEN				400			400	
(B) MERLA APPROPRIATION INCREASE	ENV				60			60	
Total Change Items					460			460	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	67	83	0	0	0	0	0	
GENERAL	1,323	1,244	1,808	1,545	1,945	1,577	1,977		
SPECIAL REVENUE	4,973	5,305	6,180	5,734	0	5,832	0		
ENVIRONMENTAL	293	246	292	276	336	282	342		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,607	2,736	2,979	2,895	8,629	2,905	8,737		
FEDERAL	460	559	587	645	645	524	524		
ENVIRONMENTAL	12	227	108	129	129	129	129		
GIFT	7	7	8	7	7	7	7		
Total Financing	9,675	10,391	12,045	11,231	11,691	11,256	11,716		
REVENUE COLLECTED:									

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: AGRONOMY & PLANT PROT SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	8,556	9,127	9,125	9,158	9,152	9,244	9,238
FEDERAL	639	217	1,145	706	706	707	707
ENVIRONMENTAL	94	98	96	95	155	52	112
GIFT	5	8	7	7	7	7	7
NONDEDICATED							
GENERAL	0	0	1	1	1	1	1
CAMBRIDGE DEPOSIT FUND	518	520	538	559	559	564	564
Total Revenues Collected	9,812	9,970	10,912	10,526	10,580	10,575	10,629
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	102.5	100.9	121.0	123.0	125.0	123.0	125.0
PART-TIME, SEASONAL, LABOR SER	4.3	8.3	10.5	6.7	7.7	6.5	7.5
OVERTIME PAY	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Total Full-Time Equivalent	107.0	109.4	131.7	130.0	133.0	129.8	132.8

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services/Agricultural Marketing and Development
ACTIVITY: Agronomy and Plant Protection Division/Agricultural Marketing and Development Division
ITEM TITLE: Export Certification, Pest Detection and Management

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$750	\$750	\$750	\$750
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.5 million for Export Certification, Pest Detection and Management.

This recommended amount is divided between programs with \$800,000 allocated to Agronomy's Plant Protection for inspection, survey and detection activities. The remaining \$700,000 is allocated to Agricultural Marketing and Development for increased integrated pest management activities.

RATIONALE:

Increasing demands for services, regulatory action and grower assistance in the areas of export certification, exotic pest invasions, plant pest survey, detection and management, and response to federal environmental policies require that the department expand and improve several existing programs. These programs

encompass the following functions: pest survey and detection, information management and dissemination, identification and development of integrated pest management (IPM) strategies, regulatory pest response and control, and certification for product movement.

Recent expansion of world and domestic trade has greatly accelerated the introduction and movement of exotic plant pests such as the Asian longhorn beetle complex, Karnal bunt in wheat, and invasive plants such as buckthorn and purple loosestrife. The continued spread of pests in the eastern U.S., international trade policies and changing state/federal/international regulatory procedures have significantly increased the threat to Minnesota posed by pest-infested shipments of increasingly varied types ranging from seeds to wood shipping pallets. Increased state efforts are needed to protect agricultural exports and allow rapid detection and eradication of new plant and insect pest infestations and threats which have the potential to inflict significant economic damage and reduce the quality of life in Minnesota.

The collection and use of pest data serves several purposes. It provides information for export certification as well as for growers to make timely pest management decisions. The current survey and detection activities do not provide the intensity of coverage or the real time transmission of data to all potential users. The successful implementation of IPM strategies rests on the timeliness and adequacy of pest survey data as well as the availability of technical information. This project will address the issue of a comprehensive survey and expand the accessibility and use of plant pest data and technical information by growers.

This proposal funds several plant protection and management activities including: increasing Nursery Inspection and Pest Management resources to enable more comprehensive inspections of nursery stock shipments from eastern states infested with regulated plant pests; improved protection and response capability for exotic plant and insect pests to maintain export options and prevent introduction and infestation; increased resources for responding to exotic, invasive plants such as buckthorn; funding to conduct a Japanese beetle populations survey within Minnesota to maintain unrestricted export options for nursery stock; accelerate and improve survey and detection activities for endemic and exotic pests; and, equip producers to access and use plant pest and technical data to improve effectiveness of IPM strategies.

FINANCING:

Gypsy moth funding increased \$250,000 last year for increased survey, control and

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services/Agricultural Marketing and Development
ACTIVITY: Agronomy and Plant Protection Division/Agricultural Marketing and Development Division

ITEM TITLE: Export Certification, Pest Detection and Management
(Continuation)

biocontrol efforts. Except for this, the plant pest management regulatory programs have not had an increase in FTEs in 18 years, despite a significant increase in pest threats. Nursery inspection revenues include fees and late fee penalties for nursery stock grower, dealer (including landscaper) and greenhouse certificates, and special inspection fees (houseplant inspections, etc.). The initiative maintains the current fee schedule. However, projected nursery inspection revenue growth, reflecting the industry average, is sufficient to fund \$80,000-\$100,000 of the initiative.

OUTCOMES:

The initiative provides for assessment and response to exotic plant and insect pests. Specific outcomes include the following:

- increased capability to assess, protect and manage invasive plants and insects;
- increased survey and control efforts for invasive pests already found, but not yet widely established, in Minnesota including gypsy moth and Japanese beetle;
- increased inspections and resources to protect and facilitate the export of grain, nursery stock and other agricultural products;
- survey growers to determine pest management needs followed by the identification, development and evaluation of alternative strategies to mitigate crop and financial losses;
- expand demonstration sites and electronic communication to provide growers with timely updates on pest pressures and appropriate IPM strategies;

- double the quality and quantity of field surveys and the extent of survey coverage thus providing more timely, useful and reliable data;
- make real-time field data available to agriculture clientele including extension educators, county agriculture inspectors, growers and crop consultants.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Agronomy and Plant Protection

ITEM TITLE: MERLA (State Superfund) Appropriation Increase

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
Environmental Fund - State Operations	\$60	\$60	\$60	\$60
Revenues: (\$000s)				
Environmental	\$60	\$60	\$60	\$60

Statutory Change? Yes No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the Minnesota Department of Agriculture (MDA) annual administrative appropriation from the MERLA (State Superfund) of \$60,000. The increase will provide base funding for the voluntary cleanup program due to a three-fold increase in sites entering the program over 2 years. The program is voluntary and charges for its costs, making this change item revenue neutral.

RATIONALE:

Enactment of the 1989 Ground Water Protection Act gave commissioner of the Minnesota Department of Agriculture (MDA) responsibilities for incidents (environmental releases) of agricultural chemicals. The MDA has annually been appropriated monies for MERLA Incident Response Work. The appropriation is used for staff administration (salaries, etc.), program costs, and Attorney General support costs. Additional work associated with growing MDA Voluntary Cleanup and Technical Assistance Program requires an additional appropriation for expenses.

FINANCING:

Original and subsequent annual legislative appropriations have been from \$149,000 to current \$269,000.

OUTCOMES:

Since the program charges for its staff time and the fees are returned to the MERLA account, the initiative is revenue neutral. The initiative directly benefits the environment, encouraging voluntary cleanups and also benefits businesses, cities and individuals by facilitating property transfer transactions.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Agronomy and Plant Protection

ITEM TITLE: Minimum Risk Pesticide Exemption

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
Special Revenue	\$6	\$6	\$6	\$6
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statutes(s) affected: M.S. 18B.26 Subd. 5				
<input type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input checked="" type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends that minimum risk pesticides be exempt from registration by adding the following language to M.S. 18B.26 Subd. 5: "(e) The commissioner may exempt from the requirement of registration pesticides that have been deregulated or classified as "minimum risk" by the United States Environmental Protection Agency."

RATIONALE:

Effective 5-6-1996, the U.S. Environmental Protection Agency (EPA) issued a new rule, under authority of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), exempting certain minimum risk pesticides from the requirements, including registration, of FIFRA. EPA has determined that these pesticides are of a character not necessary to be regulated under FIFRA in order to carry out the purposes of the Act. EPA has concluded that exemption of products covered by this final rule will not pose unreasonable risks to public health or the environment and will relieve producers of the burden associated with regulation. The exempted

products are primarily food grade substances, and their oils, including cinnamon, cedar, clove, citronella, garlic, lemon grass, mint, thyme, sesame and rosemary. Minnesota pesticide law, M.S. 18B.26 requires registration of a pesticide prior to distribution in the state. No provision is made in state law for exempting any product from the requirement of registration, and as a result the Minnesota Department of Agriculture (MDA) currently registers products that are exempt under the federal law. Registration may imply to the general public that some sort of evaluation of a product has been made. That is not the case when a minimum risk pesticide is registered by the state. This initiative is an effort to be consistent with federal law and to eliminate the appearance that a product registered by the MDA that contains minimum risk pesticide substances has received some sort of evaluation.

FINANCING:

In 1998, the MDA registered 22 federally exempt products. The loss of registration fees that would result if these products were not required to be registered would be \$5,500.

OUTCOMES:

The initiative would modify Minnesota pesticide registration requirements for minimum risk products to be consistent with federal requirements.

2000-01 Biennial Budget

BUDGET ACTIVITY: Dairy and Food Inspection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This activity administers the state's dairy and food laws and regulations designed to protect consumers from substandard products, misinformation, and fraudulent foods, and to protect the public health by ensuring the safety of foods destined for shipment in intrastate, interstate and international commerce.

This activity licenses and inspects the following food operations:

- dairy farms and processing plants,
- licensed food, meat, fish, poultry, and beverage establishments,
- food warehouses and retail food markets,
- food vending machines.

STRATEGIES AND PERFORMANCE:

Strategies

- Inspect for compliance with uniform federal and state laws and regulations.
- Provide interstate milk shipper certification for the unrestricted movement of Minnesota's Grade A milk products in interstate commerce.
- Investigate consumer complaints.
- Investigate foodborne illness outbreaks.
- Coordinate inspections with federal and local health agencies under cooperative agreements.
- Review retail food store design plans and specifications prior to construction.
- Update Dairy and Food Regulations to comply with science-based criteria.
- Respond to natural disasters that impact the food supply.

Performance

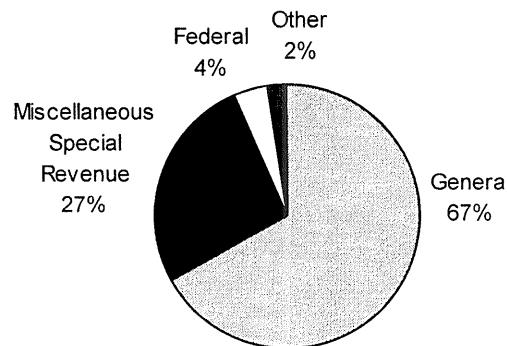
- Dairy and food inspection personnel conducted 19,000 and 22,000 inspections respectively in F.Y. 1998, meeting 85% of the division's goal.
- Approximately 10,000 food samples are collected and analyzed annually.

- The division developed a Uniform Food Code in cooperation with the Minnesota Department of Health and local health agencies.
- The division has completed 90% of the work needed to promulgate a Food Handlers Manager Certification Rule in cooperation with the Department of Health and local agencies.
- The division goal to computerize field inspection activities was not met due to a lack of funding.
- Implementation of the Dairy Diagnostic Program during F.Y. 1998 is showing progress by helping dairy farmers improve operational efficiencies. As of June 1998, 119 dairy farms had participated.

FINANCING INFORMATION:

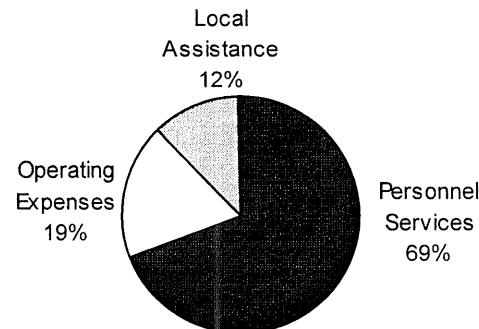
1998-99 Expenditures by Fund

Total \$12 Million



1998-99 Expenditures by Category

Total \$12 Million



2000-01 Biennial Budget

BUDGET ACTIVITY: Dairy and Food Inspection
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

(Continuation)

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 issues have budget impacts.

- The new Food Code and Hazard Analysis Critical Control Point (HACCP) Programs must be incorporated into this activity.
- The new HACCP inspection approach will require additional inspection time, more on-site consultations, and expanded reviews of food establishment plans.
- Increased staff training, plan reviews, industry cooperation, and coordination with other agencies.
- Computerization of the division's field inspection activities is overdue.
- Development of a risk-based food protection initiative to identify, monitor, analyze, and eliminate risks to health and product integrity.
- The number of dairy farms in Minnesota continues to drop by 700-800 per year. However, cow numbers and production numbers remain fairly steady.
- Dairy farms are becoming larger and more technologically advanced, requiring more inspection time.
- Fee adjustments to increase revenue are necessary for this activity to perform its mandated licensing, inspection, and consumer protection and food safety activities.
- Direct appropriation of dedicated funds restricts the agency's ability to adjust service levels to meet demand for services.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: DAIRY & FOOD INSPECTION

Budget Activity Summary	Actual	Actual	Budgeted	F.Y. 2000		F.Y. 2001		Biennial Change	
	F.Y. 1997	F.Y. 1998	F.Y. 1999	Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,703	3,873	4,134	4,656	5,634	4,853	6,175	3,802	47.5%
OPERATING EXPENSES	809	857	1,355	989	1,461	887	1,515	764	34.5%
SUBTOTAL STATE OPERATIONS	4,512	4,730	5,489	5,645	7,095	5,740	7,690	4,566	44.7%
LOCAL ASSISTANCE	0	945	465	440	440	440	440	(530)	-37.6%
Total Expenditures	4,512	5,675	5,954	6,085	7,535	6,180	8,130	4,036	34.7%
CHANGE ITEMS:									
(B) FOOD INSPECTION	GEN				450			450	
(B) RISK BASED FOOD PROTECTION	GEN				1,000			1,500	
Total Change Items					1,450			1,950	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	2,674	3,872	3,901	4,230	5,680	4,312	6,262		
MINNESOTA RESOURCES	0	7	243	0	0	0	0		
SPECIAL REVENUE	1,377	1,289	1,377	1,401	0	1,401	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	213	240	218	297	1,698	284	1,685		
FEDERAL	248	267	215	157	157	183	183		
Total Financing	4,512	5,675	5,954	6,085	7,535	6,180	8,130		
REVENUE COLLECTED:									
DEDICATED									
GENERAL	0	0	163	337	337	338	338		
SPECIAL REVENUE	1,870	1,624	1,650	1,899	1,899	1,899	1,899		
FEDERAL	242	231	199	159	159	160	160		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: DAIRY & FOOD INSPECTION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
CAMBRIDGE DEPOSIT FUND	2,320	2,219	2,220	2,220	2,425	2,220	2,425
Total Revenues Collected	4,432	4,074	4,232	4,615	4,820	4,617	4,822
FTE BY EMPLOYMENT TYPE:							
FULL TIME	76.1	76.7	79.7	84.2	107.2	84.2	107.2
PART-TIME, SEASONAL, LABOR SER	1.2	0.2	0.0	0.0	2.0	0.0	2.0
OVERTIME PAY	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	77.6	77.2	80.1	84.6	109.6	84.6	109.6

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Dairy and Food Inspection

ITEM TITLE: Food Inspection

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$450	\$450	\$450	\$450
Revenues: (\$000s)				
Cambridge Deposit Fund	\$205	\$205	\$205	\$205
Statutory Change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
If yes, statutes(s) affected: M.S. Chapter 28A				
<input checked="" type="checkbox"/> New Activity Certificates	<input checked="" type="checkbox"/> Supplemental Funding License Fees/ Certificates	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends a general fund increase of \$450,000 in F.Y. 2000 and \$450,000 in F.Y. 2001. This increase is partially offset by fee increases, which recognize the mutual benefit to both industry and consumers. Food handling fees are recommended to increase by \$138,000 per year and a new Certificate of Free Sale fee is recommended that will increase revenue by \$67,000 per year.

