

**Clean Water Council
Budget and Outcomes Committee (BOC) Meeting Agenda
Friday, December 6, 2024 9:30 a.m. to **12:00 p.m.****

Hybrid Meeting: In person at 520 Lafayette Road, St. Paul, MN 55155 & on Webex

2023 BOC Members: Steve Besser (BOC Chair), Dick Brainerd (BOC Vice-Chair), Steve Christensen, Warren Formo, Brad Gausman, Holly Hatlewick, Annie Knight

9:30 Regular Business

- Introductions
- Approve agenda & most recent minutes
- Chair and Staff update

9:45 Update on November Budget Forecast

10:00 Review Decision tool for different budget forecast scenarios

10:30 BREAK

10:45 Continue with review of decision tool

11:45 Public Comment

12:00 Adjourn and Lunch

Budget and Outcomes Committee Meeting Summary
Clean Water Council (Council)
November 1, 2024, 9:30 a.m. to 12:00 p.m.

Committee Members present: Steve Besser (Committee Chair), Dick Brainerd (Committee Vice Chair), Steve Christenson, Warren Formo, Brad Gausman, Holly Hatlewick, and Annie Knight.

No members absent.

Others present in person or online: Justin Hanson (BWSR), Judy Sventek (Met Council), Glenn Skuta (MPCA), Annie Felix (BWSR), Jamie Beyer (Bois de Sioux Watershed District), Paul Gardner (CWC), Brianna Frisch (MPCA), Frieda VanQualen (MDH), Jeff Berg (MDA), Raj Mann (MDA), Sheila Vanney (MASWCD), Angelica Anderson (Nature Conservancy), Jason Moeckel (DNR), Myra Kunas (MDH), Tannie Eshenaur (MDH)

To watch the Webex video recording of this meeting, please go to <https://www.pca.state.mn.us/clean-water-council/policy-ad-hoc-committee>, or contact [Brianna Frisch](#).

Regular Business

- Introductions
- Approval of the November 1st meeting agenda and September 6th meeting summary, moved by Dick Brainerd, seconded by Holly Hatlewick. Motion carries.
- Chair and Staff update:
 - By state law, the budget forecast must come out by December 6th. However, they usually come out on a Tuesday or Wednesday. There will be a consolidated fund statement, which is the number we use for the Council's Clean Water Fund recommendations.
 - Upcoming events:
 - Soil and Water Conservation Conference will be December fourth. There is sessions on One Watershed One Plan, including the tracking.
 - Watershed Districts have a conference in Nisswa, MN. Marcie Weinandt will be attending that as well.
 - Elections may also have an impact on committee leadership in Minnesota.

Key Themes for FY26-27 CWF Recommendations Report for Your Review, by Paul Gardner (Webex 00:13:00)

- Paul Gardner seeks input on some key themes for the recommendations report.
 - Increase support for private well users, including a policy statement with a comprehensive approach.
 - Policy statement on drainage
 - There is also a policy statement on this topic to up for approval at the next full Council meeting.
 - Continued progress in meeting land protection and restoration in key areas.
 - Completion of comprehensive plans and increased funding to science and watershed-based projects.
 - Boosting support for the Lake Superior Basin.
 - Increased funding for soil health and continuous living cover (CLC).

Discussion:

- Steve Christenson: I spoke with Chair John Barten on what he wanted to accomplish with the Council. He spoke on three items. First, the creation of the 1W1Ps and supporting their plans. Secondly, was the Mississippi River protection. Thirdly, the Lake Superior Basin, and finishing out the Saint Louis River Area of Concern (AOC). I like numbers 4,5, and 6 as the most important outcomes. Perhaps, 1,2, and 3 are more policy focused, so that is good to see too. Overall, good to see. *Response from Paul Gardner:* I will highlight the completion of the Saint Louis River items in the outcomes section of the report.
 - Glenn Skuta, Minnesota Pollution Control Agency (MPCA): The completion of the AOC is not in the recommendations, but the capacity to do the Great Lakes Restoration Initiative (GLRI) work is in the recommendations (item six).
- Brad Gausman: What does "standard drainage improvement" mean?
 - *Answer:* Under drainage law, when a ditch needs improvement, the landowners can petition their local drainage authority, which leads to someone going out to determine the cost and how it is divided among private landowners. As some of the ditches are dug out, it tends to cause more water to go downstream. Our multipurpose drainage management reduces peak flows and increases water quality.

