



**If It Looks Like a Duck....**

**Analysis of  
Minnesota's Budget for Conservation & Environment  
and  
Allocation of Funds from the Clean Water, Land, & Legacy  
Amendment**

**After the 2011 Legislative Session**

**January 2012**



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In 2008, Minnesota voters overwhelmingly approved an historic constitutional amendment to increase the state's investment in cleaning up lakes and rivers, protecting wildlife habitat, and improving parks and trails. The Legacy Amendment spells out that the newly dedicated funds "must supplement traditional sources of funding for these purposes and may not be used as a substitute." Today, the legal meaning of this prohibition against substitution is at the center of ongoing debate at the Capitol. While our analysis does not seek to answer this legal question, common sense tells us that Minnesotans who voted to tax themselves expect to see more money spent in these important areas.

Three years after passage of the Legacy Amendment, repeated state budget deficits have tested the Legislature's ability to stick to the voters' intent. There are increasingly frequent instances where the Legislature has used Legacy funds to backfill budget cuts, raising concerns that the intended benefits of Legacy funds may erode over time. While politicians may continue to argue over whether these budget practices violate the legal standard, voters recognize this backfilling as exactly the kind of substitution prohibited by the Amendment. As the old saying goes, if it looks like a duck, swims like a duck, and quacks like a duck, then it probably is a duck.

In the 2011 Legislative session, the Governor and Legislature faced a \$5 billion general fund deficit. After a budget stalemate led to a three-week state government shutdown, the Governor and Legislature reached an agreement that relied on a mix of borrowing, one-time fixes, and cuts. As part of this agreement, conservation agencies suffered deep and disproportionate general fund cuts. Where most state agencies were cut by five to ten percent, the five primary conservation agencies were cut by 16.5%, and the Pollution Control Agency saw general fund reductions of nearly 40%.

Water programs suffered some of the deepest cuts. The Clean Water Partnership program was cut by 81% and the Pollution Control Agency's programs for cleaning up failing septic systems saw a 100% general fund cut.

These programs have now lost all or virtually all of their general funds and are significantly dependent on Legacy funds. This pattern of funding – shifting programs away from general funds towards reliance on Legacy funds, with no additional conservation benefit - is what voters understood would be prevented by the prohibition on substitution, and raises warning flags for the future of Legacy funding.

Drastic and disproportionate cuts to Minnesota's beloved state parks also seem to be too closely correlated to the availability of Legacy funds. Further, in the 2011 session, the Legislature also raided lottery funds, which also have a prohibition against substitution, to backfill cuts to state parks as well as other programs.

In November 2011, the Office of the Legislative Auditor (OLA) released two reports analyzing Legacy funds. The OLA found that the Legislature must work harder to ensure that Legacy funds are used to supplement not substitute, and should implement a process for obtaining and documenting information on prior sources of funding for projects receiving Legacy funds in order to prevent substitution.

The OLA also found that, while the internal financial controls for spending Legacy funds are generally adequate, there have been some instances where agency employees have failed to allocate

their leave hours (including vacation, sick and holiday leave) to Legacy funds consistent with the hours actually worked. For instance, one employee allocated 43 percent of his working hours to the Clean Water Fund, but 100 percent of his leave hours to Legacy funds. These irregularities highlight the need for greater attention by agencies in their use of Legacy funds and for more caution against comingling Legacy and traditional funds.

The 2011 Legislature missed important opportunities to enact fee increases to make programs sustainable. For example, the Legislature rejected a plan to raise user fees to pay for the cost of fighting aquatic invasive species. Instead, the Legislature relied on one-time lottery funds, leaving the state without a sustainable source of funding for this critical work. This reliance on short term fixes leaves budget holes that will need to be addressed by future Legislatures, and ultimately adds to the continued pressure on conservation budgets.

Despite the paramount need to focus on solving the severe budget shortfall, the Legislature found time to enact policy changes that favor corporate interests over conserving state resources. The final Environment Finance bill included numerous policy provisions, including provisions that limit the state's ability to regulate large feedlots, that restrict Minnesota's ability to control phosphorus pollution in Lake Pepin, and that require the Pollution Control Agency to review its standards on the amount of sulfate pollution that can be released into state waters, a provision sought by the sulfide mining industry.

On a positive note, Legacy funds have been allocated to a wide variety of activities in every part of the state. And, contrary to the perception of some, habitat acquisition has not generated substantial additional liability for payment in lieu of taxes (PILT.)

In the 2011 Legislative session, a bonding bill was also passed as part of the overall budget agreement. The bill appropriately included important funding for on-the-ground conservation projects, including \$20 million for the construction of wastewater treatment facilities, \$7 million for closed landfill cleanup, and \$20 million for wetland conservation easements.

Looking ahead, the primary focus of the 2012 Legislative session will be passage of the state's regular bonding package, which occurs in even-numbered Legislative years. Because bonding is a traditional and critical source of funding for conservation in Minnesota, the Governor and 2012 Legislature must ensure that the bonding bill funds conservation projects at levels consistent with past practice.

Because the state's November 2011 economic forecast showed a slight surplus in the current budget cycle, it appears that there will not be a need for a supplemental budget in 2012. However, a shortfall is still expected for the 2014-2015 budget cycle and there will be continued pressure on conservation budgets from a variety of angles. For example, there are early indications that Legacy Funds may be eyed to help fund a new football stadium, an idea that lawmakers must quickly reject.