RATIONALE:

In recent years the costs of providing food inspection services for the state have out paced funding for such services. Increases in operating costs, staff raises and increases in the cost of employee benefits such as health insurance have out paced funding adjustments.

In addition, the state's new food code -- developed in response to industry requests for a more streamlined and uniform state food inspection program -- has led to a shift of focus and more in-depth inspections. This new food code provides enhanced food safety protection for consumers. It also presents a new set of

responsibilities for the department, including training both staff and clientele on the code requirements as well as coordinating efforts with other state, local and federal food safety agencies.

Because of these cost pressures, the Dairy and Food Division has been forced to leave positions unfilled. There are currently 5 open inspector positions and 2 open supervisor positions. As more positions go unfilled, it becomes more difficult to carry out the required inspections, respond swiftly to food safety emergencies and devote adequate resources to ongoing food safety investigations.

In F.Y. 1998, the division conducted 21,835 inspections and took 6,273 samples from food establishments. With the increased demands placed on the depleted inspection staff in F.Y. 1999, it is estimated that they will complete 17,630 inspections and take 3,410 samples. The 20% drop in the number of inspections performed and 46% drop in the number of samples taken, increases food safety risks for the public.

Another complicating factor has been the division's issuance of Certificates of Free Sale to food manufacturers. These certificates provide assurance to foreign customers that the food product in question is safe and complies with relevant state and federal regulations. Without these certificates, it would not be possible to ship Minnesota food products to international markets.

With the increasing emphasis on international trade, there has been a significant increase in the number of requests. For example, in F.Y. 1994, there were 433 requests for certificates. By F.Y. 1998, the number of requests had risen by more than 100% to 873. This trend is expected to continue as international trade expands into the next millennium, and it is no longer practical to meet the demand without funding support. M.S. 28A needs to be amended to include authorization to cover the cost of this very important activity. This would allow for funding for this activity and offset funds currently used for this purpose. This would direct more funds to food safety and inspection programs.

FINANCING:

This initiative includes salary and benefits for 5 FTE professional staff to be located throughout the state. Revenue increase is about 7% above current revenues for license fees in F.Y. 2000.

Certificates of Free Sale fees is a new activity.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Dairy and Food Inspection

ITEM TITLE: Food Inspection
(Continuation)

OUTCOMES:

This item will result in improved capability to provide food inspections and become more efficient with service delivery to the regulated industry and result in improved food protection for consumers, and improved coordination with other state and local food safety agencies. This will be measured by the number of inspections performed and the number of samples obtained yearly and by increasing the frequency of inspections.

Funding will provide the department with the necessary resources to restore the basic program to a minimal level of staffing that existed in F.Y. 1998 and to continue meeting the requests for Certificates of Free Sale.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Dairy and Food Inspection and Laboratory Services

ITEM TITLE: Risk Based Food Protection

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$1,000	\$1,500	\$1,500	\$1,500
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statutes(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends appropriations of \$1,000,000 in F.Y. 2000 and \$1,500,000 in F.Y. 2001 for risk based food protection.

RATIONALE:

Changes in the approach to food safety and protection initiated by industry, consumer expectations and contraction of programs at the federal level, requires that we re-engineer the infrastructure of our statewide food protection programs. In addition, the globalization of our food sources, emerging pathogens and improvements in detection have resulted in more recognized food emergencies, both nationally and statewide. This initiative will allow the department to begin converting systems to an equally proactive approach that is being applied by industry and dictated by good science. This initiative will complement the food safety efforts of the Minnesota Department of Health.

This reengineering will address the following issues:

- Industry is moving toward Hazardous Analysis Critical Control Point (HACCP) based production strategies to address procurement and processing issues. HACCP is a prevention-based food safety and protection system designed to prevent the occurrence of potential food safety and protection problems by addressing the inherent risks attributable to a specific product or a process.
- Consumer understanding of food safety and protection risks is often at odds with established risk factors. Additionally, the regulated community is looking for state leadership and guidance to implement HACCP.
- The traditional agency approach to ensuring food safety and protection has been based on routine inspection of establishments while periodically reacting to food safety and protection crises. Movement towards risk-based inspections will allow the department to focus on known, or most portable, sources of food safety and protection and product integrity concerns.
- A newly revised state food code was recently approved and implemented which relies on the HACCP approach to food safety and protection.
- Reduced federal involvement on food safety and protection issues is occurring as witnessed by the closing of the Food and Drug Administration laboratory in Minneapolis.
- Changing consumer expectations for product labeling and dietary practices elevate the risk of fraud or the potential for compromising product integrity.
- Recent large food borne emergencies have challenged the agency's ability to manage an emergency while meeting essential routine inspection responsibilities.

Implementation of this new approach will significantly reduce exposure to food risks for the citizens of the state. Consumers know the frustration of discarding products just purchased for dating expiration, product condition or food contamination. The cost of one product discarded by each consumer per year for these reasons far exceeds the cost of this initiative. The cost to a company for a single food emergency, would be less than the cost of this initiative. Similarly, the medical costs to citizens and businesses associated with a food borne outbreak can easily exceed the costs of this initiative. This initiative cannot eliminate all food related risks, but reducing them can have a measurable impact on the associated economic costs within our state while improving the quality of products to consumers.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Dairy and Food Inspection and Laboratory Services

ITEM TITLE: Risk Based Food Protection
(Continuation)

FINANCING:

This initiative includes salary, benefits and technical support for professional staff in the Divisions of Dairy and Food Inspection, Laboratory Services, and Agriculture Marketing and Development. Implementation of this initiative will include staffing of 13 FTE's in F.Y. 2000, with an additional 6 FTE's in F.Y. 2001.

The components of this initiative are as follows:

- Dairy and Food Inspection activities.
- Laboratory Services analytical capabilities.
- Inspection and Laboratory technical resources and support.
- Food risk factor research, technical design, and planning of inspection activities.
- Outreach (Education and Communication).

OUTCOMES:

This initiative will result in significantly improved protection for consumers and industry within our state relative to risk factors associated with food production, processing, distribution, purchasing and consumption. The department will be positioned to work with the Minnesota Department of Health in providing a comprehensive and scientifically based food safety and protection program.

Specifically this initiative allows us to:

- Convert to a risk based inspection program and upgrade our ability to monitor, inspect, educate and enforce the laws and regulations of the state so that establishments understand and are compliant with the state's new food code utilizing HACCP and best management procedures.
- Update laboratory analytical capabilities for developing and implementing new methods for emerging pathogens, food allergens, dietary supplements, chemical contaminants, endocrine disrupters (agricultural/industrial chemicals) and other toxins of concern.
- In conjunction with department's Project Unity initiative, update the technical support (personnel, communications equipment, GPS, etc.) of the field staff, office personnel, and laboratory. This allows inspection and analysis information to flow seamlessly in a timely manner enabling effective inspection, accurate analysis of data and sound decision making.
- Implement a proactive science based, approach to researching food safety related issues as an advocate of the consumer.
- Provide the education and communication to the general public so that true risks are understood and that suspicions are allayed.
- Manage the risks associated with food emergencies, proactive planning, training, and communication with other agencies.

2000-01 Biennial Budget

BUDGET ACTIVITY: Laboratory Services
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This activity provides legal and scientifically defensible sample analysis to program managers, inspectors, and compliance officers of the department. This data is used in regulatory decision making. Consultation on analytical issues is also provided to the program manager, inspectors, compliance officers, private analytical laboratories and the agricultural business community.

This activity develops and maintains new analytical capabilities as problems or questions arise on agricultural, environmental, and food safety issues.

This activity certifies the dairy industry for compliance with the Federal Pasteurized Milk Ordinance.

This activity includes the following customers:

- Dairy and Food Inspection Division,
- Agronomy and Plant Protection Division,
- Minnesota Department of Natural Resources,
- Minnesota Department of Health,
- USDA Agriculture Marketing Service / Food Safety and Inspection Service,
- Environmental Protection Agency,
- Food and Drug Administration.

STRATEGIES AND PERFORMANCE:

Strategies

- Consult with program managers and other customers to identify new laboratory analyses that may be required.
- Data exchange through new information management system.
- Identify measurable goals and outcomes through the use of quality assurance project plans.
- Analyze laboratory samples.
- Promote partnerships at state and federal levels to optimize available resources.

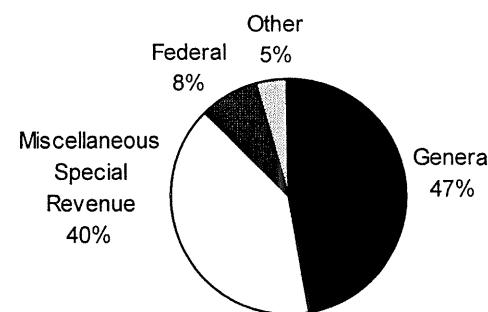
Performance

- New and accurate procedures are developed to provide information on emerging issues involving food safety, consumer and environmental protection.
- Vital information exchange between laboratory and the field is seamless, accurate and easy to obtain.
- Customers and laboratory understand mutual expectations and have a system to measure performance.
- Accurate data is produced in an efficient and timely manner.

FINANCING INFORMATION:

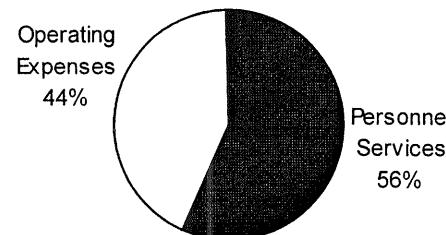
1998-99 Expenditures by Fund

Total \$8 Million



1998-99 Expenditures by Category

Total \$8 Million



2000-01 Biennial Budget

BUDGET ACTIVITY: Laboratory Services
PROGRAM: Protection Service
AGENCY: Agriculture, Department of
(Continuation)

BUDGET ISSUES:

- Current information systems are inadequate to provide needed level of customer service.
- Current laboratory facility does not meet current design standards and has created air quality problems for the building.
- Changing demands for analytical services and advances in technology have outpaced our current resources.
- The federal government is decreasing its analytical role, as shown by the closing of the Minneapolis FDA Laboratory in F.Y. 2000.
- Direct appropriation of dedicated funds restricts the agency's ability to adjust service levels to meet demand for services.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: **AGRICULTURE DEPT**
Program: **PROTECTION SERVICES**
Activity: **LABORATORY SERVICES**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	2,253	2,198	2,405	2,444	2,444	2,527	2,527	368	8.0%
OPERATING EXPENSES	1,611	1,867	1,691	1,556	1,706	1,576	1,626	(226)	-6.4%
SUBTOTAL STATE OPERATIONS	3,864	4,065	4,096	4,000	4,150	4,103	4,153	142	1.7%
Total Expenditures	3,864	4,065	4,096	4,000	4,150	4,103	4,153	142	1.7%
CHANGE ITEMS:									
	FUND								
(B) LABORATORY EQUIPMENT/MNTC FUNDING	GEN				50			50	
(B) PREDESIGN STUDY FOR JOINT AGENCY LAB	GEN				100				
Total Change Items					150			50	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	1,837	1,852	2,002	2,094	2,244	2,140	2,190		
SPECIAL REVENUE	1,483	1,381	1,450	1,409	0	1,456	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	137	135	315	172	1,581	179	1,635		
FEDERAL	407	326	329	325	325	328	328		
AGENCY	0	371	0	0	0	0	0		
Total Financing	3,864	4,065	4,096	4,000	4,150	4,103	4,153		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	147	24	186	186	186	186	186		
FEDERAL	142	72	52	52	52	52	52		
AGENCY	0	371	0	0	0	0	0		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: LABORATORY SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
CAMBRIDGE DEPOSIT FUND	3	1	1	1	1	1	1
Total Revenues Collected	292	468	239	239	239	239	239
FTE BY EMPLOYMENT TYPE:							
FULL TIME	49.5	46.2	48.9	47.4	47.4	47.4	47.4
PART-TIME, SEASONAL, LABOR SER	1.7	0.7	0.8	0.0	0.0	0.0	0.0
OVERTIME PAY	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	51.3	47.0	49.8	47.5	47.5	47.5	47.5

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Laboratory Services

ITEM TITLE: Laboratory Equipment Maintenance and Replacement Initiative

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$50	\$50	\$50	\$50
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statutes(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends a General Fund increase of \$50,000 a year for equipment replacement to maintain and upgrade laboratory analytical equipment.

RATIONALE:

The Laboratory Services Division performs a variety of chemical and microbiological analyses for the agency programs. Technical advances in the science of analytical chemistry and microbiology has required that we acquire new technologies and equipment to meet program requirements. The laboratory has tried to address this through the use of staggered leased purchases that enable us to manage our routine replacement and technological upgrade needs.

- The laboratory has an equipment inventory of \$4,000,000 with an average life expectancy of 10.1 years. Our current annual budget is insufficient to maintain replacement needs.
- The laboratory has applied salary dollars from unfilled positions but we can no longer continue this practice without eroding our capability and service to the programs we serve.

Much of the new equipment is highly sophisticated to the point where we can no longer perform needed repairs ourselves as we have in the past. We have to increasingly rely on service contracts to keep this equipment fully functional. The laboratory is seeking funding of \$50,000 annually to manage the maintenance, repair, replacement, and technical upgrades of our laboratory instruments and related software.

