

X. Environmental Spending Comparisons

“a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year;”

The following document is from A Fiscal Review of the 2011 Legislative Session prepared by Minnesota State Senate Office of Senate Counsel, Research, and Fiscal Analysis.

**A Fiscal Review of the
2011 Legislative Session**

A

Fiscal Review

of the

2011 Legislative Session

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ENVIRONMENT, ENERGY, AND COMMERCE

Total appropriations for the Environment, Energy, and Natural Resources budget area are \$1.945 billion for FY 2012-2013, a 9.1 percent decrease compared to the FY 2010-2011 biennium. The decrease is due mainly to a decrease in General Fund appropriations of \$59.3 million, and decrease of funds from the federal economic stimulus package (\$113 million less than the previous biennium). As part of the overall budget reductions to help meet the projected General Fund budget shortfall, appropriations were reduced by \$40.8 million, or 13.9 percent compared to the base budget. Compared to the prior biennium, General Fund appropriations for the budget area decreased by just over 19 percent.

Table 1 Environment, Energy & Natural Resources All Funds Biennial Spending by Agency & Fund <i>(dollars in thousands)</i>					
Agency	FY 2010-11 Spending*	FY 2012-13 Forecast Base	FY 2012-13 Enacted Budget	Change: Enacted - FY 2010-11	Change: Enacted - Fest. Base
Pollution Control Agency					
General Fund	18,319	17,016	10,138	(8,181)	(6,878)
General Fund Transfers Out	(14)			14	
State Govt. Special Revenue Fund	100	100	154	54	54
Special Revenue Fund	44,636	43,513	43,513	(1,123)	
Environmental Fund	125,129	124,026	127,260	2,131	3,234
Remediation Fund	81,409	58,188	62,346	(19,063)	4,158
Gift Fund	2,780			(2,780)	
<u>Federal Funds</u>	<u>60,223</u>	<u>53,335</u>	<u>53,335</u>	<u>(6,888)</u>	
Subtotal for PCA:	332,582	296,178	296,746	(35,836)	568
<i>Dedicated/Constitutional Funds</i>					
Environment & Natural Resources Trust Fund	811			(811)	
<u>Clean Water Fund</u>	<u>47,105</u>		<u>47,770</u>	<u>665</u>	<u>47,770</u>
Subtotal Dedicated/Const. Funds:	47,916		47,770	(146)	47,770
Total Pollution Control Agency	380,498	296,178	344,516	(35,982)	48,338
Department of Natural Resources					
General Fund	183,377	174,443	144,434	(38,943)	(30,009)
General Fund Transfers Out	(43)			43	
Natural Resources Fund	161,635	160,977	183,110	21,475	22,133
Game and Fish Fund	199,588	195,057	199,270	(318)	4,213
Special Revenue Fund	53,771	48,673	48,673	(5,098)	
Permanent School Fund	475	408	408	(67)	

Agency	FY 2010-11 Spending*	FY 2012-13 Forecast Base	FY 2012-13 Enacted Budget	Change: Enacted - FY 2010-11	Change: Enacted - Fest. Base
Remediation Fund	1,371	962	962	(409)	
Gift Fund	3,255	3,196	3,196	(59)	
<u>Federal Funds</u>	<u>52,131</u>	<u>57,289</u>	<u>60,954</u>	<u>8,823</u>	<u>3,665</u>
Subtotal for DNR:	655,560	641,005	641,007	(14,553)	2
<i>Dedicated/Constitutional Funds</i>					
Minnesota Resources Fund	133			(133)	
Environment & Natural Resources Trust Fund	38,664		38,853	189	38,853
Outdoor Heritage Fund	126,462		70,576	(55,886)	70,576
Clean Water Fund	18,385		20,720	2,335	20,720
<u>Parks & Trails Fund</u>	<u>36,901</u>		<u>46,233</u>	<u>9,332</u>	<u>46,233</u>
<i>Subtotal Dedicated/Const. Funds:</i>	<i>220,545</i>		<i>176,382</i>	<i>(44,163)</i>	<i>176,382</i>
Total Department of Natural Resources	876,105	641,005	817,389	(58,716)	176,384
Met Council - Regional Parks					
General Fund	7,208	7,140	5,740	(1,468)	(1,400)
<u>Natural Resources Fund</u>	<u>10,440</u>	<u>10,740</u>	<u>11,340</u>	<u>900</u>	<u>600</u>
Subtotal for Metro Parks:	17,648	17,880	17,080	(568)	(800)
<i>Dedicated/Constitutional Funds</i>					
Env & Natural Resources Trust Fund	1,290		2,250	960	2,250
Clean Water Fund	800		1,000	200	1,000
<u>Parks & Trails Fund</u>	<u>27,781</u>		<u>31,904</u>	<u>4,123</u>	<u>31,904</u>
<i>Subtotal Dedicated/Const. Funds:</i>	<i>29,871</i>		<i>35,154</i>	<i>5,283</i>	<i>35,154</i>
Total Met Council - Regional Parks	47,519	17,880	52,234	4,715	34,354
Minnesota Conservation Corps					
General Fund	910	910	612	(298)	(298)
<u>Natural Resources Fund</u>	<u>980</u>	<u>980</u>	<u>980</u>		
Total MN Conservation Corps	1,890	1,890	1,592	(298)	(298)
Board of Water & Soil Resources					
General Fund	32,832	27,960	25,124	(7,708)	(2,836)
Special Revenue Fund	13,176	13,714	13,714	538	
<u>Federal Funds</u>	<u>4,946</u>	<u>1,168</u>	<u>1,168</u>	<u>(3,778)</u>	
Subtotal for BWSR:	50,954	42,842	40,006	(10,948)	(2,836)
<i>Dedicated/Constitutional Funds</i>					