Policy makers should carefully consider attempts to allow risky new forms of sulfide mining that may lead to substantial cleanup costs on an already stressed state conservation budget. And finally, as the Legislature approves the next annual allocation from the Outdoor Heritage component of the Legacy funds, it should implement the recommendations of the OLA and carefully ensure that it respects the voters' intent that these funds are used for the long-term benefit of the state's natural resources and not to solve short-term budget problems.

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*Conservation Minnesota is a non-profit 501(c)(3) organization that engages citizens in solving our state's most important conservation issues. We turn our love of the Great Outdoors into the laws that protect it. And we provide reliable information to help all Minnesotans make decisions that affect our health, our families, and our communities.*

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## INTRODUCTION

Since 2002, Conservation Minnesota has performed an annual analysis of state spending on conservation and the environment. Each year, we analyze the Governor's budget recommendations for conservation agencies, examining proposals for both operating budget and capital spending, and, after the conclusion of the legislative session, we provide a wrap-up of the actions of the Legislature as they affect conservation budgets.

In 2008, Minnesota's citizens overwhelmingly approved the Clean Water, Land, and Legacy Amendment, which constitutionally dedicated an increase of the state's sales tax to clean water, habitat, parks and trails, and cultural resources. Since enactment of this historic amendment, a summary of the allocation of these dedicated funds is also included in our reports.

## ANALYSIS

### Legislature relies on borrowing and short term fixes to address \$5 billion budget shortfall

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At the outset of the 2011 legislative session, the state faced a \$6.2 billion general fund deficit for fiscal years 2012 and 2013. Newly elected Governor Mark Dayton proposed to solve the deficit by shifting \$1.455 billion in school payments the future years, raising \$4.129 billion in increased revenue, using \$136 million from the state's cash flow account, and by cutting \$950 million from state programs (partially offset by \$450 million in new spending.)

Although in February the state's economic forecast reduced the projected deficit to just over \$5 billion, the Governor and Legislature still faced the task of filling a very large budget hole. The Legislature advanced a plan that rejected the Governor's proposals to raise revenues and instead dramatically cut services, local government aid, and state agencies.

The Governor and Legislature were unable to reach an agreement by the end of the legislative session or even by the beginning of the new budget cycle on July 1, resulting in an historic state government shutdown that lasted three weeks. Finally, agreement was reached, and on July 19 the Legislature passed the necessary budget bills during a one-day special session.

The major components of the budget agreement included:

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Figure 1

<b>Special Session Budget Solution for FY2012-2013</b>	
(Dollars in millions)	
(\$2,350)	Payment shifts, including K-12 Education shift
(\$640)	Revenue from the sale of tobacco bonds
(\$180)	Reserves and Cash Flow
(\$1,977)	Permanent Spending Reductions
(\$135)	One Time Spending Reductions
\$421	New spending
(\$174)	Transfers and other revenue
(\$5,035)	Total

Source: Minnesota Management and Budget.

Because the agreement relied heavily on shifting payments to future budget cycles, on borrowing against tobacco bonds, and on other one-time solutions, the state's structural budget problems have not been resolved and another deficit is expected for the next budget cycle (FY 2014-2015.)

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## Legislature increases cuts to conservation programs

As noted, the Governor initially proposed cutting a total of \$950 million from state programs. The Governor’s proposal included cuts to the five primary conservation agencies of \$26.2 million – an 11% cut to these agencies.

The Legislature’s budget solution would have increased the cuts to these agencies to \$67 million – a nearly **one-quarter reduction** in general fund support for Minnesota’s conservation programs.

**In the final budget agreement, the five agencies were cut by \$42.7 million – a total cut of 16.5%.** See Figure 2.

Figure 2

Conservation Agencies FY 2012-13 Enacted General Fund Budgets, Change From Forecast Dollars in Thousands							
	FY2010-11	Forecast Base FY 2012-13	Gov Rec FY2012-13	Conf Report FY 2012-13	Special Session FY 2012-13	\$ Change from Forecast	% Change from Forecast
MN Pollution Control Agency	18,319	17,016	17,110	5,672	10,138	-6,878	-40.42%
Dept. of Natural Resources (GF Direct)	139,026	132,688	122,806	104,058	113,074	-19,614	-14.78%
DNR Shift to Ded. Funds			-10,395	-10,395	-10,395	-10,395	
Bd. Water & Soil Resources	32,832	27,960	25,484	20,608	25,124	-2,836	-10.14%
Metro Parks	7,208	7,140	4,284	5,740	5,740	-1,400	-19.61%
Dept. of Agriculture	70,841	73,638	62,914	61,633	61,633	-12,005	-16.30%
<b>Total (excluding DNR shift)</b>	<b>268,226</b>	<b>258,442</b>	<b>232,203</b>	<b>197,316</b>	<b>215,314</b>	<b>-42,733</b>	<b>-16.53%</b>

Source: Legislative Tracking Sheets.

## Water programs see deep general fund cuts

The Minnesota Pollution Control Agency alone saw its general funds reduced by 40%. Hardest hit were the agency’s water programs:

- **Clean Water Partnership** – general funds cut by 81.5%
- **Subsurface Sewage Treatment Systems Program (SSTS)** and Community Technical Assistance Program – general funds cut by 100%

Funding for these programs is now increasingly supported by Legacy Amendment funds, raising concerns that Legacy funds have been used to backfill these cuts, as discussed more fully below at pages 15-18.