- Upgrades to equipment specify automation to the degree possible. This allows us to increase efficiencies and productivity without added staff.

OUTCOMES:

The result of this initiative will be a well equipped laboratory that is positioned to handle developments in program requirements for analytical support.

Specifically, this initiative will allow us to:

- maintain a service contract for our mass spectrometers that are used to perform analysis in support of pesticide incidents, exposure cases, and environmental fate studies;
- maintain a service contract for the VIDAS ELISA reader that is used for the detection of food borne pathogens such as salmonella, staph enterotoxin, and Listeria;
- acquire new technologies such as capillary electrophoresis that is used in the detection of adulterated products.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Laboratory Services Division

ITEM TITLE: Pre-design Study for Joint Agency laboratory

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$100	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> X </u>				
If yes, statute(s) affected:				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$100,000 for a pre-design study of a new laboratory facility feasibility study. The department must consider environmental laboratory needs of the PCA, DNR and Health Department in the pre-design.

RATIONALE:

Expansion and changes in agricultural programs, consolidation of laboratories with other environmental agencies and the state of the current facility, require that we investigate a new combined laboratory. The facility would house both the analytical and pathology laboratories.

- The Department of Agriculture Laboratory has been in the existing facility for 18 years in space never intended to be a permanent laboratory.
- Expansion of pesticide analytical activities, microbiological and water quality monitoring has changed both the nature and quantity of the work performed.

This has resulted in changing requirements of the facilities needed to perform these analyses.

- MDA laboratory consolidation with the DNR labs at Carlos Avery and Hibbing occurred in 1994. This consolidation has added demands on our current facility.
- Changing awareness, and new protection standards for air quality have left us with an inadequate hood ventilation system to protect our employees.
- Continuing to lease general office space for laboratory activities places us in jeopardy of not being able to comply with increasingly stringent laboratory standards.

Many system inefficiencies have been identified that are due to their physical locations within the lab. We have tried to address these through remodeling to the extent possible within our current budget. Our current facility was not originally designed as a laboratory space since the department was initially going to acquire a new permanent building.

As a result of our successful lab consolidation effort with DNR, they are interested in combining facilities with us for their remaining laboratory functions. Options involving other state agencies have also been discussed.

FINANCING:

This General Fund appropriation would provide the professional/ technical service contract for a facilitator and consultants to begin the research, planning and design of a new laboratory facility.

OUTCOMES:

The outcome will be a needed understanding of the current costs and requirements for a new laboratory facility. This initiative will allow us to understand the impacts to all involved agencies both fiscally and operationally, and will provide a preliminary design of a new facility.

2000-01 Biennial Budget

BUDGET ACTIVITY: Grain and Produce Inspection Division
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This activity ensures that producers have fair market access, protecting their products, consumer interests, and facilitating trade. This is accomplished by unbiased voluntary and mandatory inspections by licensed staff using official methods and equipment. In most cases, these activities are voluntary and are conducted at the request of customers. This allows a less intrusive presence yet provides the assurance in the industry that an unbiased, accurate, repeatable, professional analysis is available when needed, which provides a fair market underpinning to all transactions.

This activity weighs, samples, inspects, and tests grain and produce for the following:

- Producers
- Processors
- Wholesalers and Retailers
- Elevators
- Transportation and Trading Groups

This activity also is responsible for the marketing of Minnesota Certified Seed Potatoes locally, nationally, and internationally.

STRATEGIES AND PERFORMANCE:

Strategies

- Prevent the planting of seed potatoes which do not meet allowable disease standards.
- Enhance the movement of grain to export and domestic sites by providing official grain inspection services.
- Protect consumer and producer interests by ensuring that produce and grain marketed are of the quality and quantity represented, allowing all to participate in a fair market.

- Protect the interests of the state in promoting the availability of fresh fruit and vegetables at appropriate prices based on quality.
- Notify parties of any possible health issues with inspections so the most effective use of grain and produce at fair market prices can be made.

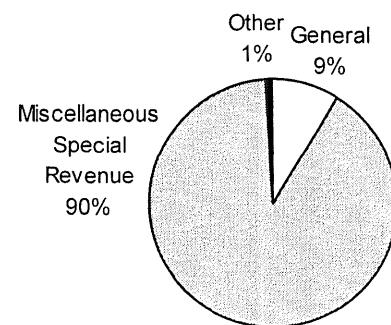
Performance

- Continue as official grain inspection, terminal market, shipping point, and certified seed potato inspection group meeting federal standards.
- Continue to provide results within the same day and next day in 90% of requests.
- Continue to meet and exceed federal standards for official inspection agencies as expressed by federal review results.

FINANCING INFORMATION:

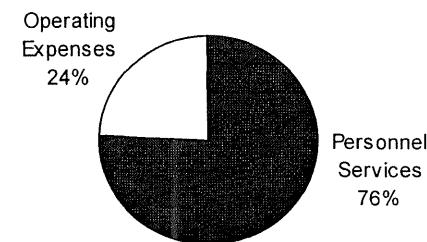
1998-99 Expenditures by Fund

Total \$11 Million



1998-99 Expenditures by Category

Total \$11 Million



2000-01 Biennial Budget

BUDGET ACTIVITY: Grain and Produce Inspection Division
PROGRAM: Protection Service
AGENCY: Agriculture, Department of

(Continuation)

BUDGET ISSUES:

Recent large national and world market economic conditions are causing great fluctuations in prices, thus curtailing grain movement. Many producers are storing rather than selling grain during this low price period. Until the markets and exports recover, this activity faces a challenge to remain viable during slow market and movement periods. These challenges include the following:

- maintaining a base level of licensed, trained staff to ensure services will be available when exports, foreign policy, foreign economies, and market conditions rebound;
- ensuring the continuance of the certified seed potato inspection and produce inspection programs during low market and growing conditions;
- ensuring that while revenue is determined by market conditions and federal oversight, the inspection systems remain available to all interested parties in all parts of the state (this requires the maximum use of receipts for program operation);
- adjusting service levels to meet demand for services in spite of the restrictions imposed on the agency by direct appropriation of dedicated funds.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Program: PROTECTION SERVICES

Activity: GRAIN & PRODUCE INSPECTION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	3,675	4,083	4,094	4,227	4,227	4,331	4,331	381	4.7%
OPERATING EXPENSES	1,396	1,379	1,260	1,092	1,092	1,018	1,018	(529)	-20.0%
SUBTOTAL STATE OPERATIONS	5,071	5,462	5,354	5,319	5,319	5,349	5,349	(148)	-1.4%
Total Expenditures	5,071	5,462	5,354	5,319	5,319	5,349	5,349	(148)	-1.4%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	61	475	480	495	495	508	508		
SPECIAL REVENUE	929	896	898	910	0	927	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,081	3,996	3,976	3,914	4,824	3,914	4,841		
AGENCY	0	95	0	0	0	0	0		
Total Financing	5,071	5,462	5,354	5,319	5,319	5,349	5,349		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
SPECIAL REVENUE	4,806	4,971	4,979	5,002	5,002	5,011	5,011		
AGENCY	0	95	0	0	0	0	0		
NONDEDICATED									
CAMBRIDGE DEPOSIT FUND	179	0	0	0	0	0	0		
Total Revenues Collected	4,985	5,066	4,979	5,002	5,002	5,011	5,011		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars In Thousands)**

Agency: **AGRICULTURE DEPT**
Program: **PROTECTION SERVICES**
Activity: **GRAIN & PRODUCE INSPECTION**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	44.6	51.8	49.1	49.1	49.1	49.1	49.1
PART-TIME, SEASONAL, LABOR SER	27.9	11.9	13.3	13.3	13.3	13.3	13.3
OVERTIME PAY	8.0	7.0	6.8	6.8	6.8	6.8	6.8
Total Full-Time Equivalent	80.5	70.7	69.2	69.2	69.2	69.2	69.2

2000-01 Biennial Budget

BUDGET ACTIVITY: Agricultural Certification
PROGRAM: Protection Services
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This activity reduces the marketing risks for buyers and sellers of raw agricultural products by ensuring their quality and quantity through certification, licensing, bonding and weighing services.

This activity licenses and requires bonds from the following:

- Grain buyers
- Grain storage elevators
- Wholesale produce dealers
- General merchandise warehouses
- Livestock dealers, markets and agents

This activity certifies honey bee colonies for interstate shipment.

This activity provides weighing services to livestock producers and purchasers at packing plants.

STRATEGIES AND PERFORMANCE:

Strategies

- License applicants are required to submit financial statements, which are reviewed to determine if the applicant has sufficient means to operate the business for which the application has been filed.
- Bonds are required of successful applicants providing financial protection in storage and selling transactions for producers of agricultural products and livestock.
- Successful applicants are subject to inspection and examination by division field staff to determine if they are adequately performing the duties for which they are licensed.

- Complaints of unlicensed activities are investigated, claims against bonds are investigated and the validity of claims is determined.
- At the request of beekeepers, inspect bee colonies intended for interstate shipment. Certify them for shipment to other states if these colonies are disease and pest free.
- At the request of packers and producers, weigh livestock at selected locations.

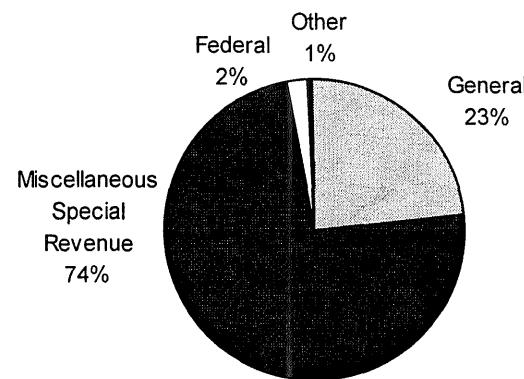
Performance

- All state-licensed grain storage elevators continue to be examined annually.
- More than 100 livestock markets are monitored annually.
- Percentage of exception reports issued for non-compliance declined to just above 30% by the end of 1997-98 license year.

FINANCING INFORMATION:

1998-99 Expenditures by Fund

Total \$3 Million

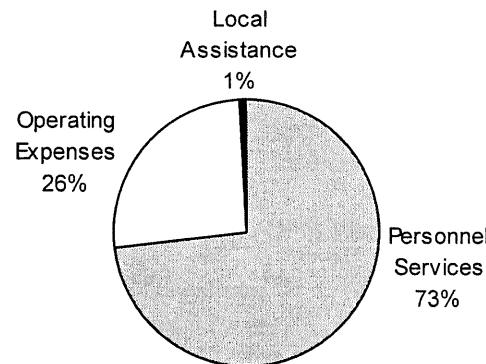


2000-01 Biennial Budget

BUDGET ACTIVITY: Agricultural Certification
PROGRAM: Protection Services
AGENCY: Agriculture, Department of
(Continuation)

1998-99 Expenditures by Category

Total \$3 Million



BUDGET ISSUES:

- As the state's timber wolf population increases, there is a corresponding increase in loss claims filed by livestock producers. This is taxing the division's limited resources in this area, and the funding allotted to pay claims is insufficient.
- Mandate to develop Best Management Practices (BMPs) to help minimize livestock losses to timber wolves did not include funding for development and implementation of the BMPs or for administrative costs.
- The division's goal to examine more licensees (other than those licensed to store grain) was hindered when declining revenues required the reassignment

of field staff away from warehouse examining. As a result, the portion of non-grain storage licensees examined remained in the 40% range.

- Increased regulatory activities in general fund areas (Apiary licensing, Livestock Dealer licensing and Wholesale Produce Dealer licensing) have increased costs that the division is not capable of sustaining.
- Direct appropriation of dedicated funds restricts the agency's ability to adjust service levels to meet demand for services.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: AGRICULTURAL CERTIFICATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	1,313	946	942	957	972	974	989	73	3.9%			
OPERATING EXPENSES	391	354	314	324	404	324	404	140	21.0%			
SUBTOTAL STATE OPERATIONS	1,704	1,300	1,256	1,281	1,376	1,298	1,393	213	8.3%			
LOCAL ASSISTANCE	0	25	0	0	0	0	0	(25)	-100.0%			
Total Expenditures	1,704	1,325	1,256	1,281	1,376	1,298	1,393	188	7.3%			
<u>CHANGE ITEMS:</u>												
		FUND										
(B) TIMBERWOLF PAYMENTS		GEN				80		80				
(B) APIARY SURVEY NEEDS		GEN				15		15				
Total Change Items						95		95				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	668	307	299	314	409	320	415					
SPECIAL REVENUE	407	413	462	472	0	483	0					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	474	532	495	495	967	495	978					
FEDERAL	155	58	0	0	0	0	0					
AGENCY	0	15	0	0	0	0	0					
Total Financing	1,704	1,325	1,256	1,281	1,376	1,298	1,393					
<u>REVENUE COLLECTED:</u>												
DEDICATED												
SPECIAL REVENUE	864	913	899	899	899	899	899					
FEDERAL	86	55	0	0	0	0	0					
AGENCY	0	14	0	0	0	0	0					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: AGRICULTURAL CERTIFICATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
CAMBRIDGE DEPOSIT FUND	67	118	154	136	136	136	136
Total Revenues Collected	1,017	1,100	1,053	1,035	1,035	1,035	1,035
FTE BY EMPLOYMENT TYPE:							
FULL TIME	28.9	20.1	20.9	20.5	20.5	20.5	20.5
PART-TIME, SEASONAL, LABOR SER	2.1	1.4	0.5	0.0	0.0	0.0	0.0
OVERTIME PAY	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Total Full-Time Equivalent	31.4	21.9	21.8	20.9	20.9	21.0	21.0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Agricultural Certification

ITEM TITLE: Timberwolf Payments

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Grants	\$80	\$80	\$80	\$80
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$80,000 be made available to compensate livestock producers for losses to their livestock caused by timberwolves.

RATIONALE:

Current levels of funding are proving to be inadequate, considering the increased losses that livestock producers are incurring, and provide no funding for administration. In 1998, the legislature increased the maximum amount of compensation per animal and the level of funding for this program; however, the number of claims being received are exceeding the allocated amount.

The proposed initiative will assure that claims are paid in a timely manner and will not be delayed until funds become available in a new fiscal year.

FINANCING:

The funding will be used to continue paying producers for livestock lost to timberwolves.

OUTCOMES:

The funding will allow a greater number of livestock producers to receive compensation for livestock lost to timberwolves during a fiscal year.

This page intentionally left blank.

PROGRAM: Agricultural Marketing and Development

AGENCY: Agriculture, Department of

PROGRAM PROFILE:

This program develops and provides services to producers, agribusinesses, and the public in marketing, domestic and international trade, resource management, the transfer of technology and practices, agricultural education and financial assistance. Activities of this program involve the budget activities of Agricultural Marketing and Development and Agricultural Resource Management.