- *Response from Warren Formo and Holly Hatlewick:* Yes, that is correct. They suggested some edits on the drainage paragraph.
- *Holly Hatlewick:* Regarding number five, something needs to be reworded. *Response from Justin Hanson, BWSR:* We will work with Paul on this item to provide suggestions.

Refining Priorities for Contingency Plans Based on November Forecast (Webex 00:50:00)

- This is to reconfirm the committee's top priorities if there is a surplus or deficit of money available.
- If there is a surplus, the committee looking to place those additional funds?
 - Steve Besser: WBIF needs a minimum level to stay on track.
 - Holly Hatlewick: I agree. Projects are ready to go.
 - Warren Formo: First out, first back in. We trimmed the AgBMP loan program. These funds get used multiple times in a revolving loan fund. There are a lot of equipment needs to do implementation.
 - Steve Besser: We have the first ins, if there is less, we cannot touch those ones anymore.
 - Holly Hatlewick: Regarding a deficit, we should not stir that pot until we are forced to do so. *Response:* It would be helpful to have something to consider during this time sensitive period.
 - Dick Brainerd: If there is a further reduction needed, we will need input. If we have to, we will look for other sources than the WBIF. We would need to trust agencies to share their thoughts on cuts.
 - Steve Christenson: I'd like to restore the WBIF, then supported other listed programs, including easements. Long-term benefits should be a high priority. I agree with Warren about the AgBMP loans. If there are additional cuts, perhaps certain programs whose outcomes are not clear.
- Summary: The committee will leave the discussion of a deficit for later if needed. Regarding surplus, some would like to see the WBIF restored only, while others think it should be restored and also have additional surplus funds. AgBMP loans and easements are also up for discussion for surplus funds.

Continuous Improvement for the CWF Recommendations Process (Webex 01:08:00)

How can the recommendations process be improved? What topics do you want to do a deep dive on in the coming months? There are four members who are new with the Council, so we want to ask them about the recommendations process. We have had some inquiries about why the Council does things differently than other Legacy Amendment groups.

Discussion:

- Dick Brainerd: We start out with continual improvement and believe what we are doing has been built on something. We want to tweak the edges. We all come prepared with our own thoughts to move forward. There are a lot of moving parts. We recommend, but the Legislature has the final say. We do our best, but outcomes need to reveal the work. We need to look at what has been done as well. We run a risk if we do any huge changes. What do we really need to improve on the process?
- Brad Gausman: Overall, I think this conversation is important for new Council members. This is an interesting time. As a Council, we can look forward to the next two years building towards the next recommendation. I think it deserves to be brought to the full Council. These conversations are a good use of our time as a Council. Let's review the statutes that create the Council's work, to integrate the statutes and responsibilities for the programs invested in. We have time with the Council to discuss these issues of importance.
- Annie Knight: Making a substantial move while we are far into the Legacy Amendment would not be the best move. I also agree that this should be a full Council discussion. From my perspective, being on the Council for one year, there is a lot of information in the presentations. I like the back-and-forth with the agencies. I would appreciate having a scoring rubric, so we can pass on to the Interagency Coordination Team (ICT), so they have concrete knowledge on what the Council feels about certain proposals. They have all the knowledge on the programs and the impacts. We should be transparent in our process. It could be a little clearer.
- Steve Christenson: I am also new. I have similar comments to Brad and Annie. First, the discussion of scope and role is important for the Council and committees to have. I was a little uncomfortable with the policies too. Let's discuss scope and process. Second, a scoring rubric and application process/funding request. There were too complex and too simple options. I think this might be a good project for the first quarter for the BOC, to work through an updated application form and scoring rubric (completed by the first quarter). Thirdly, regarding outcomes and communication of outcomes. The BOC could do more with working with the state

agencies to request the outcomes and work towards synthesizing the outcomes. This could make it easier, if it could be standardized to provide a roll out of these outcomes (with the watershed districts).