In addition, three programs for **wetland monitoring** and Wetland Conservation Act enforcement administered by the Board of Water and Soil Resources (BWSR) were eliminated:

- WCA Wetland Operations – 100% reduction
- WCA Wetland Replacement Monitoring – 100% reduction
- WCA Wetland Enforcement DNR Pass-Through – 100% reduction

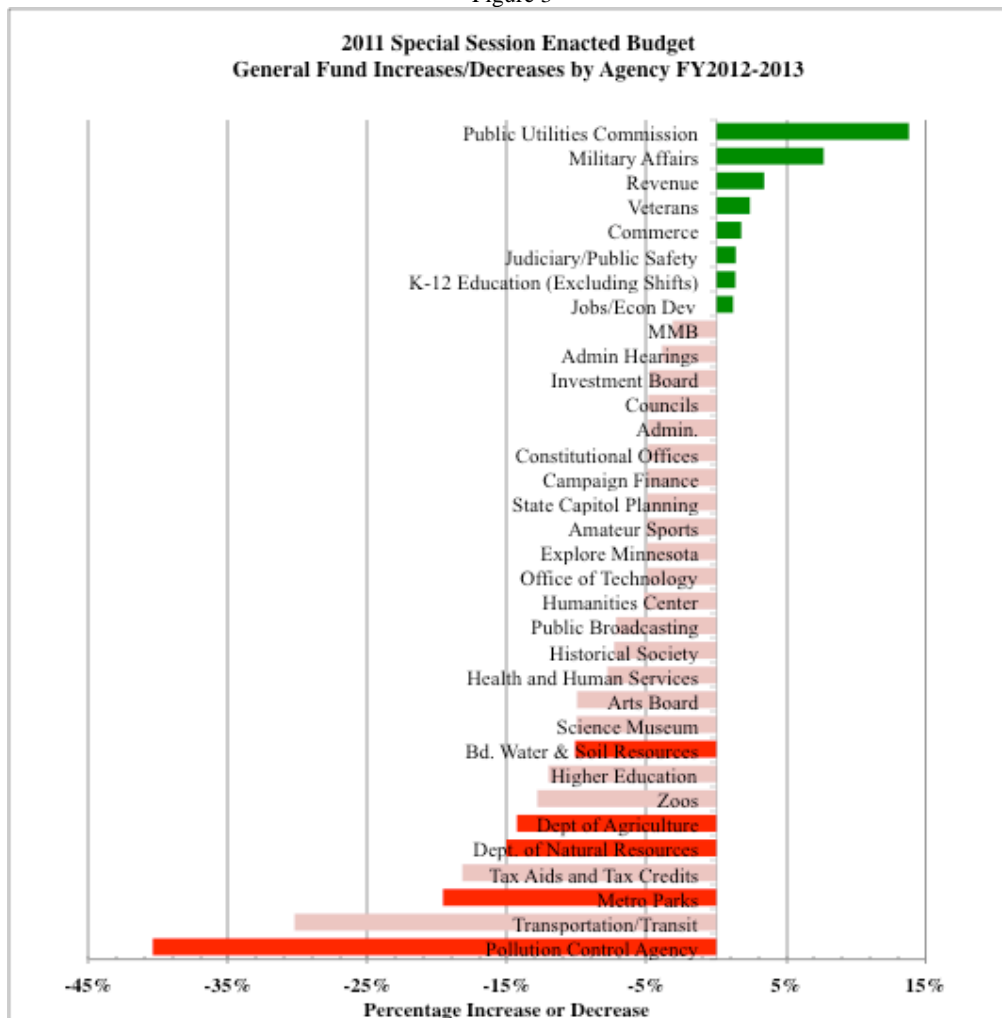
Finally, the DNR Division of **Ecological and Water Resources Management** had its general fund support cut by \$4.8 million for the biennium – over twice the cut recommended by the Governor. The division’s funding for combatting **aquatic invasive species** was increased - but only as a

result of one-time funding from lottery funds, leaving the program without a sustainable long term source of adequate funding.

**Conservation agencies cut disproportionately**

The overall budget solution resulted in \$2.112 billion in permanent or one time spending cuts, a 5.4% cut to the forecasted state spending of \$39 billion. According to Minnesota Management & Budget, most state agency budgets were reduced by five to ten percent.<sup>1</sup> The cuts to the five primary conservation agencies, however, were deeply disproportionate compared to other areas of government. These agencies were cut by a total of 16.5%. The MPCA alone was cut by over 40%, Metro Parks was cut by nearly 20%, and the DNR was cut by 15%, with the largest cuts going to ecological resources (26%), forest management (20%), and parks and trails management (17%). See Figure 3.

Figure 3



Source, Minnesota Legislature, Session Tracking Sheets. See also Attachment A.

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<sup>1</sup>Minnesota Management and Budget, “2011 Legislature Session Summary,” August 17, 2011.!!