Its purpose is to increase economic activity and profitability, educate the public about agriculture, and help producers balance production advancements with environmental protection.

The goals of this program are to:

- develop and expand markets and processing of Minnesota products,
- work to diversify Minnesota agriculture and agricultural products,
- provide financial and technical support to producers and other clients,
- protect and maintain agricultural land resources,
- publicize sustainable agricultural and pest management technologies,
- increase public awareness of the contributions of Minnesota agriculture.

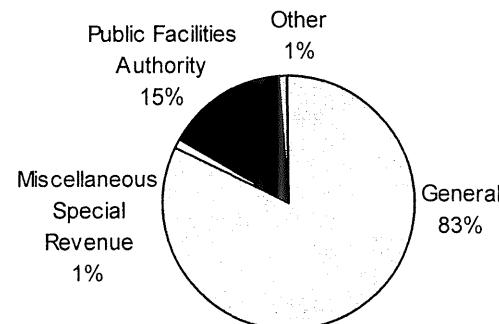
STRATEGIES AND PERFORMANCE:

Strategies

- Conduct customer research to identify needs and set priorities.
- Provide technical assistance to individuals, organizations or local governments.
- Disseminate information through print and electronic media or other means.
- Distribute loans and grants to eligible individuals or organizations.
- Partner with organizations to meet needs and priorities.

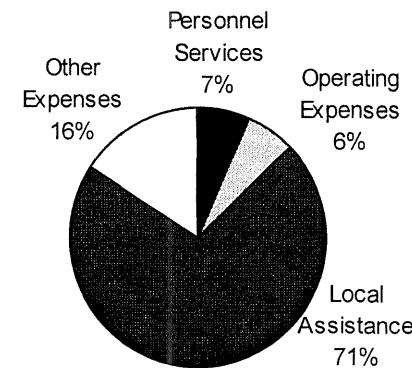
1998-99 Expenditures by Fund

Total \$71 Million



1998-99 Expenditures by Category

Total \$71 Million



2000-01 Biennial Budget

PROGRAM: Agricultural Marketing and Development

AGENCY: Agriculture, Department of
(Continuation)

BUDGET ISSUES:

- Continued urbanization of the state results in a diminished understanding of agriculture. Urban and rural sprawl lead to increased land use conflicts.
- Growing world population requires increased food production.
- Changes in production and consumption patterns offer opportunities for developing industrial and non-traditional uses of agricultural products.
- Minnesota companies are impacted by the world marketplace and need to develop the understanding and capacity to conduct export trade.
- Globalization of trade, communications and capital movement intensifies competition for Minnesota producers and processors, while creating new opportunities, especially in value-added trade.
- New technologies, such as biotechnology, must continue to be developed to protect the environment, enhance profitability and create new markets for farm products.
- There is an increasing need among producers for technical and financial resources to meet societal expectations while remaining economically competitive.
- Changes in federal farm policy have shifted the focus of industry to the marketplace, increasing the importance of adding value and developing new markets for traditional commodities.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base funding levels. In addition, the Governor recommends the following change items:

<u>General Fund</u>	<u>Biennial Amounts</u>
Export Certification, Pest Detection and Management	\$700,000
Feedlot & Manure Management	1,070,000
Ethanol Promotion & Education	(200,000)
Ag. in the Classroom (Reallocation)	70,000

The Governor makes no recommendation regarding the LCMR projects put forward by the Agriculture Department.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Program: AG MARKETING & DEVELOP

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
MARKETING & DEVELOPMENT	17,815	26,398	32,217	38,341	39,236	36,872	37,617	18,238	31.1%
AGRI RESOURCES MANAGEMENT	8,200	7,277	5,628	5,553	7,343	4,059	4,369	(1,193)	-9.2%
Total Expenditures	26,015	33,675	37,845	43,894	46,579	40,931	41,986	17,045	23.8%

CHANGE ITEMS:									
(A) EXPORT CERT & PEST DETEC & MANAGE	FUND				350			350	
(B) SUSTAINABLE LIVESTOCK SYSTEMS	GEN				350				
(B) FEEDLOT & MANURE MGMT RESEARCH & OUTRE	MNR				610			460	
(B) ELIMINATE ETHANOL PROMOTION & EDUC.	GEN				(100)			(100)	
(B) AG IN THE CLASSROOM NEEDS	GEN				35			35	
(B) AQUACULTURE, HYDROPOONICS & GREENHOUSE	MNR				100				
(B) COMMUNITY BASED: LAND USE FOR SUS AG	MNR				400				
(B) ECONOMIC ANALYSIS OF AGRICULTURE	MNR				250				
(B) EVALUATE BIODIESEL FROM WASTE FATS & OIL	EVT				60			65	
(B) IMPACT OF LEAFY SPURGE BIOCONTROL AGENTS	EVT				70			70	
(B) IMPROVED AG SYSTEMS OVERLYING AQUIFERS	MNR				200				
(B) ORGANIC FARMER TRAINING/HMONG FOOD	EVT				175			175	
(B) SUSTAINABLE AQUACULTURE DEVELOPMENT	MNR				185				
Total Change Items					2,685			1,055	

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE									
GENERAL	0	0	0	0	305	0	310		
MINNESOTA RESOURCES	4,208	4,420	4,807	4,231	5,126	4,300	5,045		
SPECIAL REVENUE	125	260	190	0	1,485	0	0		
OPEN APPROPRIATIONS:	110	199	144	141	0	142	0		
GENERAL	14,201	22,035	27,616	34,720	34,720	33,197	33,197		
Total Financing	26,015	33,675	37,845	43,894	46,579	40,931	41,986		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars In Thousands)**

Agency: AGRICULTURE DEPT

Program: AG MARKETING & DEVELOP

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,589	4,566	4,566	3,056	3,056
SPECIAL REVENUE	111	170	286	154	295	154	296
FEDERAL	16	125	136	62	62	62	62
GIFT	53	42	77	20	20	20	20
Total Financing	26,015	33,675	37,845	42,566	45,251	37,959	39,014
FTE BY EMPLOYMENT TYPE:							
FULL TIME	38.0	37.8	50.3	50.8	52.4	50.4	52.0
PART-TIME, SEASONAL, LABOR SER	8.4	10.7	9.0	7.9	11.8	7.2	10.8
Total Full-Time Equivalent	46.4	48.5	59.3	58.7	64.2	57.6	62.8

2000-01 Biennial Budget

BUDGET ACTIVITY: Agricultural Marketing and Development
PROGRAM: Agricultural Marketing and Development
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This activity develops and provides services and programs in marketing and market development, environmental protection, the development and transfer of technology and practices, and agricultural education.

This activity helps producers and agribusinesses add value to products, capitalize on trade opportunities and diversify agricultural production. It also addresses agricultural land preservation and livestock issues, transfers technology, and keeps the public aware of agricultural needs and contributions.

Clients include individual producers and firms, associations of producers and manufacturers, processors, distributors; retailers and exporters; educators and school districts; higher education; and state, federal and local governments. Other interested public parties include agencies such as Agriculture Utilization Research Institute, University of Minnesota, Department of Trade and Economic Development (DTED), Department of Natural Resources, and the Minnesota Pollution Control Agency, other state, local and federal development agencies, and ultimately all consumers of agricultural products in Minnesota.

STRATEGIES AND PERFORMANCE:

Strategies

These are the methods used to carry out the goals of the Budget Activity.

- Help producers organize cooperatives and direct market products.
- Provide access to trade and food shows for small- to medium-sized processors.
- Work with educators and producers to develop materials or events to acquaint Minnesotans with agriculture.
- Provide direct technical assistance to local governments on agricultural land and livestock issues.
- Conduct field days, conferences, or demonstrations to evaluate or show new technologies.

- Conduct research and development on technological needs or new crops and livestock opportunities.
- Provide financial assistance to producers and agribusinesses.

Performance

- Four new ethanol plants began production in F.Y. 1997, F.Y. 1998 and early F.Y. 1999, representing 56 million gallons of ethanol production capacity. Total state production capacity is now 170 million gallons. More than 112 million bushels of corn is now ground for ethanol and related value-added products, representing 16% of the state's corn crop. More than 95% of this corn is processed in facilities owned by more than 8,000 farmer co-op members.
- Statewide implementation of oxygenated fuel requirements took place in October 1997. Nearly 10% of the state's gasoline need has been replaced by ethanol.
- Generated sales increases of more than \$6.5 million in F.Y. 1997 and more than \$7 million in F.Y. 1998 for small and medium sized food companies participating in Minnesota Department of Agriculture sponsored trade shows, more than doubling targeted outcomes.
- Generated sales increase of more than \$6.6 million annually for producers of Minnesota grown fruits, vegetables, and specialty crops and livestock.
- Distributed Ag in the Classroom materials to more than 1,100 schools, reached more than 16,000 students annually through farmer visits to schools, and created 12 new agriculturally related performance packages for use by K-12 teachers in meeting the state's new graduation standards.
- Initiated a producer cooperative development program and assisted 10 new value-added cooperatives in market research, and product and business plan development.
- Continued pilot projects on Whole Farm Planning in Lake Benton and Central Minnesota.
- Assisted about 40 counties and townships in planning for agriculture land preservation and integration of livestock farming into local land use plans.
- Provided plant pest survey data and potential pest alerts to 1,600 users and for phytosanitary certifications.
- Accelerated implementation of biological control efforts for growing threats to Minnesota, such as leafy spurge, spotted knapweed and gypsy moth.
- Organized or participated in more than 35 field days each year demonstrating sustainable agricultural practices to producers and other agricultural professionals.

2000-01 Biennial Budget

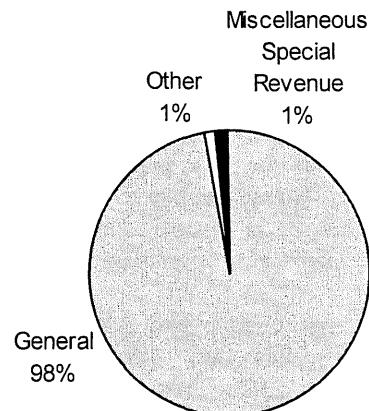
BUDGET ACTIVITY: Agricultural Marketing and Development
PROGRAM: Agricultural Marketing and Development
AGENCY: Agriculture, Department of
(Continuation)

- Distributed about 3,100 Greenbooks reporting on the results of the Sustainable Grants and Loan program, as well as other innovations.
- Constructed a biological control facility to promote education and conduct demonstrations of biological control of urban and household pests.

FINANCING INFORMATION:

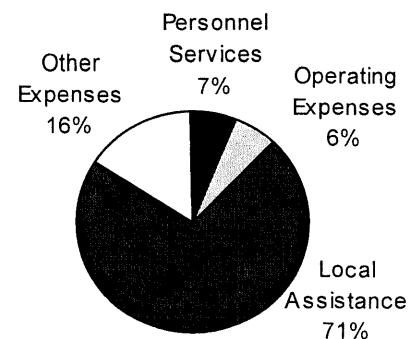
1998-99 Expenditures by Fund

Total \$58 Million



1998-99 Expenditures by Category

Total \$71 Million



BUDGET ISSUES:

- Responding to increasing number of requests from local governments for help with developmental issues such as agricultural land preservation, livestock facility siting, etc.
- Providing local water planners and conservation professionals with sound technical information on how to address agriculture and agricultural environmental management concerns.
- Helping producers and small-to-medium processors capitalize on increasing trade opportunities for value-added agricultural products.
- Evaluating and supporting new uses for Minnesota's excess crop production, such as industrial applications and value-added cooperatives.
- Working to diversify Minnesota's crop and livestock base through the introduction of non-traditional crops and livestock products.
- Fostering awareness among the urban population of the needs of agriculture as well as its social and economic importance to Minnesota.
- Meet growing demands for biocontrol agents and technologies, particularly in regard to exotic species, such as the gypsy moth and leafy spurge.
- Transferring to producers the information and technology needed to grow in a sustainable manner while meeting environmental expectations.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: AG MARKETING & DEVELOP
Activity: MARKETING & DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,577	1,671	2,031	2,039	2,189	2,094	2,244	731	19.7%
OPERATING EXPENSES	1,571	1,659	2,028	1,177	1,922	1,176	1,771	6	.2%
SUBTOTAL STATE OPERATIONS	3,148	3,330	4,059	3,216	4,111	3,270	4,015	737	10.0%
CAPITAL OUTLAY	0	68	0	0	0	0	0	(68)	-100.0%
PAYMENTS TO INDIVIDUALS	116	111	160	160	160	160	160	49	18.1%
LOCAL ASSISTANCE	14,551	22,889	27,998	34,965	34,965	33,442	33,442	17,520	34.4%
Total Expenditures	17,815	26,398	32,217	38,341	39,236	36,872	37,617	18,238	31.1%
<u>CHANGE ITEMS:</u>									
	FUND								
(A) EXPORT CERT & PEST DETEC & MANAGE	GEN				350			350	
(B) FEEDLOT & MANURE MGMT RESEARCH & OUTRE	GEN				610			460	
(B) ELIMINATE ETHANOL PROMOTION & EDUC.	GEN				(100)			(100)	
(B) AG IN THE CLASSROOM NEEDS	GEN				35			35	
Total Change Items					895			745	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	3,206	3,568	3,768	3,244	4,139	3,297	4,042		
MINNESOTA RESOURCES	125	260	190	0	0	0	0		
SPECIAL REVENUE	110	199	144	141	0	142	0		
OPEN APPROPRIATIONS:									
GENERAL	14,201	22,035	27,616	34,720	34,720	33,197	33,197		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	111	170	286	154	295	154	296		
FEDERAL	16	125	136	62	62	62	62		
GIFT	46	41	77	20	20	20	20		
Total Financing	17,815	26,398	32,217	38,341	39,236	36,872	37,617		

**State of Minnesota
2000-2001 Biennial Budget
(Dollars In Thousands)**

Agency: AGRICULTURE DEPT
Program: AG MARKETING & DEVELOP
Activity: MARKETING & DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001				
				Base	Governor Recomm.	Base	Governor Recomm.			
<u>REVENUE COLLECTED:</u>										
DEDICATED										
SPECIAL REVENUE	217	268	311	258	258	258	258			
FEDERAL	44	155	78	52	52	52	52			
GIFT	53	33	20	20	20	20	20			
Total Revenues Collected	314	456	409	330	330	330	330			
<u>FTE BY EMPLOYMENT TYPE:</u>										
FULL TIME	27.7	28.5	37.5	38.0	38.6	37.8	38.4			
PART-TIME, SEASONAL, LABOR SER	7.5	10.2	8.7	7.6	10.8	7.1	10.3			
Total Full-Time Equivalent	35.2	38.7	46.2	45.6	49.4	44.9	48.7			

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Agricultural Marketing and Development
ACTIVITY: Agricultural Marketing and Development

ITEM TITLE: Feedlot and Manure Management Research and Information Outreach

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund - State Operations	\$610	\$460	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$610,000 be appropriated to the department in F.Y. 2000, \$460,000 in F.Y. 2001 to support the continued research of solutions and alternatives for manure management, use and disposal, and odor control technologies.