Agency	FY 2010-11 Spending*	FY 2012- 13 Forecast Base	FY 2012-13 Enacted Budget	Change: Enacted - FY 2010-11	Change: Enacted - Fest. Base
Environment & Natural Resources Trust Fund	6,116		3,857	(2,259)	3,857
Outdoor Heritage Fund	15,953		15,249	(704)	15,249
<u>Clean Water Fund</u>	<u>39,322</u>		<u>55,068</u>	<u>15,746</u>	<u>55,068</u>
<i>Subtotal Dedicated/Const. Funds:</i>	<i>61,391</i>		<i>74,174</i>	<i>12,783</i>	<i>74,174</i>
Total Board of Water & Soil Resources	112,345	42,842	114,180	1,835	71,338
Minnesota Zoo					
General Fund	12,674	12,462	10,862	(1,812)	(1,600)
Natural Resources Fund	320	320	320		
Special Revenue Fund	26,626	28,248	28,814	2,188	566
<u>Gift Fund</u>	<u>4,768</u>	<u>4,512</u>	<u>4,512</u>	<u>(256)</u>	
Subtotal for MN Zoo:	44,388	45,542	44,508	120	(1,034)
<i>Dedicated/Constitutional Funds</i>					
Arts & Cultural Heritage Fund	<u>264</u>		<u>3,000</u>	<u>2,736</u>	<u>3,000</u>
<i>Subtotal Dedicated/Const. Funds:</i>	<i>264</i>		<i>3,000</i>	<i>2,736</i>	<i>3,000</i>
Total Minnesota Zoo	44,652	45,542	47,508	2,856	1,966
Legis.-Citizen Comm. on MN Resources					
Environment & Natural Resources Trust Fund	<u>1,254</u>	<u>1,254</u>	<u>949</u>	<u>(305)</u>	<u>(305)</u>
Total LCCMR	1,254	1,254	949	(305)	(305)
Department of Commerce					
General Fund	45,832	42,668	43,430	(2,402)	762
General Fund Transfers Out	(71)			71	
State Govt. Special Revenue Fund	232				
Special Revenue Fund	62,921	62,890	62,890	(31)	
Petroleum Tank Release Cleanup Fund	20,338	16,388	24,776	4,438	8,388
Workers' Compensation Special Fund	1,502	1,502	1,502		
<u>Federal Funds</u>	<u>528,766</u>	<u>418,028</u>	<u>418,028</u>	<u>(110,738)</u>	
Subtotal for Dept of Commerce:	659,520	541,476	550,626	(108,662)	9,150
<i>Dedicated/Constitutional Funds</i>					
Environment & Natural Resources Trust Fund	<u>2,270</u>			<u>2,270</u>	
<i>Subtotal Dedicated/Const. Funds:</i>	<i>2,270</i>			<i>(2,270)</i>	
Total Dept. of Commerce	661,790	541,476	550,626	(110,932)	9,150
Public Utilities Comm.					