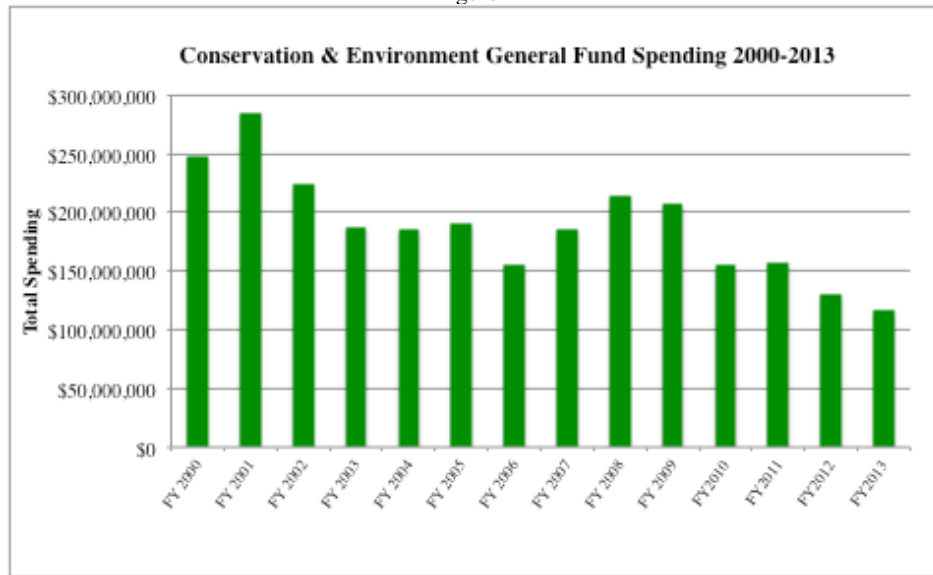
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## General funds for conservation sink to lowest levels in two decades

The state's investment in general funds for conservation has been steadily shrinking for over a decade. With this new round of cuts, general fund spending for the five main conservation agencies – **in non-inflation adjusted dollars** - hits the lowest level in two decades. See Attachment B.

From FY2000 to FY2013, total general funds for conservation **declined from \$248 million to \$117 million** per year. See Figure 4 and Attachment B.

Figure 4



Source: Minnesota Management & Budget, General Fund Statements. (Includes General Funds (Open and Direct) for DNR, PCA, BWSR, Metro Parks and MDA. Not adjusted for inflation. Does not include PILT.)

## Legislature rejects fee increases

To help offset the impact of general fund reductions, the Governor proposed several fee increases that would be deposited in statutorily dedicated funds and used to pay for conservation programs. The Governor's recommendations included:

- Aquatic plant management fees (\$1.4 M)
- Aquatic invasive species surcharge (\$7.5 M)
- Hunting and fishing license fees (\$20.5 M)
- Metro solid waste fees (\$3.0 M)

The Legislature rejected the fee proposals, despite the fact that stakeholders supported many of these increases. As noted, one-time lottery funds are now being employed to prop up the DNR's aquatic invasive program. Hunting and fishing licenses have not been increased in over a decade and are not currently adequate to sustain the work they are intended to support. The Legislature's rejection of these proposed fee increases represents a critical **missed opportunity** to create sustainable sources of funding for these programs.

## Legislature raids lottery funds to fill budget holes

Since 1988, a portion of the state's lottery revenues has been constitutionally dedicated for conservation. These funds are deposited in the Environment & Natural Resource Trust Fund, and a percentage of the corpus is allocated by the Legislative Citizen Commission on Minnesota Resources (LCCMR). The LCCMR, consisting of citizen representatives and legislators, conducts a competitive Request for Proposal process that includes an extensive review and vetting of proposed projects. The Council recommends a package of projects for funding, which is approved by the Legislature. Funded projects are then overseen by the Council, which ensures that each project is held accountable to its work plan.

As with the Legacy Amendment funds, discussed below, lottery funds must be used to supplement traditional funds, not as a substitute or to backfill general fund cuts. The statute authorizing the use of the trust fund provides:

The trust fund **may not be used as a substitute** for traditional sources of funding environmental and natural resources activities...*Minnesota Statutes 2011, section 116P.03.*

The Lottery's website assures citizens that lottery dollars "can only be used to fund projects of long-term benefit to Minnesota's environment and natural resources" and "may not be used as a substitute for traditional sources of environmental or natural resource funding." Lottery FAQ, <http://www.lottery.state.mn.us/etf/faq.html>

In past years, the Legislature has occasionally tweaked the Council package. This year, however, the Legislature made unprecedented changes to the Council's recommendations, eliminating a number of projects and replacing them with appropriations for projects that were never submitted for council review.

The Council had approved 92 projects to be included in 87 appropriation recommendations. The Legislature adopted 52 projects without change, accepted 9 at a changed dollar amount, dropped 26 of the recommendations, and added 8 entirely new appropriations for a total of 69 total appropriations. Several of the new appropriations are exempted from the LCCMR's normal process which requires the recipient of funds to submit a work plan for how they will spend the money they receive.

Most significantly, three of the appropriations added by the Legislature appear to directly violate the statutory ban on substitution:

- The Governor proposed \$1.950 M from the general fund to fight chronic wasting disease in deer (continuing a prior general fund appropriation); the Legislature eliminated general funding for this work and instead appropriated \$1.2 M in lottery funds;
- The Governor proposed \$7.9 M to fight aquatic invasives using an increase in watercraft fees (a traditional source of funding which corresponds to one of the causes of the spread of invasives); the Legislature rejected the fees and appropriated \$5.690 M from lottery funds instead;
- The Governor proposed a general fund reduction to state parks of \$2.3 M; the Legislature increased this reduction to \$6.3 M, then appropriated \$3.627 M from lottery funds for State Park "operations and improvements."

These appropriations amount to an **end run** around a highly regarded, non-partisan council process, they appear to **violate the statutory ban** on using lottery funds as a substitute, and they represent **poor budgeting policy** because they use one-time lottery funds to fund ongoing problems.