RATIONALE:

The research and information outreach initiative is a coordinated initiative of the Minnesota Department of Agriculture (MDA) and the Minnesota Pollution Control Agency (MPCA), the Minnesota Department of Health (MDH) and the Board of Water and Soil Resources (BWSR).

The department, in coordination with MPCA and the Feedlot and Manure Management Advisory Committee, per M.S. Section 17.138 develops and maintains a list of manure management research and monitoring needs and

priorities. Continued practical research in the areas of manure management and odor control technologies is focused on the identification and development of solutions which will protect the environment, human health and the state of animal agriculture in Minnesota.

The department, in coordination with the MPCA, the University of Minnesota (UofM), the Minnesota Department of Health and the Feedlot and Manure Management Advisory Committee, will also develop a public information and education program to assist state and local government officials, as well as farmers and other stakeholders making well informed decisions. Much manure management research and monitoring is being done to assess the potential impacts of feedlots on air and water quality and human health, however little of this information is being presented to the public.

Research funds would be distributed by the MDA based on the prioritization of the needs list.

FINANCING:

- \$600,000 would be for contracts to research odor control technologies to reduce, eliminate or manage odor, specifically hydrogen sulfide and ammonia emissions, from feedlots.
- \$200,000 would be for contracts to research the impact to groundwater from seepage from feedlot manure storage and collection systems.
- \$100,000 would be for contracts to conduct field studies of alternative surface tile inlets which can transport sediment and nutrients to surface waters.
- 1.0 FTE and support funding at \$120,000 for the biennium, to assist with the administration of the contract funds and dissemination of information derived as a result of the related manure management research, through workshops, seminars or conferences.
- \$50,000 to update and develop public information and outreach materials including workshops and seminars.

OUTCOMES:

- Improved air and water quality through the control, treatment and mitigation of water and air quality impacts from animal feedlot facilities. Farmers would be equipped with effective, economically viable solutions for challenges related to the operation and maintenance of a feedlot. Currently, the solutions available to producers for many air and water quality mitigation measures are too costly to be implemented. Continued research toward these solutions and

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Agricultural Marketing and Development
ACTIVITY: Agricultural Marketing and Development

ITEM TITLE: Feedlot and Manure Management Research and Information Outreach
(Continuation)

alternatives would serve to protect the environment and human health while allowing animal agriculture to sustain.

- Manure management, use and disposal is a vital part of protecting water and air quality. Research to conserve and recycle nutrients is essential if the goal of reducing water and air quality impacts is going to be realized. Animal diets, manure storage and treatment, and land application of manure all must be done in a manner that minimizes nutrient inputs while maximizing manure nutrients for crop production.
- Better decision making through a well informed public allows the departments involved in animal agriculture and legislators to focus on topics of concern.
- Dissemination of the research findings, equips producers to implement effective, economically viable solutions related to the operation and maintenance of a feedlot.
- Conducting workshops and seminars in the area of animal agriculture provides an opportunity for participants and the departments to receive and provide information.

Long-term Impact:

- Reduce or eliminate odor and nuisance air emissions from feedlots.
- Reduce or eliminate potential nutrient and bacteria loading to surface and ground waters.
- Identify and work to eliminate potential human health impacts from feedlots.
- Improves crop production through effective nutrient uptake and appropriate nutrient crediting.
- Identify areas where additional research needs to be conducted.
- Promote a healthy environment while enhancing agriculture in Minnesota.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Agricultural Marketing and Development
ACTIVITY: Agricultural Marketing and Development

ITEM TITLE: Ethanol Promotion and Development Appropriation

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund - State Operations	\$100	\$100	\$100	\$100
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u> </u> No <u> </u>				
If yes, statutes(s) affected: M.S.				
<input type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends eliminating the base appropriation for Ethanol Promotion and Development, but allow the agency to reallocate \$50,000 per year for increased apairy and agriculture in the classroom activities.

RATIONALE:

Promoting the benefits and use of ethanol in the state of Minnesota is less critical than when the ethanol industry was in its infancy and there was a greater need to promote its economic and environmental benefits to the consumer. Previously, there were greater concerns about potential damage to fuel systems of older vehicles and small gasoline engines from the use of ethanol blended fuels. These concerns have been lessened through education and experience. In addition, state policy has changed over the years. Use of oxygenated fuels in Minnesota has progressed from being voluntary to being mandatory, and its use has expanded from a metropolitan market to a statewide mandate.

FINANCING:

The base level funding is \$100,000 per year. One-half of the reduction is being recommended for reallocation to fund apairy surveys at \$15,000 per year and the Agriculture in the Classroom program at \$35,000 per year. The remaining \$50,000 is a reduction to the agency's base appropriation.

OUTCOMES:

The agency will no longer have funding specifically appropriated for Ethanol Promotion and Development, but the agency may use other resources and means to provide information as it sees fit.

2000-01 Biennial Budget

BUDGET ACTIVITY: Agriculture Resource Management
PROGRAM: Agricultural Marketing and Development
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

The purpose of this activity is to help producers implement practices that protect water quality while helping their farms remain economically viable.

Services are delivered by Agronomy and Plant Protection, Agricultural Marketing and Development and Agricultural Finance Divisions, through research, information, and technical and financial assistance.

STRATEGIES AND PERFORMANCE:

Strategies:

Agronomy and Plant Protection

- Assesses and analyzes current management practices.
- Develops and promotes Best Management Practices (BMPs) for using manure as fertilizer.
- Evaluates changes that occur based on education and information efforts.
- Maintains a laboratory certification program to promote standardized manure nutrient analysis.

Agricultural Marketing and Development

- Helps livestock producers participate in policy and program development for nonpoint source pollution and livestock and feedlot matters.
- Conducts customer research on animal waste systems and management practices.
- Provides information on nutrient management and feedlot and manure management.
- Provides local governments technical assistance on integrating livestock facilities into development plans.

Agricultural Marketing and Development (AMD) and Agricultural Finance share responsibility for the Agricultural Best Management Practices Loan Program (Ag BMP Loan Program).

- AMD conducts overall program implementation, accepts applications and reviews and ranks applications according to eligibility criteria.
- Agricultural Finance carries out loan processing and disburses funds.

Performance:

- Developed and promoted BMPs.
 - Used the FMMAC to help guide input on developing the Generic Environmental Impact Statement (GEIS) on animal agriculture proposal.
 - Used the FMMAC for input on the revision/update of MPCA's feedlot rules.
 - Through FMMAC recommendations, developed manure management and odor control project proposals. To date, the legislature has provided more than \$925,000 to fund research based on those recommendations.
- Conducted more than 500 interviews with farmers on their manure management practices, incorporating results into BMP information and outreach efforts.
- Increased participation in the manure testing laboratory certification program from 17 to 30 laboratories.
- In F.Y. 1996, provided 35 nitrate water testing clinics in 26 counties for 3,500 well samples. By F.Y. 1998, provided 156 clinics in 63 counties and tested 7,000 well samples.
- Provided technical, diagnostic, and implementation assistance in 10 source water protection areas that have elevated nitrate levels.
- Continued the Feedlot and Manure Management Advisory Committee as a vehicle of interagency cooperation, environmental group, local government and producer dialogue regarding feedlot issues.
- Established 4 on-farm and University of Minnesota animal mortality composting demonstration sites.
- Established an animal mortality composting demonstration at Farmfest, which received more than 2,000 visitors.
- Conducted a survey and other needs estimates to determine an estimate of \$1.2 billion in agricultural non-points source funding needs.
- Distributed more than 5,000 feedlot planning guides, Alternative Manure Management manuals, resource directories, and other publications designed to help producers, local governments and others deal with animal agriculture in Minnesota.
- Provided more than 500 manuals titled "Planning and Zoning for Animal Agriculture in Minnesota" to help local governments, producers, and citizens deal with local decisions on animal agriculture in a thoughtful, productive, and thorough manner.

2000-01 Biennial Budget

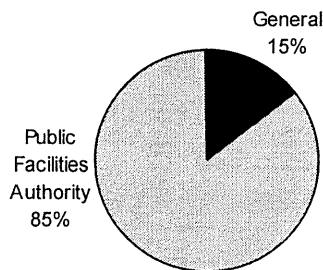
BUDGET ACTIVITY: Agriculture Resource Management
PROGRAM: Agricultural Marketing and Development
AGENCY: Agriculture, Department of
(Continuation)

- Eighty-five counties have received or will receive a total of \$40,159,494 in loan funds under the Ag BMP and Individual Sewage Treatment Systems (septic systems) Loan programs to implement local water plan priorities for agricultural practices or sewage treatment systems. So far, more than 1,600 projects have been completed.

FINANCING INFORMATION

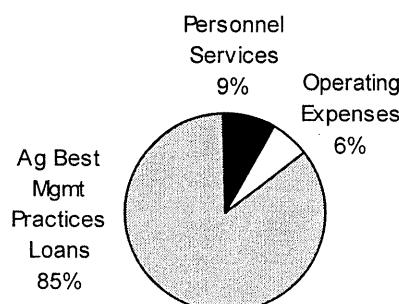
1998-99 Expenditures by Fund

Total \$13 Million



1998-99 Expenditures by Category

Total \$13 Million



LCMR RECOMMENDATIONS:

- *Improved Agricultural Systems Overlying Sensitive Aquifers in Southwestern Minnesota.*

This LCMR recommendation provides funding to the commissioner of agriculture for an agreement with the University of Minnesota, Southwest Experiment Station, to provide technical support, research, systems evaluation and advisory teams to protect sensitive alluvial aquifers threatened by nitrate contamination in southwest Minnesota (\$200,000 from the Minnesota Resources Fund).

- *Sustainable Aquaculture Development in Minnesota.*

This LCMR recommendation provides funding to the Department of Agriculture in cooperation with the University of Minnesota to develop and demonstrate prototypes of aquaponic systems and evaluate aquaponic production of food in an urban environment. This appropriation is available until 6-30-2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program (\$185,000 from the Minnesota Resources Fund).

- *Evaluate Establishment and Impact of Leafy Spurge Biocontrol Agents.*

This LCMR recommendation provides funding to the commissioner of agriculture to study flea beetles introduced to control leafy spurge by site characterization and assessment for biological control (\$140,000 from the Minnesota Resources Fund).

- *Organic Farming Training Project - Pass Through*

This LCMR recommendation provides funding to the commissioner of agriculture for an agreement with the Minnesota Food Association in cooperation with the Midwest Organic Alliance to recruit and train new immigrant and conventional farmers in sustainable and organic methods using a mentoring approach (\$350,000 from the Minnesota Resources Fund).

2000-01 Biennial Budget

BUDGET ACTIVITY: Agriculture Resource Management
PROGRAM: Agricultural Marketing and Development
AGENCY: Agriculture, Department of
(Continuation)

■ *Economic Analysis of Agriculture for Multiple Benefits - Pass Through*

This LCMR recommendation provides funding to the commissioner of agriculture for an agreement with the Land Stewardship Project to evaluate economic and environmental benefits from current and future agricultural production (\$250,000 from the Minnesota Resources Fund).

■ *Aquaculture, Hydroponics, and Greenhouse Research Lab - Pass Through*

This LCMR recommendation provides funding to the commissioner of agriculture for an agreement with Chisago Lakes High School to design and construct a greenhouse, hydroponics, and aquaculture facility to support an outdoor living classroom (\$100,000 from the Minnesota Resources Fund).

■ *Evaluate Biodiesel Made from Waste Fats and Oils - Pass Through*

This LCMR recommendation provides funding to the commissioner of agriculture in cooperation with the Minnesota Soybean Growers Association to produce a diesel fuel from soybeans and waste cooking oils and greases, for laboratory evaluation of the fuel for particulates and engine power, and for trial in light-duty vehicles. The appropriation must be matched by at least \$50,000 of nonstate money (\$125,000 from the Minnesota Resources Fund).

■ *Community-Based Initiatives: Land Use for Sustainable Agriculture Continuation - Pass Through*

This LCMR recommendation provides funding to the commissioner of agriculture for an agreement with the Sustainable Resources Center to develop and preserve urban and suburban agriculture sites, through sustainable landscaping to promote producer and consumer participation in sustainable agriculture, and to train urban gardening experts (\$400,000 from the Minnesota Resources Fund).

■ *Sustainable Livestock Systems - Pass Through*

This LCMR recommendation provides funding to commissioner of agriculture for an agreement with the University of Minnesota, West Central Experiment Station for on-farm research and education programs to support small to moderate-scale farms through whole farm planning and monitoring of forage-based livestock systems. (\$350,000 from the Minnesota Resources Fund).