Agency	FY 2010-11 Spending*	FY 2012- 13 Forecast Base	FY 2012-13 Enacted Budget	Change: Enacted - FY 2010-11	Change: Enacted - Fest. Base
General Fund	10,866	10,864	12,364	1,498	1,500
Special Revenue Fund	3,499	3,791	3,791	292	
Federal Funds	<u>627</u>	<u>256</u>	<u>256</u>	<u>(371)</u>	
Total Public Utilities Commission	14,992	14,911	16,411	1,419	1,500
Totals by Fund					
General Fund	312,018	293,463	252,704	(59,314)	(40,759)
General Fund Transfers Out State Govt. Special Revenue Fund	(128)			128	
Special Revenue Fund	332	100	154	(178)	54
Special Revenue Fund	204,629	200,829	201,395	(3,234)	566
Environmental Fund	125,129	124,026	127,260	2,131	3,234
Remediation Fund	82,780	59,150	63,308	(19,472)	4,158
Natural Resources Fund	173,375	173,017	195,750	22,375	22,733
Game and Fish Fund	199,588	195,057	199,270	(318)	4,213
Gift Fund	10,803	7,708	7,708	(3,095)	
Permanent School Fund	475	408	408	(67)	
Petroleum Tank Release Cleanup Fund	20,338	16,388	24,776	4,438	8,388
Workers' Compensation Special Fund	1,502	1,502	1,502		
Federal Funds	<u>646,693</u>	<u>530,076</u>	<u>533,741</u>	<u>(112,952)</u>	<u>3,665</u>
Subtotal for Regular Funds:	1,777,534	1,601,724	1,607,976	(169,558)	6,252
<i>Dedicated/Constitutional Funds</i>					
Minnesota Resources Fund	133			(133)	
Environment & Natural Resources Trust Fund	50,405	1,254	45,909	(4,496)	44,655
Outdoor Heritage Fund	142,415		85,825	(56,590)	85,825
Clean Water Fund	105,612		124,558	18,946	124,558
Parks & Trails Fund	64,682		78,137	13,455	78,137
Arts & Cultural Heritage Fund	<u>264</u>		<u>3,000</u>	<u>2,736</u>	<u>3,000</u>
Subtotal Dedicated/Const. Funds:	363,511	1,254	337,429	(26,082)	336,175
Total for Budget Area	2,141,045	1,602,978	1,945,405	(195,640)	342,427
* As adjusted by FY 2011 changes made by the 2011 Legislature.					

Table 2
Environment, Energy & Natural Resources
General Fund Changes Compared to Forecast
(dollars in thousands)

Change Item	FY 2011	FY 2012	FY 2013	FY 2012-13	FY 2014	FY 2015	FY 2014-15
Pollution Control Agency							
Clean Water Partnership Grants		(1,767)	(1,767)	(3,534)	(1,767)	(1,767)	(3,534)
Other Water Programs		(664)	(664)	(1,328)	(664)	(664)	(1,328)
Env. Health & Biomonitoring		(167)	(167)	(334)	(435)	(435)	(870)
<u>Administrative Reduction</u>		<u>(841)</u>	<u>(841)</u>	<u>(1,682)</u>	<u>(841)</u>	<u>(841)</u>	<u>(1,682)</u>
Pollution Control Agency Total							
		(3,439)	(3,439)	(6,878)	(3,707)	(3,707)	(7,414)
Department of Natural Resources							
Lands & Minerals Management		(271)	(271)	(542)	(271)	(271)	(542)
Ecological & Water Management		(2,425)	(2,425)	(4,850)	(2,425)	(2,425)	(4,850)
Forest Management		(3,257)	(3,257)	(6,514)	(3,257)	(3,257)	(6,514)
Parks & Trails		(3,150)	(3,150)	(6,300)	(3,150)	(3,150)	(6,300)
Fish & Wildlife		(63)	(63)	(126)	(63)	(63)	(126)
<u>Operations Support/Admin.</u>		<u>(641)</u>	<u>(641)</u>	<u>(1,282)</u>	<u>(641)</u>	<u>(641)</u>	<u>(1,282)</u>
Subtotal Spending Changes		(9,807)	(9,807)	(19,614)	(9,807)	(9,807)	(19,614)
Transfer Dedicated Fees out of <u>General Fund</u>		<u>(5,195)</u>	<u>(5,200)</u>	<u>(10,395)</u>	<u>(5,195)</u>	<u>(5,200)</u>	<u>(10,395)</u>
Department of Natural Resources Total							
		(15,002)	(15,007)	(30,009)	(15,002)	(15,007)	(30,009)
Met Council - Regional Parks							
Operations Reduction		(700)	(700)	(1,400)	(700)	(700)	(1,400)
Minnesota Conservation Corps							
General Fund Phase Out		(99)	(199)	(298)	(455)	(455)	(910)
Board of Water & Soil Resources							
Grant Programs		(950)	(950)	(1,900)	(950)	(950)	(1,900)
Pass thru/Other Boards		(226)	(226)	(452)	(226)	(226)	(452)
<u>Operations Support/Admin.</u>		<u>(242)</u>	<u>(242)</u>	<u>(484)</u>	<u>(242)</u>	<u>(242)</u>	<u>(484)</u>
Board of Water & Soil Resources Total							
		(1,418)	(1,418)	(2,836)	(1,418)	(1,418)	(2,836)
Minnesota Zoo							
Operations Reduction		(800)	(800)	(1,600)	(800)	(800)	(1,600)
Department of Commerce							
Operations Reduction		(520)	(520)	(1,040)	(520)	(520)	(1,040)
Additional Financial Examiners		350	350	700	350	350	700
Unclaimed Property Compliance		375	375	750	375	375	750
Energy Compliance & <u>Regulation</u>	<u>(700)</u>	<u>176</u>	<u>176</u>	<u>352</u>	<u>176</u>	<u>176</u>	<u>352</u>
Department of Commerce Total							
	(700)	381	381	762	381	381	762
Public Utilities Commission							
Energy Compliance & Regulation		750	750	1,500	750	750	1,500