### **Budget bills include policy changes that weaken water protection**

The budget bills passed during the one-day special session also included policy provisions that take Minnesota in the wrong direction in its effort to clean up our lakes and rivers. To make things worse, these policy changes do not save money and do not help in any way to balance the budget.

The Environment Finance bill included a policy change that limits clean water rules that apply to **large feedlot operations**. Under changes made during the last Bush administration, feedlots over 1,000 animal units are not required to get a Clean Water Act National Pollution Discharge Elimination System (NPDES) permit if they certify that they will not discharge to public waters. However, under Minnesota law, operations of this size were still required to get a Clean Water Act NPDES permit. This state provision has helped protect Minnesota's water despite the lowering of federal standards.

Policy language included in the Environment Finance bill now forces Minnesota to follow the weaker federal standard for feedlots over 1,000 animal units and means that fewer feedlots will be subject to permit requirements. In addition, the Legislature failed to ensure that the costs of administering the permit program are paid for by the affected industry. The environment finance bill appropriated \$700,000 for the next two years to cover the costs of "implementing general operating permits for feedlots over 1,000 animal units." *Laws 2011, 1<sup>st</sup> Spec. Session, Ch. 2, Art. 1, sec. 3, subd. 5*. Generally, the person or entity which is applying for a pollution permit covers, through fees, most of the cost of administering that permit. By appropriating money to cover the cost of administering feedlot permits, the state is, in effect, using taxpayer dollars to provide a subsidy to large feedlot businesses.

The Environment Finance bill also included policy language limiting the MPCA's ability to regulate **phosphorus in Lake Pepin**. The bill directs the agency to consider nutrient impacts on algae growth only in the summer when setting the phosphorus standard. *Laws 2011, Ch. 2, Sec. 31*. The impetus for the Clean Water Legacy Act, passed in 2005, was to establish a plan and funding mechanism for bringing the Lake Pepin watershed, comprising nearly two thirds of the state, into compliance with the federal Clean Water Act. By weakening enforcement of the phosphorus standard, the state took a big step back from the progress it was making.

Finally, the final budget bills included two provisions sought by industries hoping to expand mining operations in Minnesota. First, mining interests sought to have the state review current standards on the amount of sulfate pollution that can be discharged into the state's lakes and waters. This standard was created to **protect wild rice beds** that are sensitive to sulfate pollution. The Legislature directed the MPCA to review the standard and appropriated Legacy Amendment funds to perform this work. Again, because state funds are used to pay for this study, taxpayers are essentially subsidizing a business interest. And worse, in this case, funds that were dedicated to cleaning up our lakes and rivers are now being used to make it easier to discharge pollutants into them.

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Second, mining interests sought various changes in the **taxes that apply to non-ferrous mining**. The primary concern with non-ferrous mining is that it poses a larger threat to water quality than traditional mining. The tax changes were not requested by the Department of Revenue, and the impact on additional development of these mines is unclear. The Omnibus Tax bill included the provisions sought by industry, despite the fact that no fiscal note was prepared indicating whether the changes will reduce taxes paid and therefore provide an additional incentive for corporations seeking to open non-ferrous mining operations in Minnesota. *Laws 2011, 1<sup>st</sup> Spec. Session, Ch. 7, Art. 7.*

### **Legislature allocates second biennium of Legacy funds**

The Legacy Amendment dedicates a 3/8 of one percent increase of the state sales tax for 25 years and directs that the revenue is divided between four funds:

- ! 33% for the Clean Water fund,
- ! 33% for habitat protection through the Outdoor Heritage fund (with appropriations recommended by the Lessard-Sams Outdoor Heritage Council (LSOHC)),
- ! 14.25% for the Parks and Trails fund, and
- ! 19.75% for the Arts and Cultural Heritage fund.

Funds from the Legacy Amendment were first available in the budget cycle for fiscal years 2010-2011. Allocations for the Clean Water fund, the Parks and Trails fund and the Arts and Cultural Heritage fund are made on a two year cycle, in conjunction with the state operating budget. Allocations from the Outdoor Heritage Fund are made by the LSOHC on an annual basis. The Legislature must then approve the LSOHC recommendations. Therefore, in 2011, the Legislature passed the second biennium (FY 2012-13) of funding for the Clean Water fund, the Parks and Trails fund and the Arts and Cultural Heritage fund, and approved the one year (FY 2012) allocations for the Outdoor Heritage Fund.

### Clean Water Fund

For 2012-13, the Legislature appropriated at total of \$90.5 million for 2012 and \$89.9 million for 2013 from the Clean Water Fund. The Clean Water Council, a group of agency representatives and citizen appointees, makes recommendations regarding use of the Clean Water funds, but its proposals are general by category and are not binding. The agency budgets provide the more detailed starting point for legislative appropriations of the Clean Water funds.

The 2012-2013 CWF allocation generally tracked the allocation from 2010-2011. Major differences included:

- An increase to the MDA for “research and evaluation” (\$2.3 to \$4 million)
- A doubling of funds to MDA for the Ag BMP program (\$4.5 to \$9 million)
- \$1.5 million to MPCA for a study on the impact of sulfates on wild rice (referred to above)
- A substantial increase for BWSR’s riparian buffer easement program and clean water grants (\$35.1 million to \$48.5 million)

The Legacy Appropriation bill included language adding four legislators to the Clean Water Council. *Laws 2011, 1<sup>st</sup> Spec. Session, Ch. 6, Art 2, Sec. 19.* The legislators, like the agency representatives, are non-voting members. The statutory changes, however, do not, however, result

in a council process more like the LSOHC, and do not, for example, direct the council to make more detailed recommendations or direct that the Governor's proposed agency budgets reflect the council's recommendations.