BUDGET ISSUES:

Key Program Issues to be Addressed:

- BMPs must be developed in recognition of the variations in Minnesota's diverse climate and regional landscapes, animal species and soil types.
- New technologies and information derived through research and development must be transmitted to producers.
- Some counties desire more funding for septic systems in rural areas.
- Demand for the AgBMP Loan Program has been more than double the amount of funds available, and the need appears to be increasing. Current federal funding is inadequate to fund the estimated needs for both municipal sewage treatment and the agricultural and other nonpoint source pollution prevention practices currently financed by the State Revolving Fund.
- The Generic Environmental Impact Statement may have impact on the department's efforts regarding research and development of local land use issues.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Program: AG MARKETING & DEVELOP

Activity: AGRI RESOURCES MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
EXPENDITURES BY CATEGORY:												
STATE OPERATIONS												
PERSONAL SERVICES	535	496	605	652	701	666	712	312	28.3%			
OPERATING EXPENSES	424	307	384	285	2,026	287	551	1,886	272.9%			
OTHER EXPENSES	7,191	6,424	4,589	4,566	4,566	3,056	3,056	(3,391)	-30.8%			
SUBTOTAL STATE OPERATIONS	8,150	7,227	5,578	5,503	7,293	4,009	4,319	(1,193)	-9.3%			
PAYMENTS TO INDIVIDUALS	50	43	0	0	0	0	0	(43)	-100.0%			
LOCAL ASSISTANCE	0	7	50	50	50	50	50	43	75.4%			
Total Expenditures	8,200	7,277	5,628	5,553	7,343	4,059	4,369	(1,193)	-9.2%			
CHANGE ITEMS:												
(B) SUSTAINABLE LIVESTOCK SYSTEMS	MNR				350							
(B) AQUACULTURE, HYDROPONICS & GREENHOUSE	MNR				100							
(B) COMMUNITY BASED: LAND USE FOR SUS AG	MNR				400							
(B) ECONOMIC ANALYSIS OF AGRICULTURE	MNR				250							
(B) EVALUATE BIODIESEL FROM WASTE FATS & OIL	EVT				60			65				
(B) IMPACT OF LEAFY SPURGE BIOCONTROL AGENTS	EVT				70			70				
(B) IMPROVED AG SYSTEMS OVERLYING AQUIFERS	MNR				200							
(B) ORGANIC FARMER TRAINING/HMONG FOOD	EVT				175			175				
(B) SUSTAINABLE AQUACULTURE DEVELOPMENT	MNR				185							
Total Change Items					1,790			310				
FINANCING BY FUND:												
DIRECT APPROPRIATIONS:												
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	305	0	310					
GENERAL	1,002	852	1,039	987	987	1,003	1,003					
MINNESOTA RESOURCES	0	0	0	0	1,485	0	0					
STATUTORY APPROPRIATIONS:												
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,589	4,566	4,566	3,056	3,056					
GIFT	7	1	0	0	0	0	0					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Program: AG MARKETING & DEVELOP

Activity: AGRI RESOURCES MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	8,200	7,277	5,628	5,553	7,343	4,059	4,369
REVENUE COLLECTED:							
DEDICATED GIFT	8	0	0	0	0	0	0
Total Revenues Collected	8	0	0	0	0	0	0
FTE BY EMPLOYMENT TYPE:							
FULL TIME PART-TIME, SEASONAL, LABOR SER	10.3 0.9	9.3 0.5	12.8 0.3	12.8 0.3	13.8 1.0	12.6 0.1	13.6 0.5
Total Full-Time Equivalent	11.2	9.8	13.1	13.1	14.8	12.7	14.1

PROGRAM: Administrative and Financial Services

AGENCY: Agriculture, Department of

PROGRAM PROFILE:

This program provides overall policy direction and supervision of department programs, provides division staff with legislative relations and media relations service, administers a variety of agricultural financial assistance programs, and provides a wide range of support services for the department.

The program serves department staff, elected officials, individual producers, agricultural groups, agribusinesses, and members of the media.

The budget activities include:

- Administrative Support Services (including accounting, personnel, information systems, Commissioner's Office, and Agricultural Statistical Service), and
- Agricultural Finance.

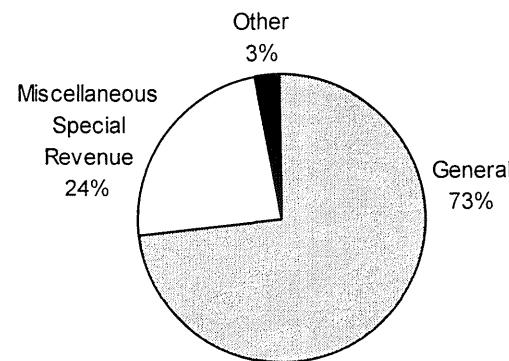
STRATEGIES AND PERFORMANCE:

These activities are accomplished by:

- developing department strategies to maintain regulatory and inspection responsibilities within available resources;
- increasing use of technology to improve information available for decision making, to identify and implement efficiencies, and reduce duplication of data gathering and storing;
- developing agriculture policy;
- administrating and overseeing MDA budget activities;
- communicating agency and industry issues to media and general public;
- providing financial programs to aid producers and farmer-owned cooperatives;
- sponsoring special agricultural events.

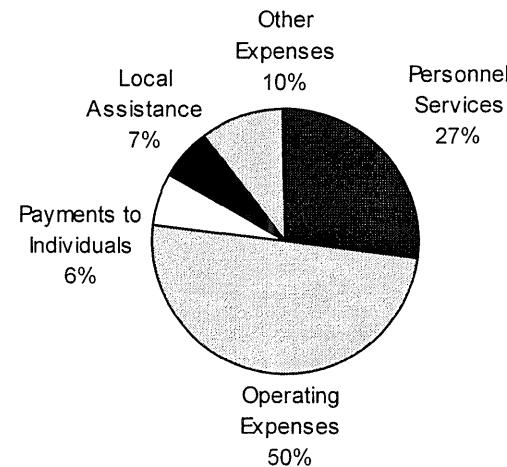
1998-99 Expenditures by Fund

Total \$26 Million



1998-99 Expenditures by Category

Total \$26 Million



2000-01 Biennial Budget

PROGRAM: Administrative and Financial Services

AGENCY: Agriculture, Department of
(Continuation)

BUDGET ISSUES:

- Proceed to the next phase of Project Unity to develop the agency-wide information technology plan.
- Analyze the impact that national and international trade agreements have on the state economy and Minnesota farmers.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base funding levels. In addition, the Governor recommends the following change items:

<u>General Fund</u>	<u>Biennial Amounts</u>
Project Unity - Basic Infrastructure	\$2,200,000
Project Unity - Program Applications	1,264,000
Agricultural Diversification	500,000
Family Farm Security Payments	(100,000)

The Governor recommends that the law be changed so that the unencumbered balance in the Ethanol Development Loan Fund on 7-1-99, and all subsequent receipts, be deposited to the General Fund. The estimated amount of revenue to the General Fund for F.Y. 2000-01 is \$1,517,000.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT

Program: ADMIN & FINANCIAL ASSIST

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ADMINISTRATIVE SUPPORT	5,254	6,528	7,142	6,013	7,980	6,047	8,044	2,354	17.2%
AGRICULTURAL FINANCE	937	829	11,678	1,906	1,856	1,278	1,228	(9,423)	-75.3%
Total Expenditures	6,191	7,357	18,820	7,919	9,836	7,325	9,272	(7,069)	-27.0%

CHANGE ITEMS:	FUND						
(B) PROJECT UNITY-BASIC INFRASTRUCTURE	GEN			1,200		1,000	
(B) PROJECT UNITY-PROGRAM APPLICATION	GEN			567		697	
(B) AGRICULTURAL DIVERSIFICATION	GEN			200		300	
(B) FAMILY FARM PAYMENT ADJUSTMENT	GEN			(50)		(50)	
Total Change Items				1,917		1,947	

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	3,904	5,075	13,985	4,143	6,060	4,137	6,084
SPECIAL REVENUE	51	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	1,930	2,031	4,377	3,369	3,369	2,781	2,781
FEDERAL	246	193	407	405	405	405	405
AGENCY	0	0	2	2	2	2	2
GIFT	60	58	49	0	0	0	0
Total Financing	6,191	7,357	18,820	7,919	9,836	7,325	9,272

FTE BY EMPLOYMENT TYPE:							
FULL TIME	60.4	63.0	69.9	69.2	77.2	69.2	77.2
PART-TIME, SEASONAL, LABOR SER	0.9	1.4	1.4	0.8	0.8	0.8	1.0
Total Full-Time Equivalent	61.3	64.4	71.3	70.0	78.0	70.0	78.2

This page intentionally left blank.

2000-01 Biennial Budget

BUDGET ACTIVITY: Administrative Support
PROGRAM: Administrative and Financial Services
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

This Budget Activity (BACT) provides leadership and support to the department through administration of general support services.

Support services include the Commissioner's Office, Administrative Services, Information Services and the Minnesota Agricultural Statistics Service. Duties include:

- policy development
- direction and communication by the Commissioner's Office
- centralization of general support services
- collection and publishing of agricultural statistics

Customers or clientele:

- MDA staff
- other state agencies
- farmers
- agricultural businesses
- industry groups
- news media

STRATEGIES AND PERFORMANCE:

Strategies:

- Ensure that all divisions in agency have access to technology at a level that is appropriate and sufficient for their prescribed duties.
- Manage infrastructure assets to realize maximum cost efficiencies.
- Ensure equitable access to information for staff and public.
- Proactive plan for future business needs.
- Ensure all farmers, agribusinesses, agricultural groups, and public officials have the accurate, up-to-date agricultural statistics needed to make informed business and policy decisions.

- Through the Farm Advocate Program, provide one-on-one assistance to Minnesota farmers experiencing weather-related or financial crises.

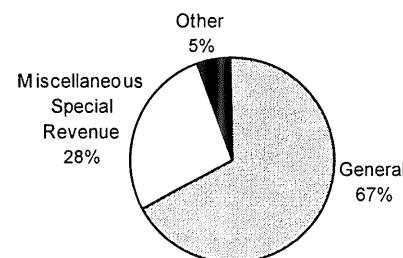
Performance:

- Project Unity's development and implementation of an agency-wide information technology plan.
- Accounting activities and transactions are in compliance with generally accepted principles and Department of Finance policies and procedures.
- 80% or more of data users surveyed rate statistical information as high or very high in terms of accuracy, timeliness, and relevancy.
- Farmers experiencing crises make informed choices about their future.

FINANCING INFORMATION:

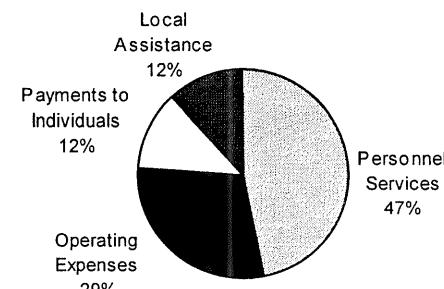
1998-99 Expenditures by Fund

Total \$14 Million



1998-99 Expenditures by Category

Total \$14 Million



2000-01 Biennial Budget

BUDGET ACTIVITY: Administrative Support

PROGRAM: Administrative and Financial Services

AGENCY: Agriculture, Department of

(Continuation)

BUDGET ISSUES:

- As the department has grown and taken on more duties, the importance of having an efficient, cost-effective central support system in place has been magnified.
- As the state's population and government becomes more urban, the need for effective communication of the benefits of agriculture -- and its challenges -- becomes more important.
- With the many technological advances, this activity looks for ways to improve the speed, efficiency and staff/customer access to relevant information.
- As the agriculture industry becomes more global and as new techniques make farming an exact science, the need for highly accurate statistical information increases.
- With the increasing volume of shared data, an integrated information management system is vital.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: ADMIN & FINANCIAL ASSIST
Activity: ADMINISTRATIVE SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	2,739	3,061	3,362	3,310	3,840	3,409	3,995	1,412	22.0%
OPERATING EXPENSES	1,401	1,602	2,368	1,291	2,728	1,293	2,704	1,462	36.8%
SUBTOTAL STATE OPERATIONS	4,140	4,663	5,730	4,601	6,568	4,702	6,699	2,874	27.7%
PAYMENTS TO INDIVIDUALS	246	1,047	605	605	605	605	605	(442)	-26.8%
LOCAL ASSISTANCE	868	818	807	807	807	740	740	(78)	-4.8%
Total Expenditures	5,254	6,528	7,142	6,013	7,980	6,047	8,044	2,354	17.2%
<u>CHANGE ITEMS:</u>									
	FUND								
(B) PROJECT UNITY-BASIC INFRASTRUCTURE	GEN				1,200			1,000	
(B) PROJECT UNITY-PROGRAM APPLICATION	GEN				567			697	
(B) AGRICULTURAL DIVERSIFICATION	GEN				200			300	
Total Change Items					1,967			1,997	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	3,340	4,576	4,552	3,577	5,544	3,559	5,556		
SPECIAL REVENUE	51	0	0	0	0	0	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,557	1,701	2,134	2,031	2,031	2,083	2,083		
FEDERAL	246	193	407	405	405	405	405		
GIFT	60	58	49	0	0	0	0		
Total Financing	5,254	6,528	7,142	6,013	7,980	6,047	8,044		
<u>REVENUE COLLECTED:</u>									

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: ADMIN & FINANCIAL ASSIST
Activity: ADMINISTRATIVE SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
GENERAL	0	64	112	0	0	0	0
SPECIAL REVENUE	1,962	1,997	1,837	1,846	1,846	1,847	1,847
FEDERAL	243	265	405	405	405	405	405
GIFT	51	70	0	0	0	0	0
NONDEDICATED							
GENERAL	3	21	9	9	9	9	9
CAMBRIDGE DEPOSIT FUND	0	0	1	1	1	1	1
Total Revenues Collected	2,259	2,417	2,364	2,261	2,261	2,262	2,262
FTE BY EMPLOYMENT TYPE:							
FULL TIME	54.8	57.1	63.8	63.1	71.1	63.1	71.1
PART-TIME, SEASONAL, LABOR SER	0.9	1.4	0.9	0.8	0.8	0.8	1.0
Total Full-Time Equivalent	55.7	58.5	64.7	63.9	71.9	63.9	72.1

F.Y. 2000-2001 Information Technology New Funding

AGENCY: AGRICULTURE DEPT

PROGRAM: ADMIN & FINANCIAL ASSIST

ACTIVITY: ADMINISTRATIVE SUPPORT

IT Change Item: PROJECT UNITY-BASIC INFRASTRUCTURE

ITEM DESCRIPTION AND PURPOSE:

To serve our constituents and the general public, MDA must maintain a fully functional, up-to-date computer system that is as technically sophisticated as the industries we serve.

Infrastructure Maintenance and Upgrades: MDA's infrastructure contains both the hardware and software that operate the network which ties together all of the computers and printers. To maintain our network and to keep it operating efficiently, MDA must implement regular investments to upgrade and/or replace various technological components.

Six New Positions: As we move into an era of advancing technology, MDA requires additional staff to maintain the system and to provide specialized services to those who use it. The six positions will enable MDA to: upgrade its ability to communicate on a timely basis with its clientele (web master and help desk); move into the geographic information era (geographic information specialist); and to provide leadership, keep abreast of changing technologies and address system compliance components (chief information officer, database administrator, and projects coordinator).

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	17	17	17	17	17	17
Grants	0	0	0	0	0	0
Hardware	653	459	344	344	344	344
Personnel	414	456	456	456	456	456
Services	0	0	0	0	0	0
Software	62	27	27	27	27	27
Supplies	1	1	1	1	1	1
Training	53	40	40	40	40	40
Total	1,200	1,000	885	885	885	885

Computer and Software Purchases: Most of our field staff do not currently have computers which creates a void for communication and data access for staff. The purchase of 71 laptop computers for these staff is MDA's most immediate need, in addition to replacing outdated personal computers and upgrading software to accommodate new technologies. MDA proposes to replace one-fourth of our equipment each year in order to sustain and/or improve our delivery of services.