Change Item	FY 2011	FY 2012	FY 2013	FY 2012-13	FY 2014	FY 2015	FY 2014-15
Total Spending Changes	(700)	(20,327)	(20,432)	(40,759)	(20,951)	(20,956)	(41,907)
Department of Natural Resources							
Transfer Dedicated Fees out of General Fund		(5,195)	(5,200)	(10,395)	(5,195)	(5,200)	(10,395)
Department of Commerce				18,898			
Transfer from Assigned Risk Plan		13,742		13,742			
Transfer from other Special Funds		1,836	3,320	5,156			
Assessments for Additional Staff		526	526	1,052	526	526	1,052
<u>Unclaimed Property Compliance</u>		<u>1,125</u>	<u>1,875</u>	<u>3,000</u>	<u>1,219</u>	<u>1,219</u>	<u>2,438</u>
Department of Commerce Total		17,229	5,721	22,950	1,745	1,745	3,490
Public Utilities Commission							
Assessments for Additional Staff		750	750	1,500	750	750	1,500
Total Revenue Changes		12,784	1,271	14,055	(2,700)	(2,705)	(5,405)
Net Changes (if different from total spending)	(700)	(33,111)	(21,703)	(54,814)	(18,251)	(18,251)	(36,502)

Pollution Control Agency

The total FY 2012-2013 budget for the Pollution Control Agency (PCA) is \$344.5 million, which is a \$35.8 million (9.5 percent) decrease compared to the previous biennium, but is also \$48.3 million higher than the forecast base. The increase compared to the forecast base is due to appropriations from the constitutionally-dedicated Clean Water fund, which were not part of the forecasted base budget.

The 2011 Legislature continued the trend over the past couple of biennia by shifting more of the agency's operating budget from the General Fund to the Environmental Fund. The PCA's regular operating budget in the FY 2004-2005 biennium (\$297 million) was similar to the enacted operating budget for FY 2012-13 (\$296.7 million). However, the General Fund portion of the agency's budget has shrunk from 18 percent of the agency's budget, down to 3.4 percent. Currently, almost half of the agency's budget comes from the Environmental Fund, which is funded mostly by a portion of the state's solid waste tax, agency fees, and other dedicated revenues.

In 2011 First Special Session Chapter 2, the General Fund reductions compared to the base budget were \$6.9 million, resulting in a 40 percent General Fund reduction. The bulk of the General Fund reduction was to clean water-related programs.

The PCA's level of funding from the constitutionally-dedicated (Legacy) funds stayed almost the same from the previous biennium at \$47.8 million from the Clean Water Fund.

Department of Natural Resources

The total FY 2012-2013 budget for the Department of Natural Resources (DNR) is \$817.4 million, which is a 6.7 percent decrease compared to the previous biennium, but \$176.4 million over the forecast base. The increase compared to the forecast base is mostly due to appropriations from the constitutionally-dedicated funds (Outdoor Heritage Fund, Clean Water Fund, and Parks and Trails Fund), which were not part of the forecasted base budget. There were also increased appropriations from the Natural Resources Fund and the Game and Fish Fund.

In First Special Session Chapter 2, the Legislature reduced General Fund appropriations to the DNR within all program areas for a total of just over \$30 million. However, \$10.3 million of this was offset by moving some dedicated water fees and campground fees from the General Fund to the Natural Resources Fund. After adjusting for the shift of fees and expenditures from the General Fund to the Natural Resources Fund, the net reduction in General Fund appropriations was 11.2 percent, or \$19.6 million. The major General Fund reductions were to: Ecological and Water Management (\$4.9 million, a 15 percent reduction), Forestry Management (\$6.5 million, or a 9.2 percent reduction), and Parks and Trails (\$6.3 million, a 15.4 percent reduction).