Stakeholders have noted the need to target the clean water grants administered by BWSR to ensure that these funds produce the most water quality benefit.<sup>2</sup> As even more funds are directed to these grants, the need for targeting continues to be a strong priority.

To its credit, the Legislature did not allocate Clean Water funds that were requested by the Cowles Center for Dance for sealing an abandoned well. The request was retroactive, as the work had already been completed, and the project was not an appropriate use of Legacy resources.

### Outdoor Heritage Fund

For FY 2012, the Legislature appropriated \$86.484 million from the Outdoor Heritage Fund. The appropriations continue to track the recommendations of the LSOHC, which holds numerous public hearings on use of OHF funds, visits proposed projects, and receives detailed reporting from grant recipients.

For 2012, the LSOHC received 44 grant requests totaling \$202.5 million and recommended 27 of these for funding. The funding included allocations for:

- Prairies (\$32.6 million)
- Forests (\$14.4 million)
- Wetlands (\$15.8 million)
- Habitat (\$22.9 million)
- Administration (\$0.7 million)

It is important to note that a large portion (\$70 million) of the OHF allocation is appropriated to the DNR, even though much of this amount is passed through to other organizations. This large pass-through element, however, makes the DNR's total agency spending appear larger than it actually is.

### Parks and Trails Fund

The Parks and Trails fund is the only Legacy fund that does not have some form of council process for recommending the use of funds. For FY 2010 and 2011, the Legislature allocated 42.65% to state parks and trails, 42.65 % to Metro Parks and Trails, 13.6% to regional parks and trails grants, and 1% for strategic planning.

For FY 2012 and 2013, the Legislature appropriated 41% to Metro Parks and Trails, 40% to State Parks and Trails, including a specific allocation for the LaSalle Lake Recreation area in Hubbard County, and 19% for Regional Parks and Trails Grants. See Figure 5.



<sup>2</sup>Minnesota Center for Environmental Advocacy, "Clean Water Grants for Nonpoint Source Protection and Restoration by the Board of Water and Soil Resources, Fiscal Years 2007-2010" (Jan. 2011) at <http://www.mncenter.org/LinkClick.aspx?fileticket=EARvs8bq7w0%3d&tabid=322&mid=1208>!

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## Attachment B

<b>2011 Special Session</b>						
<b>FY 2012-2013 General Fund Enacted Budget</b>						
<b>Major Agencies and Spending Areas - Change From Forecast Base</b>						
<b>Dollars in Thousands</b>						
	<b>FY 2010-11</b>	<b>FY 2012-13 Forecast Base</b>	<b>FY 2012-13 Changes from Forecast (Excl Shifts)</b>	<b>Net Spec Session FY 2012-13</b>	<b>Spec. Session vs. FY 2010-11</b>	<b>Spec. Session vs. Forecast Base</b>
<b>Pollution Control Agency</b>	18,319	17,016	-6,878	10,138	-44.66%	-40.42%
Transportation/Transit	167,036	180,158	-54,500	125,658	-24.77%	-30.25%
<b>Metro Parks</b>	7,208	7,140	-1,400	5,740	-20.37%	-19.61%
Tax Aids and Tax Credits	3,015,902	3,502,026	-638,025	2,864,001	-5.04%	-18.22%
<b>Dept. of Natural Resources</b>	139,026	132,688	-20,009	102,679	-26.14%	-15.07%
<b>Dept of Agriculture</b>	86,727	89,396	-12,795	76,601	-11.68%	-14.31%
Zoos	12,674	12,462	-1,600	10,862	-14.30%	-12.84%
Higher Education	2,811,554	2,916,580	-351,063	2,565,517	-8.75%	-12.04%
<b>Bd. Water &amp; Soil Resources</b>	32,832	27,960	-2,836	25,124	-23.48%	-10.14%
Science Museum	2,374	2,374	-238	2,136	-10.03%	-10.03%
Arts Board	16,705	16,680	-1,668	15,012	-10.13%	-10.00%
Health and Human Services	8,575,672	12,337,837	-965,636	11,372,201	32.61%	-7.83%
Historical Society	45,590	44,642	-3,272	41,370	-9.26%	-7.33%
Public Broadcasting	3,881	3,864	-278	3,586	-7.60%	-7.19%
Humanities Center	500	500	-26	474	-5.20%	-5.20%
Office of Technology	10,971	10,908	-546	10,362	-5.55%	-5.01%
Explore Minnesota	20,950	18,376	-918	17,458	-16.67%	-5.00%
Amateur Sports	537	522	-26	496	-7.64%	-4.98%
State Capitol Planning	690	684	-34	650	-5.80%	-4.97%
Campaign Finance	1,459	1,450	-72	1,378	-5.55%	-4.97%
Constitutional Offices	221,378	213,166	-10,462	202,704	-8.44%	-4.91%
Admin.	26,093	24,803	-1,216	23,587	-9.60%	-4.90%
Councils	2,713	2,698	-132	2,566	-5.42%	-4.89%
Investment Board	295	292	-14	278	-5.76%	-4.79%
Admin Hearings	663	664	-26	638	-3.77%	-3.92%
MMB	45,609	56,215	-1,764	54,451	19.39%	-3.14%
Jobs/Econ Dev	195,430	168,246	2,024	170,270	-12.87%	1.20%
K-12 Education (Excluding Shifts)	13,312,526	14,321,912	194,942	14,516,854	9.05%	1.36%
Judiciary/Public Safety	1,820,125	1,782,650	24,767	1,807,417	-0.70%	1.39%
Commerce	45,832	42,668	762	43,430	-5.24%	1.79%
Veterans	117,007	116,158	2,790	118,948	1.66%	2.40%
Revenue	259,791	273,098	9,351	282,449	8.72%	3.42%
Military Affairs	44,064	39,002	3,000	42,002	-4.68%	7.69%
Public Utilities Commission	10,866	10,864	1,500	12,364	13.79%	13.81%