RATIONALE:

MDA is contacted regularly with data requests by farmers who were often isolated in the past by time and distance. Providing MDA field staff with technological tools will improve communication globally, allow enhanced customer service in a timely manner, and be invaluable in protecting the environment and ensuring food safety.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X				
Operations	X	X	X	X	X	X
Modification			X	X	X	X
Retirement						X

OFFICE OF TECHNOLOGY ANALYSIS:

The agency is engaged in information resource management practices but progress has been slowed due to insufficient funding. Agency business needs would be addressed by funding these projects. The agency must refine the information resource plan and proceed with projects.

OT Master Plan: Goal 2- Efficient and effective government. This project would upgrade and provide basic hardware and software technology to office and field staff, and add technical staff to support business programs and improve response to customer requirements. Recommendation: Proceed with project. OT supports this project.

GOVERNOR'S RECOMMENDATION:

The Governor recommends this change item as requested by the agency.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: AGRICULTURE DEPT

PROGRAM: ADMIN & FINANCIAL ASSIST

ACTIVITY: ADMINISTRATIVE SUPPORT

IT Change Item: PROJECT UNITY-PROGRAM APPLICATION

ITEM DESCRIPTION AND PURPOSE:

Computerized integration of department-wide data would improve both the inspection process and the laboratory analysis by providing information on history, compliance, and laboratory results. This information would identify problem areas and provide important clues for inspectors and lab analysts searching for answers. It would strengthen our ability to track samples from the field through the completed laboratory analysis. This would provide us with improved data reliability for legal purposes. Globalization of food sources and emerging pathogens have contributed to an increased number of food emergencies. The complexity of our food industry and heightened consumer expectations make it imperative that we provide efficient, timely, and accurate data that will establish the basis for sound decision making.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	1	2	2	2	2	2
Grants	0	0	0	0	0	0
Hardware	50	50	0	0	0	0
Personnel	66	70	70	70	70	70
Services	400	550	100	100	100	100
Software	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Training	50	25	5	5	5	5
Total	567	697	177	177	177	177

RATIONALE:

An improved data management system will enable the department to meet its responsibilities to business partners, other state offices and the general public. It will provide critical data to support decisions and recommendations in the areas of food safety, environmental protection, water quality, human health, and automated laboratory best practices. This database system would be designed to work with the data architecture plan currently being implemented with Project Unity funding and would complement the department's new Licensing Information System.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X				
Operations					X	X
Modification			X	X	X	X
Retirement	X					X

Modifications will occur annually through year 2004. Retirement (upgrades) is projected after 5 years or in the year 2006.

OFFICE OF TECHNOLOGY ANALYSIS:

The agency is engaged in information resource management practices but progress has been slowed due to insufficient funding. Agency business needs would be addressed by funding these projects. The agency must refine the information resource plan and proceed with projects.

OT Master Plan: Goal 2-Efficient and effective government. This project would re-engineer business processes and provide agency-wide collection, integration and access to critical data associated with inspections, compliance and laboratory program activities. The project is needed to support the agency's basic mission and programs involving food safety, water quality and human health. Recommendation: Proceed with project. Project Unity is a cornerstone project for this agency and should be completed before other projects are initiated. OT supports this project. *Agency priority-must be funded.

GOVERNOR'S RECOMMENDATION:

The Governor recommends this change item as requested by the agency.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Administrative and Financial Services
ACTIVITY: Administrative Support

ITEM TITLE: Agricultural Diversification

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund - State Operations	\$200	\$300	\$300	\$300
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u>X</u> No _____				
If yes, statutes(s) affected: 17.101 Subd. 7				
<input checked="" type="checkbox"/> New Activity	<input type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$200,000 in F.Y. 2000 and \$300,000 in F.Y. 2001 be appropriated from the General Fund to encourage risk management and diversification initiatives for crop and livestock producers.

RATIONALE:

Minnesota farmers earn approximately \$6.5 billion in a typical year. Eighty-five percent of this income is generated by 8 commodities: corn, soy beans, wheat, sugar beets, dairy, beef, hogs and turkey. As a result, the state's farmers and farm economy are exposed to significant fluctuations in net income as market forces affect total demand for commodities.

Reliance on non-diverse farming practices places farmers at risk when confronted by long-term impacts of disease, poor weather, or unfavorable markets.

To address the situation, the MDA proposes the following:

Create a structured process for identifying and evaluating diversification initiatives. These initiatives may include items such as growing cranberries and hybrid poplar, or may include livestock species, not currently commercially grown in the state.

Compile information on crop and livestock diversification initiatives and make them available to agricultural lenders and farmers to help them assess the potential diversification initiative.

Originate research and development activities to assist in the development of new production alternatives for Minnesota farmers.

Identify a network of skilled market analysts and contract specialists to assist farmers by providing market analysis and contract examination. Educate producers on the benefits and risks of contracts, and the protections offered under Minnesota law.

Develop marketing initiatives and educate farmers on the use of futures and options contracts as a risk management tool. Provide advisory services to producers who are seeking contract opportunities with processors. Develop a risk analysis and written marketing plans for farmers.

FINANCING:

There is no current base budget for this activity.

OUTCOMES:

Establish a structured process to identify feasible and profitable production, marketing and management alternatives for Minnesota farmers.

Develop technical feasibility, advanced market research, or product development on 5-10 most promising initiatives.

Farmers will be better able to comprehend and utilize contracts as a means to strengthen profitability, and enter into contractual agreements as a means of risk management.

Farmers will understand the protections they have under Minnesota laws that impact or regulate production and packer contracts.

2000-01 Biennial Budget

BUDGET ACTIVITY: Agricultural Finance
PROGRAM: Administration and Financial Services
AGENCY: Agriculture, Department of

ACTIVITY PROFILE:

Programs administered by the Agricultural Finance Division are designed to enhance Minnesota's agricultural production and processing capacity, support agricultural practices that protect the environment, and promote the stability of our rural economy. Four activities are administered within the setting of agricultural finance.

- The Rural Finance Authority (RFA)
- The Sustainable Agriculture Loan Program
- The Agricultural Best Management Loan Program
- The Minnesota Corporate Farm Law

The mission of the Rural Finance Authority is to enhance Minnesota's agricultural production and processing capacity by creating programs that provide financial assistance to farmers and agricultural resource businesses.

STRATEGIES AND PERFORMANCE:

Rural Finance Authority (M.S. Chapter 41B)

- The RFA 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). 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.
- The RFA has signed participation agreements with 380 qualified agricultural lenders and carries an outstanding loan balance of more than \$49 million serving 1,300 farmers.
- The RFA maintains an annual loan loss reserve greater than 1% of outstanding loan balances to preserve the financial strength of the state's investment.

- More than 50% of the RFA participations are directed to the Basic, Seller-assisted and Agricultural Improvement loan programs

Agricultural Development Bond "Aggie Bond" (M.S. 41C)

- 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.
- Since 1991, the RFA has closed \$21 million in Aggie Bond loans serving 171 beginning farmers with financing 2% to 3% below conventional interest rates.

Value-Added Stock Loan (M.S. 41B.046)

- 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.
- Since 1991, the RFA has closed \$672,000 in Value-Added Stock loans serving 85 farmers.

Disaster Recovery Loan (1998 Session Laws, Chapter No. 383)

- This zero-interest revolving loan program is designed to help farmers cover the cost of clean-up and removal of debris, lost seed or other crop inputs (including machinery repair), feed and livestock not covered by insurance.

Ethanol Facilities Loan (M.S. 41B.044)

- The RFA may provide up to \$500,000 loan for the construction or expansion of an ethanol facility in Minnesota.
- Since 1993, the RFA has issued 6 loans for a total of \$3 million.

The Sustainable Agriculture Program (M.S. 17.115)

- The loan program consists of \$1 million revolving fund and is designed to accomplish 2 goals. First, it demonstrates and publicizes agricultural practices that are energy efficient, protect the environment, and lower production costs. Second, the program provides low-interest loans to farmers as an incentive to adopt such practices.

2000-01 Biennial Budget

BUDGET ACTIVITY: Agricultural Finance
PROGRAM: Administration and Financial Services
AGENCY: Agriculture, Department of

(Continuation)

- Since 1989, the agency has closed \$2.5 million in Sustainable Agriculture loans serving 246 farmers.

The Agricultural Best Management Program (M.S. 17.117)

- Created by the 1994 legislature to provide low-interest financing to farmers, agribusinesses and rural land owners for the implementation of agricultural best management practices that reduce or mitigate nonpoint source pollution. The program assists an eligible borrower through low-interest (3%) loans.
- The agency has disbursed \$17.6 million in the past 3 years to qualified projects aiding 1,525 farmers. Of these loans, 34% went for conservation tillage equipment; 29% went for septic systems; 21% went for agricultural waste facilities; 12% went for erosion control systems; and 4% went for well sealing.

The Corporate Farm Law (M.S. 500.24 and 500.221)

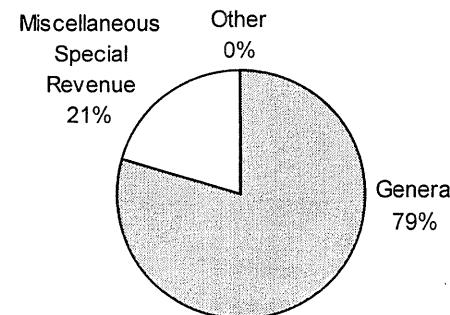
- Promotes and facilitates compliance with the Corporate and Alien Farm Laws. These laws protect the family farm as a basic economic unit and promote the stability and well being of rural society by ensuring that non-farm corporations and foreign entities do not own farm land or engage in production agriculture.
- The agency received recodification of the Corporate Farm Law (M.S. 500.24) in 1997.
- The agency has instituted an educational effort to inform the public about the recodification of the Corporate Farm Law through direct mail of corporate farm brochures to 1,700 attorneys. In addition, the agency has published articles in the Minnesota CPA and Minnesota Bankers Association newsletter.
- The agency continues to contact approximately 2,000 potentially non-compliant legal entities from the Secretary of State's list to determine compliance.

The Family Farm Security Program (M.S. Chapter 41)

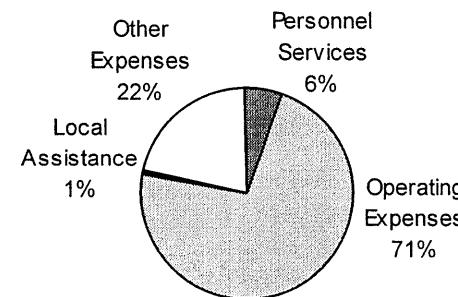
- Was directed to help beginning farmers obtain credit to acquire farm real estate by guaranteeing loans and lessening the burden of high interest rates through an interest adjustment payment made to the lender on the participant's behalf. No new applications have been taken since December 1985.

FINANCING INFORMATION:

1998-99 Expenditures by Fund Total \$12 Million



1998-99 Expenditures by Category Total \$12 Million



2000-01 Biennial Budget

BUDGET ACTIVITY: Agricultural Finance
PROGRAM: Administration and Financial Services
AGENCY: Agriculture, Department of

(Continuation)

BUDGET ISSUES:

- The agency budget plan provides for similar loan activity in the RFA participation programs to that of the 1998-99 biennium.
- Laws of Minnesota for 1997, Chapter 216, Section 17, require the transfer of \$820,000, and Laws of Minnesota for 1998, Chapter 401, Section 10, requires the transfer of \$400,000 from the unencumbered balance in the Ethanol Development Fund to the general fund as cash flow permits, but no later than 6-30-1999.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: ADMIN & FINANCIAL ASSIST
Activity: AGRICULTURAL FINANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	328	338	400	368	368	379	379	9	1.2%			
OPERATING EXPENSES	131	74	8,877	108	108	109	109	(8,734)	-97.6%			
OTHER EXPENSES	428	367	2,324	1,378	1,328	738	688	(675)	-25.1%			
SUBTOTAL STATE OPERATIONS	887	779	11,601	1,854	1,804	1,226	1,176	(9,400)	-75.9%			
CAPITAL OUTLAY	0	0	2	2	2	2	2	2	100.0%			
LOCAL ASSISTANCE	50	50	75	50	50	50	50	(25)	-20.0%			
Total Expenditures	937	829	11,678	1,906	1,856	1,278	1,228	(9,423)	-75.3%			
<u>CHANGE ITEMS:</u>												
(B) FAMILY FARM PAYMENT ADJUSTMENT	GEN					(50)		(50)				
Total Change Items						(50)		(50)				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	564	499	9,433	566	516	578	528					
STATUTORY APPROPRIATIONS:												
SPECIAL REVENUE	373	330	2,243	1,338	1,338	698	698					
AGENCY	0	0	2	2	2	2	2					
Total Financing	937	829	11,678	1,906	1,856	1,278	1,228					
<u>REVENUE COLLECTED:</u>												
DEDICATED												
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,591	4,568	4,568	3,058	3,058					
SPECIAL REVENUE	882	963	990	1,282	638	1,119	728					
RURAL FINANCE ADMINISTRATION	5,819	8,116	8,472	8,482	8,482	8,485	8,485					
AGENCY	0	2	2	2	2	2	2					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: AGRICULTURE DEPT
Program: ADMIN & FINANCIAL ASSIST
Activity: AGRICULTURAL FINANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
GENERAL	615	446	201	201	845	201	592
CAMBRIDGE DEPOSIT FUND	16	48	78	78	78	78	78
Total Revenues Collected	14,523	15,999	14,334	14,613	14,613	12,943	12,943
FTE BY EMPLOYMENT TYPE:							
FULL TIME	5.6	5.9	6.1	6.1	6.1	6.1	6.1
PART-TIME, SEASONAL, LABOR SER	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	5.6	5.9	6.6	6.1	6.1	6.1	6.1

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Administration and Financial Services
ACTIVITY: Agricultural Finance

ITEM TITLE: Family Farm Payment Adjustment-Ethanol Dev. General Fund Cancellation

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$(50)	\$(50)	\$(50)	\$(50)
Revenues: (\$000s)				
General Fund	\$1,126	\$391	\$756	\$258
Special Revenue	\$(1,126)	\$(391)	\$(756)	\$(258)

Statutory Change? Yes No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends 2 reductions in this activity:

The Governor recommends annual reductions of \$50,000 in the Family Farm Payment appropriation.

The Governor recommends that the law be changed so that the unencumbered balance in the Ethanol Development Loan Fund on 7-1-99, and all subsequent receipts, be deposited to the General Fund.

RATIONALE:

- The current Family Farm Payment appropriation base is \$99,000, which is \$50,000 greater than the projected payment liabilities for each of the next 2 years.