Additional onetime Environment and Natural Resources Trust Fund appropriations of \$3.6 million were provided for state parks operations and improvement activities to help offset the General Fund reduction. The Legislature also appropriated \$5.6 million from the Trust Fund for efforts to control and prevent the spread of aquatic invasive species.

New spending from the Natural Resources Fund include: \$4.3 million increase from various parks and trails-related user accounts; \$5.0 million increase from the forestry management account; and \$1.3 million increase to enforcement from various dedicated accounts.

Game and Fish Fund changes include: \$2.0 million for enforcement efforts to prevent the spread of invasive species; and \$2.0 million for the mapping of native plant species in state forests.

Metropolitan Council – Regional Parks

The total budget for the Metropolitan Council – Regional Parks is \$52.2 million, which is a \$4.7 million increase over the previous biennium. The Metropolitan Council – Regional Parks' FY 2012-2013 budget is \$34.3 million over the forecast base, which is due mostly to appropriations from the constitutionally-dedicated Parks and Trails Fund, which were not part of the forecasted base budget. The Metropolitan Council – Regional Parks' General Fund reduction of \$1.5 million is a 20 percent reduction to its General Fund forecast base budget.

Minnesota Conservation Corps

The total FY 2012-2013 budget for the Minnesota Conservation Corps (MCC) is \$1.6 million, which is a \$298,000, or 15.8 percent, reduction from the forecast base. The MCC's General Fund appropriation is set to be phased out after the FY 2012-2013 biennium.

Board of Water and Soil Resources

The total FY 2012-2013 budget for the Board of Water and Soil Resources (BWSR) is \$114.1 million, which is \$71.3 million higher than forecast (and \$1.8 million higher than the FY 2010-11 biennium, 1.6 percent). Despite BWSR's General Fund reduction of \$2.8 million, the increase compared to the forecast base is due to appropriations from the constitutionally-dedicated funds (Outdoor Heritage Fund and Clean Water Fund) and from the Environment and Natural Resources Trust Fund, which were not part of the forecast base budget.

In First Special Session Chapter 2, the Legislature reduced total General Fund appropriations by \$2.8 million. Of this amount, \$1.9 million was reduced from local grant programs. The remaining amount was reduced from operations (\$484,000) and local board grants (\$452,000).

Minnesota Zoo

The total FY 2012-2013 budget for the Minnesota Zoo is \$47.5 million, which is \$2.0 million higher than forecast, and also a \$2.9 million (6.4 percent) increase from the previous biennium. While the Zoo's General Fund budget was reduced by \$1.6 million compared to the forecast base, the Zoo's appropriation from the Arts and Cultural Heritage Fund increased from \$264,000 in FY 2010-2011 to \$3.0 million in FY 2012-2013.

Public Utilities Commission

Total FY 2012-2013 appropriations for the Public Utilities Commission (PUC) increased by \$1.5 million (10.1 percent) compared to the base, and also \$1.4 million (9.5 percent) over the previous biennium. The increase is due to additional full-time employees (costing \$750,000 per year) for expediting regulatory decisions. The PUC is authorized to recover their operation costs through assessments on utility companies.

Department of Commerce

The total budget for the Department of Commerce for the FY 2012-2013 biennium is \$550.6 million, of which \$418.0 million is mostly energy-related federal funds. Total funding for Commerce increased by \$9.2 million compared to the forecast, but was also \$110.9 million lower than the prior biennium. Federal funds decreased from the previous biennium by \$110.7 million due to onetime stimulus funds in FY 2010-11. Net General Fund spending increased slightly (1.8 percent) over the base budget. However, there were reductions to agency operations of just over \$1 million for the FY 2012-2013 biennium. These were offset by increases for additional bank examiners and additional employees for energy compliance and regulation. The Legislature also appropriated an additional \$375,000 per year so that the Department of Commerce could recover an expected additional \$3 million to the General Fund for the biennium through unclaimed property compliance.

First Special Session Chapter 2 included \$18.9 million of onetime transfers and cancellations from Special Revenue Funds to the General Fund to help offset the overall budget deficit.

Transfers from Special Revenue Funds to the General Fund	
Fund/Account	Amount (in thousands)
Assigned Risk Plan	\$13,742
Energy Conservation Improvement Account	1,300
Telephone Assistance Program	1,000
Telecommunication Access Minnesota Account	1,100
Other Special Revenue Accounts	1,756
Total Transfers	18,898

For questions regarding this Section or for more information on the fiscal aspects of Environment, Energy, and Commerce, please contact daniel.mueller@senate.mn.