Source: Minnesota Management &amp; Budget, General Fund Balance Analysis, 2011 End of Special Session , Aug 3, 2011.

## Attachment C

<b>Conservation Agencies as % of State Spending</b>							
General Fund and All Operating Funds							
(DNR, PCA, BWSR, MDA, Met Council Parks, LCCMR)							
Dollars in Thousands							
Fiscal Year	General Fund			All Operating Funds			
	Env. Agencies GF Spending*	All State GF Spending	Env. Agencies as % of Total	Env. Agencies Operating Fund Spending	All State Operating Funds Spending	Env Agencies as % of Total	
1976	44,220	2,249,186	1.97%	64,862	3,542,829	1.83%	
1977	54,614	2,673,696	2.04%	79,192	4,066,075	1.95%	
1978	66,885	2,966,946	2.25%	93,204	4,502,157	2.07%	
1979	51,452	3,235,942	1.59%	81,338	4,566,521	1.78%	
1980	67,922	3,550,678	1.91%	101,865	5,092,660	2.00%	
1981	71,862	3,615,402	1.99%	110,922	5,321,601	2.08%	
1982	59,004	4,508,716	1.31%	106,627	6,169,927	1.73%	
1983	60,033	3,727,672	1.61%	109,388	5,558,266	1.97%	
1984	68,148	4,762,395	1.43%	129,629	7,182,788	1.80%	
1985	78,510	5,045,419	1.56%	146,555	7,587,042	1.93%	
1986	68,203	4,971,802	1.37%	163,026	7,680,372	2.12%	
1987	72,721	5,317,938	1.37%	158,347	8,174,456	1.94%	
1988	79,825	5,547,108	1.44%	183,365	8,716,032	2.10%	
1989	97,975	5,976,905	1.64%	229,360	9,111,701	2.52%	
1990	132,226	6,692,148	1.98%	266,606	10,049,734	2.65%	
1991	147,740	6,943,226	2.13%	296,639	10,572,985	2.81%	
1992	142,775	7,170,862	1.99%	317,798	11,105,690	2.86%	
1993	143,249	7,325,972	1.96%	325,726	11,573,140	2.81%	
1994	148,595	8,136,482	1.83%	340,122	12,736,690	2.67%	
1995	165,818	8,603,280	1.93%	370,169	13,489,714	2.74%	
1996	159,678	9,078,190	1.76%	369,008	13,982,381	2.64%	
1997	184,679	9,550,908	1.93%	406,952	14,854,354	2.74%	
1998	211,519	10,212,246	2.07%	434,485	15,738,264	2.76%	
1999	239,387	10,980,862	2.18%	473,203	16,994,119	2.78%	
2000	248,487	11,476,286	2.17%	489,392	17,599,570	2.78%	
2001	285,319	12,702,745	2.25%	567,328	19,398,428	2.92%	
2002	223,707	12,753,956	1.75%	535,126	20,109,971	2.66%	
2003	187,701	13,894,158	1.35%	523,460	22,572,127	2.32%	
2004	185,704	13,599,759	1.37%	502,233	22,527,928	2.23%	
2005	190,004	14,528,646	1.31%	531,238	23,289,310	2.28%	
2006	155,018	15,542,300	1.00%	525,377	24,452,256	2.15%	
2007*	185,116	15,947,242	1.16%	597,407	25,211,523	2.37%	
2008*	214,412	17,005,008	1.26%	605,643	26,852,905	2.26%	
2009*	206,791	16,861,397	1.23%	638,891	28,293,692	2.26%	
2010	154,624	14,626,956	1.06%	696,385	28,433,196	2.45%	
2011	157,953	15,540,155	1.01%	900,991	31,180,769	2.88%	
2012	130,598	16,733,049	0.78%	840,401	30,741,043	2.73%	
2013	116,471	17,605,710	0.66%	800,452	31,487,876	2.54%	

\*Includes one-time GF for Clean Water Legacy.

Source: Minn. Management and Budget, Consolidated Fund Statements and General Fund Statements.