- The Ethanol Loan Development Account receives periodic loan repayments of loans to help finance development of Ethanol plants. There is no anticipated need for additional loans, making the balance in the account available for cancellation.

FINANCING:

The Family Farm Payment appropriation will be reduced by \$50,000.

The Ethanol Loan Development Account will reduce its unencumbered balance to zero on 6-30-2001 through a cancellation to the General Fund.

OUTCOMES:

The reductions should have no material effect on these activities.

2000-01 Biennial Budget

AGENCY: Animal Health, Board of

MISSION AND VISION:

The Board of Animal Health is the official animal disease control and eradication agency of the state. (M.S.Ch. 35).

Mission: To protect, maintain and improve the health of the state's domestic animals. In carrying out its mission, the board strives to protect the public health and assure an abundant and wholesome food supply.

Vision: To identify the factors that enhance the transmission of infectious and contagious diseases of animals and eliminate these diseases.

KEY SERVICE STRATEGIES:

- Inspection of companion animals and livestock before sale or exhibition;
- Testing of livestock for infectious and communicable diseases;
- Education and awareness of animal diseases and of best management practices.
- Cooperation with other Minnesota state agencies; the University of Minnesota; other state governments; and the federal government.

PERFORMANCE SUMMARY:

- Eradicated: brucellosis, TB, Cholera, and Pullorum-Typhoid.
- Strengthened biosecurity procedures to control spread of diseases, such as influenza in poultry, pseudorabies in swine and Johne's disease in cattle.
- Reduced incidence of pseudorabies disease from 903 infected swine herds in 1992, to 150 infected swine herds today.
- Reduced Avian Influenza from 179 infected turkey flocks in 1995 to 2 infected flocks in 1998.

REVENUES:

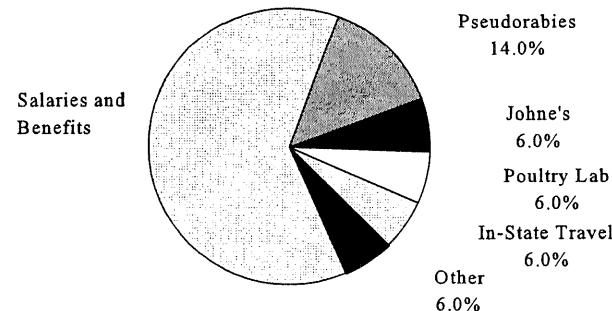
Dedicated revenue is from a federal grant for pseudorabies. Nondedicated revenues are from the collection of fees (M.S. 35.71 and M.S. 347.33), registrations (M.S. 35.824) and penalties (M.S. 35.95). The amounts of fees and the maximum amount of penalties are set in statute.

EXPLANATION OF AGENCY'S PLAN:

The following graphic shows the major categories of planned spending from the

board's total, base-level appropriation (state and federal). All employee salaries and benefits - regardless of disease/program area - are included in the "Salaries and Benefits" category:

ISSUES AFFECTING AGENCY'S OPERATIONS:



- Increasing concern for food safety and consumer protection, and for diseases of animals transmissible to humans, such as rabies.
- Economic advantage of being free of certain animal diseases is directly related to world trade and increased profitability.
- Johne's disease: current funding is not adequate to meet the demand for testing in the Johne's disease program.
- Avian Pneumovirus: cooperate with industry in a testing program to identify infected flocks and control the transmission of this emerging disease.
- Information technology: we can no longer meet the increasing I.T. requirements within the current budget .
- Companion Animal Resource Education: build on the success of this cooperative program, with the U of M and Extension Service, that supplies scientifically-based, educational information on the selection, health and care of pets.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget except for the following adjustments: a biennial increase in funding of \$300,000 for control of paratuberculosis and \$236,000 to identify and investigate Avian Pneumovirus disease in turkeys.

In addition to these changes, the Office of Technology budget is carrying a technology infrastructure change item for small agencies, which includes a technology initiative for the Board of Animal Health.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ANIMAL HEALTH BOARD
Program: LIVESTOCK AND POULTRY HEALTH
Activity: DISEASE REGULATION AND CONTROL

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99				
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent			
<u>EXPENDITURES BY CATEGORY:</u>												
STATE OPERATIONS												
PERSONAL SERVICES	1,653	1,761	1,842	1,916	1,916	1,970	1,970	283	7.9%			
OPERATING EXPENSES	978	902	1,199	1,019	1,287	1,019	1,287	473	22.5%			
SUBTOTAL STATE OPERATIONS	2,631	2,663	3,041	2,935	3,203	2,989	3,257	756	13.3%			
LOCAL ASSISTANCE	0	45	40	40	40	40	40	(5)	-5.9%			
Total Expenditures	2,631	2,708	3,081	2,975	3,243	3,029	3,297	751	13.0%			
<u>CHANGE ITEMS:</u>												
	FUND											
(B) AVIAN PNEUMOVIRUS DISEASE PROGRAM	GEN				118			118				
(B) JOHNE'S DISEASE CONTROL PROGRAM	GEN				150			150				
Total Change Items					268			268				
<u>FINANCING BY FUND:</u>												
DIRECT APPROPRIATIONS:												
GENERAL	2,179	2,213	2,698	2,592	2,860	2,646	2,914					
STATUTORY APPROPRIATIONS:												
FEDERAL	452	495	383	383	383	383	383					
Total Financing	2,631	2,708	3,081	2,975	3,243	3,029	3,297					
<u>REVENUE COLLECTED:</u>												
DEDICATED												
FEDERAL	395	443	383	383	383	383	383					
NONDEDICATED												
CAMBRIDGE DEPOSIT FUND	12	2	6	6	6	6	6					
Total Revenues Collected	407	445	389	389	389	389	389					

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: ANIMAL HEALTH BOARD
Program: LIVESTOCK AND POULTRY HEALTH
Activity: DISEASE REGULATION AND CONTROL

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	32.6	32.7	33.0	33.0	33.0	33.0	33.0
Total Full-Time Equivalent	32.6	32.7	33.0	33.0	33.0	33.0	33.0

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: ANIMAL HEALTH BOARD

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	2,926	2,926	2,543	2,543	0	0	383	383
BASE ADJUSTMENTS								
2000-01 SAL. & BEN. BASE	52	106	52	106	0	0	0	0
UNIFORM PENSION BILL RED.	<3>	<3>	<3>	<3>	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	49	103	49	103	0	0	0	0
BASE BUDGET	2,975	3,029	2,592	2,646	0	0	383	383

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Animal Health, Board of
PROGRAM: Livestock and Poultry Health
ACTIVITY: Disease Regulation and Control

ITEM TITLE: Program to Identify and Investigate Avian Pneumovirus Disease in Turkeys

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$118	\$118	\$118	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$236,000 to identify and investigate Avian Pneumovirus disease in turkeys.

RATIONALE:

Avian Pneumovirus is a new disease of turkeys. It has cost the turkey industry in Minnesota over \$15 million. Therefore, the Minnesota Turkey Industry is at a tremendous economic disadvantage compared to the rest of the country. Since this disease is found only in Minnesota, there are no federal funds available. The poultry industry has asked the board to develop a program to identify infected flocks and to investigate the disease's epidemiology.

FINANCING:

Summary level object of expenditure:

	Dollars in Thousands			
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Operating Expenditures	\$118	\$118	\$118	\$118
Current Base Funding	-0-	-0-	-0-	-0-

OUTCOMES:

By identifying infected flocks and investigating the epidemiology, the board will compile data on how the pneumovirus spreads. With this information, control measures can be developed to eradicate the disease.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Animal Health, Board of
PROGRAM: Livestock and Poultry Health
ACTIVITY: Disease Regulation and Control

ITEM TITLE: Program to Control Paratuberculosis ("Johne's Disease") in Domestic Bovine Herds

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
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, statute(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$300,000 for control of Paratuberculosis in livestock.

RATIONALE:

Over 1,700 cattle herds in Minnesota have voluntarily tested and found animals infected with Johne's disease. It is estimated that 22% of Minnesota's 10,000 dairy herds are infected with Johne's disease.

The primary goal of the Johne's Disease Program is to identify infected herds and to reduce the prevalence of disease in those herds. It is necessary to test cattle for Johne's disease to effectively reduce the prevalence of the disease in a herd. Most of the funds for this program are used to encourage testing by sharing the costs of testing with the producer.

To date, the program has had the following result:

Prior to the program - 250 tests/month
 During program - 5,500 tests/month

FINANCING:

Summary level object of expenditure:

	Dollars in Thousands			
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Operating Expenditures	\$150	\$200	\$200	\$200
Current Base Funding	200	200	200	200
FTE	-0-	-0-	-0-	0

OUTCOMES:

- Increase the number of herds identified as infected herds.
- Increase the number of infected herds with herd cleanup plans.
- Increase the number of herds that test negative for the disease.

2000-01 Biennial Budget

AGENCY: Minnesota State Horticultural Society (MSHS)

AGENCY DESCRIPTION: The Minnesota State Horticultural Society (MSHS) is a semi-state, nonprofit educational agency dedicated to the advancement of horticulture in Minnesota.

Mission: To encourage and improve the science and participation of northern horticulture through developing the public's enjoyment, appreciation, and understanding of plants.

Vision: Continue to build on MSHS's 132 years as the voice of Northern Horticulture, educating people about sound northern horticulture practices and environmental stewardship; supporting Minnesota's horticulture industry; developing an endowment to provide a secure future for MSHS's educational programs thus ensuring help for upcoming generations of northern gardeners.

PERFORMANCE SUMMARY:

■ *Membership 1997*

Result: served 21,000 members, primary in Minnesota

■ *1998 Greening Conference: Using Plants to Build Community*

Result: served 300 representatives from local government, state and regional parks systems, watershed districts, nursery professionals, and community planners.

Result: encouraged restoration of communities through gardening.

Result: provided insight on horticultural applications in difficult sites; working with diverse communities.

Result: recognized community greening efforts; 1997 Greenscapes Award.

■ *Minnesota Green 1997* (MSHS's community greening program)

Result: placed \$425,000 in donated plant materials, including trees, shrubs, annuals, and perennials.

Result: served 160 communities throughout the state.

Result: designed plantings, created wildlife habitats, installed sensory and accessible gardens, and improved water quality.

REVENUES: MSHS deposits no revenues into the state treasury since it is not a state agency. The organization relies heavily on non-state revenue sources for funding its programs.

The state of Minnesota appropriation grant represents 10% of the total revenue sources for MSHS operations. Other major revenue sources include: memberships (56%); publications advertising/sales (15%); and educational merchandise sales (7%). MSHS has achieved substantial growth of these earned revenue areas in order to provide stable funding for the growth of programs and services. Additional sources of revenue include; annual donations (5%); contracts for services (5%); educational programs (2%).

EXPLANATION OF AGENCY'S BUDGET PLAN:

The state of Minnesota appropriation grant will be used for:

- MSHS's general operating expenses
- producing *Minnesota Horticulturist* magazine
- disseminating horticultural information to Minnesota residents
- continuing outreach efforts

ISSUES AFFECTING AGENCY'S OPERATIONS:

Building Operations:

- retirement of the mortgage liability, expansion of classroom and library.

Financial Stability:

- By promoting and developing charitable gifts through estate planning, MSHS seeks to grow the Endowment to \$5 million in the next 5 years. Future earned interest will provide funding for MSHS programs into the next millennium.

Horticultural and Environmental Outreach:

- MSHS is in a position to explore expanding metro-based programming to statewide audiences through the Internet, Cable Access Television, and a toll-free plant and garden question line.
- *Minnesota Horticulturist*: Expand distribution to all public libraries and other educational networks statewide, including secondary schools and county extension offices.
- Commercial horticulture continues to be the fastest growing segment of Minnesota agriculture. However, relevant consumer education has not kept pace with the increase in consumer buying. MSHS is meeting the public's need for information on growing plant materials in Minnesota's harsh northern climate through:
 - Minnesota Green, the first statewide greening program in the United States
 - *Minnesota Horticulturist*, the Magazine of Northern Gardening
 - Classes, seminars, conferences, tours, the media, and public events

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

**State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)**

Agency: HORTICULTURAL SOCIETY

Program: HORTICULTURAL SOCIETY

Activity: HORTICULTURAL SOCIETY

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
LOCAL ASSISTANCE	72	82	82	82	82	82	82	0	.0%
Total Expenditures	72	82	82	82	82	82	82	0	.0%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	72	82	82	82	82	82	82	0	.0%
Total Financing	72	82	82	82	82	82	82	0	.0%

2000-01 Biennial Budget

AGENCY: Agriculture Utilization Research Institute (AURI)
(Continuation)

ISSUES AFFECTING AGENCY'S OPERATIONS:

The past 10 years have been a critical time for agriculture in Minnesota. The following issues have an impact on the operating environment:

- Lower commodity prices, reduced federal price supports, yields and competition from foreign markets resulting in lower farm income; this places more pressure for increased utilization of commodities, and the need to discover and develop value added opportunities.
- The identification of new markets 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.
- Issues involving food safety, clean air and water, and product performance have spawned new state and federal regulations, which present both challenge and opportunity for Minnesota-based producers and companies.

LCMR RECOMMENDATION:

- *Commercial Fertilizer Plant for Livestock Solid Waste Processing - Pass Through*

This LCMR recommendation provides funding for an agreement with AquaCare International, Inc. to establish a commercial grade fertilizer plant that will enhance and process animal waste water solids through micronization technology. This appropriation must be matched by at least \$425,000 of nonstate money (\$400,000 from Minnesota Future Resources Fund).

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget and makes no recommendation regarding the LCMR funding proposal.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE UTILIZATION RESRCH

Program: AG UTILIZATION RESEARCH INST

Activity: AG UTILIZATION RESEARCH INST

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
LOCAL ASSISTANCE	4,330	4,420	4,330	4,330	4,730	4,330	4,330	310	3.5%
Total Expenditures	4,330	4,420	4,330	4,330	4,730	4,330	4,330	310	3.5%
CHANGE ITEMS:									
(B) COMMERCIAL FERTILIZER PLANT	<u>FUND</u> MNR				400				
Total Change Items					400				
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	4,130	4,220	4,130	4,130	4,130	4,130	4,130	4,130	4,130
MINNESOTA RESOURCES	0	0	0	0	400	0	0	0	0
SPECIAL REVENUE	200	200	200	200	200	200	200	200	200
Total Financing	4,330	4,420	4,330	4,330	4,730	4,330	4,330	310	3.5%

HJ 11 .M6425a 2000/2001 Envi
Minnesota. Office of the
Governor.
Proposed biennial budget

LEGISLATIVE REFERENCE LIBRARY
645 State Office Building
Saint Paul, Minnesota 55155
DEMCO