- Holly Hatlewick: I like the idea of revisiting the statutes, and what that looks like for the Council now. I would be happy with a rubric. However, I don't want the rubric to become too confined. There are sometimes innovative programs that requires some wiggle room.
- Dick Brainerd: There will be three new Council members coming on soon. I think it would be good to have a Council retreat to review the statutes, etc. We can discuss process at that time.
 - Steve Besser: It makes sense to dedicate some time. Once a year with new members would be helpful. Learning and understanding what the ICT does would also be helpful.
 - Steve Christenson: We would benefit from a better understanding of the ICT role versus our role. Public comments say that the Council is stamping state agency ideas without doing a deeper dive.
 - Steve Besser: We are advisory and rely on the science. Every audit has come back that we are very diligent in the funding deliberations.
 - Warren Formo: The Office of the Legislative Auditor reviewed the Council. There were recommendations around transparency and accountability, but nothing glaring for needing a change. I think a scoring rubric, a good working one, could be helpful. We would benefit from understanding the ICT's role and function. At the start of my Council tenure, there was very little communication with the ICT on budget process. Almost controversial. Over the last several years we have become better at sharing information. The ICT has helped educate us on the programs and impacts of funding changes. Sometimes things can't be shared. However, I think we are doing a better job of not falling into the trap of a rubber stamp seal when we work more closely with the state agencies. In the past, I don't think we were as effective in evaluating program areas as we are today with our work with the ICT. It has helped us do a better job.
 - Jason Moeckel, Minnesota Department of Natural Resources (DNR): From the life of this budget process there has been an evolution. The ICT was having a conversation on how things have evolved. In previous administrations, there were three proposals (Council, the state agencies, and Legislative), and they often did not align. So, the Legislature made decisions. The Governor said work it out before it goes to the Legislature. The state agency folks on the Council, are constantly working to pass along the information to the different staff in the agencies. The dialogue and conversations have been enriching over the years. The Council's perspectives have enhanced the state agencies decisions more than the other way around.
 - Paul Gardner: I have three observations. I have heard the state agencies say they appreciate the engagement when the Council members ask how the programs work and other questions. Second, the Legislators appointed to the Council cannot vote, and they often feel like their role is reduced to being an observer. This may be by design from the start, as they have the ultimate power at the Legislative level. It can be hard to engage with them. Sometimes they are appointed and didn't know about it ahead of time. However, applicants to the Council often ask how they can contribute with their expertise. A scoring rubric would be a transparent receipt. A lot of your budgeting is recommending the buckets of funding, then agencies use it grant programs where they examine each individual project. It would take a lot more Council time and staff to consider each of those projects.
 - Steve Besser: The Legislators on the Council can engage. Some are more active and can work well with the Council to help move the Council's recommendations forward. There are some that have really contributed their time and energy.
 - Dick Brainerd: If we had a workshop, we should add the ICT on it too. Additionally, we should learn more about the role of BWSR. These items would be good to learn more about.
 - Warren Formo: Perhaps, part of the annual process, or biannual, could be attention to the relationships to the agencies, and descriptions of their roles. We haven't done that for several years, and it may need to be built into the process. Every year, we have new people on the Council, so it is a good reminder. One of our monthly meetings can include this topic on the agenda.
 - Steve Besser: It would be an excellent time to do that.
 - Justin Hanson, BWSR: I appreciate the discussion today, and the discussions over the past several months. It has provided a platform for a lot of input as well. We take this information to the BWSR board, and we use it to work towards improvements. These policies and Council meetings help improve our work together. These are important parts of the process.

- Glenn Skuta, MPCA: In the ICT, the “C” is coordination. The ICT was developed to make sure the agencies are communicating. There should not be a big mystery about the ICT, and if so, it needs to be corrected. They are working to make these systems operating well, so everyone has what they need. They make sure it is science-based and provides strong implementation. It is to be collective work because there is more work than money available. The ICT will provide the information, so the Council feels like they understand the work of the ICT.
- Brad Gausman: Regarding a workshop, or retreat, I do feel like meeting once a month is spending enough time together. Reviewing measurable outcomes would be good at a meeting. I think highly of the programs we are funding. However, there is a discussion to have about measurable outcomes, and realizing (if possible) measurable clean water benefits from the CWFs at the end of the Legacy Amendment timeline. We also should have a discussion on supplement and supplant. It is hard to tease those two sometimes when looking at programs over time, and how these funds are being interpreted as baseline funding for state agencies. I would like to know more about these topics, at this point in the Legacy Amendment timeline.

Public Comment Provided (*Webex 02:04:30*)

Adjournment (*Webex 02:10:38*)

FY26-27 Clean Water Fund Budget Recommendations – December 6, 2024 BOC Discussion Tool

At the Clean Water Council's meeting on September 16, 2024, the Council adopted Clean Water Fund budget recommendations for FY26-27 that address budget forecast scenarios in the **\$307M - \$310.977M** range – see tables 1 & 2 below. If MMB's November 2024 budget forecast is outside this range, this document provides a tool for helping the Budget & Outcomes Committee (BOC) to evaluate options at the BOC meeting on December 6 for consideration by the full Council on December 16, 2024. This document is formatted into the following tables:

Table 1 - Adjustments to ICT's July 24 draft framework adopted by CWC on September 16 (\$3.9M in increases offset by \$3.9M in cuts to achieve **\$307M** budget)

Table 2 – Priorities adopted by CWC on September 16 for Increases if Revenue Forecasts Exceed \$307M (adding \$3.977M to 2 programs, if **\$310.977M** is forecasted)

Table 3 - Potential options for investments based on \$30.4M of additional agency requests submitted in 2024, **if forecasts exceed \$310.977M**

Table 4 – Options for further reductions, **if forecasts are below \$307M**

Table #1 – Adjustments to ICT's July 24 draft framework adopted by CWC on September 16

Item #	Title	FY24-25 Appropriation (+ FY24-25 Supplemental)	July 24 ICT Proposed Cut or Increase	ICT FY26-27 Recommendation	Sept 6 BOC Recommendation
8	Forever Green	\$6M	-\$2M from \$6M base	\$4M	Increase \$2M for \$6M net recommendation
21	Voyageurs National Park Water Quality Protection Program	\$2M	-\$2M from \$2M base	0	Increase \$1.5M for a \$1.5M net recommendation
36	Grants to Watersheds with Approved	\$79M	+\$11M from \$79M base	\$90M	Reduce \$1.9M for an \$88.1M net recommendation

	Comprehensive Watershed Plans (Watershed based Implementation Funding)				
50	Enhancing Soil Health & Landowner Adoption of Cover Crops for Drinking Water & Groundwater Protection	\$12.077M	-\$0.077 from \$12.077M base	\$12M	Reduce \$2M for a \$10M net recommendation
63	Stormwater Research & Technology Transfer Program	\$2M (+\$1M supplemental appropriation)	-\$1.4M from \$3M total base	\$1.6M	Increase \$0.4M for a \$2M net recommendation
Summary: Increase 3 programs by \$3.9M and reduce 2 programs by \$3.9M for a net result of \$307M in recommendations					

Table #2 – Priorities for Increases if Revenue Forecasts Exceed \$307M: Group A (Highest Priority)

Item #	Title	FY24-25 Appropriation (+ FY24-25 Supplemental)	ICT FY26-27 Recommendation	Sept 6 BOC Recommendation	Potential Increase If Additional Funds Become Available
36	Grants to Watersheds with Approved Comprehensive Watershed Plans (Watershed based Implementation Funding)	\$79M	\$90M	Reduce \$1.9M for an \$88.1M net recommendation	\$1.9M
50	Enhancing Soil Health & Landowner Adoption of Cover	\$12.077M	\$12M	Reduce \$2M for a \$10M net recommendation	\$2.077M

	Crops for Drinking Water & Groundwater Protection				
Summary: Restore \$3.977M to 2 programs reduced to achieve \$307M budget, if \$310.977M becomes available					

Table #3 – If forecasts exceed \$310.977M, this table lists potential options for investments based on requests submitted by the agencies earlier in 2024.

Item #	Title	FY24-25 Appropriation (+ FY24-25 Supplemental)	ICT FY26-27 Recommendation Endorsed by CWC	Potential Increase If ~\$30.4M in Additional Funds Become Available	BOC Recommendation on Dec 6
3	AgBMP Loan Program	\$9.598M (+\$3.402M supplemental appropriation)	\$4M	+\$5.5M	
18	Enhanced county Inspections/SSTS Corrective Actions	\$7.1M (+\$1.950M supplemental appropriation)	\$7.081M	+\$1.019M	
19	Chloride Reduction	\$1.3M (+\$1M supplemental appropriation)	\$1.3M	+\$1M	
36	Grants to Watersheds with Approved Comprehensive Watershed Plans (Watershed based Implementation Funding)	\$79M	\$88.1: BOC \$90M: ICT	+\$8M (for a total appropriation of \$98M including the \$1.9M in Table 2)	

37	Surface & Drinking Water Protection/Restoration Grants (Projects & Practices)	\$17M	\$6M (Note: \$1.5M shifted to line item 52)	TBD	
38	Accelerated Implementation	\$11M	\$8.7M	+\$0.4M	
41	Working Lands Floodplain Easements (formerly Riparian Buffer-Permanent Conservation Easements)	\$5M (+\$3.434 supplemental appropriation)	\$2M	+\$3M	
46	Critical Shoreland Protection-Permanent Conservation Easements	\$3M (+\$4M supplemental appropriation)	\$1M	+\$4M	
48	Watershed Partners Legacy (WPL) Grants	\$1M (+\$2M supplemental appropriation)	\$1M	+\$1M	
49	Wetland Restoration Easements	\$10M	\$5M	+\$5M	
51	Great Lakes Restoration LAMP	\$0 (\$1M supplemental appropriation)	\$1M	\$0.75M	
52	MN Conservation Corps	Funding previously woven into line 37 (reduced by \$1.5M accordingly)	\$1.5M	\$0.2M	
63	Stormwater Research & Tech Transfer Program	\$2M (+\$1M supplemental appropriation)	\$1.6M (plus \$0.4M recommended by BOC)	+\$0.6M	