Note that GF numbers are both open and direct. **Excludes PILT payments.**

Updated to 8/3/2011 Special Session Statements

## Attachment D

**Bonding History for Conservation & Environment, 1999-2011**

(Dollars in Thousands)

Legislative Session	1999	2000	2001	2002 (Post Veto)*	2003	2005	2006	2007 Sp. Session	2008 (Post Veto), Ch. 179 Ch. 365	2009 Ch. 93 (Post Veto)	2010 (Ch.189 Post Veto & Ch. 1 2nd Spec. Session)	2011 Spec. Session (Ch. 12)	Totals 1999-2011
Net General Fund Supported Bonds	115,905	467,145	98,205	570,127	189,281	885,892	948,637	56,255	882,500	227,765	723,077	497,578	
Cash	0	186,907	0	14,186	0	0	1,000	0	14,432	10,653	0		
<b>Capital Budget (excl. UF and THB)</b>	115,905	654,052	98,205	584,313	189,281	885,892	949,637	56,255	896,932	238,418	723,077	497,578	5,889,545
User Financed Bonds	440	71,816	19,000	78,700	47,634	77,088	50,343	30,000	56,942	35,000	18,056	33,862	
Net Trunk Highway Bonds	0	100,100	0	10,115	510,510	0	0	20,000	0	2,705	12,945	0	
Trunk Highway Cash									48,200	200	22,800	0	
<b>Total Capital Budget*</b>	116,345	825,968	117,205	673,128	747,425	962,980	999,980	106,255	1,002,074	276,323	776,878	531,440	
<b>Agency</b>													
Dept. of Natural Resources	18,968	73,027	2,000	69,450	10,755	72,145	100,704	6,200	123,805	54,800	98,581	103,450	
Pollution Control Agency/OEA	3,000	2,000	20,500	11,150	0	14,000	17,300	0	2,500	0	13,775	7,550	
Bd. of Water & Soil Resources	1,375	23,800	53,487	0	6,400	27,862	7,900	1,000	30,475	2,500	12,500	22,614	
<b>Other Env. Programs</b>													
PFA Wastewater Infrastructure Fund	20,500	18,319			15,000	29,900	23,300		15,300		27,000	20,000	
PFA Drinking Water/Wastewater (EPA Match)	2,200	12,893		16,000		14,380	38,800	10,000	30,000		30,000		
TMDL Grants						2,000	5,000		2,000		0		
Clean Water Pship/Clean Water Leg.		2,000					3,310		0		0		
Metro Regional Parks						14,664	11,500		12,500		13,500	5,000	
Small Community Wastewater									1,500		0		
AGBMP/ISTS		1,000									0		
<b>GF Bonding for Conservation &amp; Env.</b>	46,043	131,039	75,987	96,600	32,155	174,951	207,814	17,200	218,080	57,300	195,356	158,614	1,411,139
<b>% of GF Capital Budget</b>	<b>39.7%</b>	<b>20.0%</b>	<b>77.4%</b>	<b>16.5%</b>	<b>17.0%</b>	<b>19.7%</b>	<b>21.9%</b>	<b>30.6%</b>	<b>24.3%</b>	<b>24.0%</b>	<b>27.0%</b>	<b>31.9%</b>	<b>24.0%</b>
<b>PCA User Financed Conservation Bonds (Remediation Fund)(Closed Landfills)</b>										25,000			

\*The Conference Committee Report passed by the 2002 Legislature had allocated 19.4% of the General Fund supported bonding to conservation and environment.

2010 column combines regular session bill and 2nd special session bill.

Sources: Legislative Tracking Sheets.

Attachment E

Habitat and Land Acquisition in Bonding Bills														
1998-2011														
Legislative Session	1998	1999	2000	2001	2002*	2003	2005	2006	2008	2009	2010	2011	Average 1998-2011	Totals
Wildlife Management Areas/RIM	2,500,000	0	1,000,000	0	0	0	10,000,000	14,000,000	5,000,000	0	1,000,000	0	2,708,333	
Aquatic Management Areas (Fisheries and Aquatic Habitat)	0	0	0	0	500,000	0	1,050,000	2,000,000	1,000,000	0	0	0	379,167	
Scientific and Natural Areas/Prairie Bank	3,000,000	0	1,500,000	0	3,500,000	3,000,000	1,300,000	3,000,000	5,000,000	0	4,500,000	0	1,691,667	
Minnesota Forests for the Future/Forest Land	800,000	0	0	0	500,000	0	1,500,000	8,000,000	3,000,000	0	500,000	0	1,150,000	
State Park Land Acquisition	2,250,000	0	2,517,000	0	3,000,000	1,000,000	2,500,000	3,000,000	20,000,000	0	2,150,000	0	2,855,583	
RIM Critical Habitat Match	7,000,000	0	750,000	0	1,000,000	0	2,000,000	0	3,000,000	0	3,000,000	0	1,145,833	
Natural Area Grants/Local Initiative Grants/Metro	4,000,000	0	1,500,000	0	6,000,000	0	1,500,000	2,500,000	0	0	0	0	1,291,667	
BWSR RIM Easements	0	0	0	51,487,000	2,000,000	1,000,000	23,000,000	0	0	500,000	25,000,000	20,000,000	8,165,583	
Total Bonding for Acquisition	19,550,000	0	7,267,000	51,487,000	16,500,000	5,000,000	42,850,000	32,500,000	37,000,000	500,000	36,150,000	20,000,000	19,387,833	268,804,000
Total General Fund Supported Bonding	985,428,000	115,905,000	654,052,000	98,205,000	879,994,000	189,281,000	885,892,000	949,637,000	896,932,000	238,418,000	686,287,000	497,578,000	532,610,167	7,077,609,000
Acquisition as % of Bonding	1.98%	0.00%	1.11%	52.43%	1.88%	2.64%	4.84%	3.42%	4.13%	0.21%	5.27%	4.02%	3.64%	3.80%
*Pre-veto.														
Source: Legislative Tracking Sheets, 1998-2011.														