<p>Summary: Restore \$30.469M to programs reduced to achieve budget targets</p> <p>Note: \$307M base budget + \$3.977M in Table 2 + \$30.469 in Table 3 = \$341.446M</p> <p>Please refer to excel spreadsheet for more precise accounting, as this summary rounds up numbers for simplification.</p>	
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Table #4 – If forecasts are below \$307M, this table lists potential options for reductions based on discussions during BOC meetings over the course of 2024. Another option could be to reduce all programs by a uniform percentage to match the forecast, particularly if the gap to close is small.

Item #	Title	FY24-25 Appropriation (+ FY24-25 Supplemental)	ICT FY26-27 Recommendation Endorsed by CWC	BOC Recommendation on Dec 6
3	AgBMP Loan Program	\$9.598M (+\$3.402M supplemental appropriation)	\$4M	
10	Conservation Equipment Assistance	0	\$3.5M	
11	Expand MN Ag Weather Station Network	\$3M	\$2.5M	
18	Enhanced county Inspections/SSTS Corrective Actions	\$7.1M (+\$1.950M supplemental appropriation)	\$7.081M	
38	Accelerated Implementation	\$11M	\$8.7M	
41	Working Lands Floodplain Easements (formerly Riparian Buffer-Permanent Conservation Easements)	\$5M (+\$3.434 supplemental appropriation)	\$2M	

46	Critical Shoreland Protection-Permanent Conservation Easements	\$3M (+\$4M supplemental appropriation)	\$1M	
49	Wetland Restoration Easements	\$10M	\$5M	
51	Great Lakes Restoration LAMP	\$0 (\$1M supplemental appropriation)	\$1M	
52	MN Conservation Corps	Funding previously woven into line 37 (reduced by \$1.5M accordingly)	\$1.5M	
61	County Geologic Atlas Part A	\$1M	\$1M	

Clean Water Fund Appropriations

as of 12/4/2024

leg order	Agency		Program Title	Description	CWC recs 9/16/24	Change from ICT recs	Change vs FY24- 25	ICT FY26-27 recs
1	MDA	MAC	Monitoring for Pesticides in Surface Water and Groundwater	Analyzes an additional 650 pesticide samples annually at MDA lab for risk assessment, planning, and BMPs.	740	-	40	740
2	MDA	GDWI	Nitrate in Groundwater	Supports implementation of the new Groundwater Protection Rule and Nitrate Fertilizer Management Plan to reduce nitrate from fertilizer to groundwater. Working with 38 local government units on nitrate monitoring and reduction activities.	6,200	-	(800)	6,200
3	MDA	NPSI	AgBMP Loan Program	Loan program to provide low or no interest financing to farmers, agricultural businesses, rural landowners and others for the implementation of best management practices that prevent, reduce or eliminate environmental pollution.	4,000	-	(9,000)	4,000
4	MDA	NPSI	Technical Assistance	Supports 25 edge-of-field water quality monitoring sites, 100 farm demonstration plots, and 30 field days and other events annually.	3,200	-	200	3,200
5	MDA	RET	MN Water Research Digital Library [aka Research Inventory Database]	The MN Water Research Digital Library is a one stop to find water related research and reports in Minnesota.	100	-	20	100
6	MDA	NPSI	MN Agricultural Water Quality Certification Program	Provides technical and financial assistance for farmers to adopt water quality BMPs with verified results. Matched with federal Regional Conservation Partnership Program (RCPP) grant.	7,000	-	-	7,000
7	MDA	GDWI	Irrigation Water Quality Protection	Funds irrigation UMN extension staff to educate on agricultural irrigation and nitrate BMPs.	310	-	10	310
8	MDA	RET	Forever Green Agricultural Initiative (U of MN)	Supports competitive R&D grants for crops providing continuous living cover, and implementation of those crops.	6,000	2,000	-	4,000
9	MDA	MAC	Pesticide Testing in Private Wells	Provides free pesticide testing for vulnerable wells in agricultural regions around the state, and has completed free pesticide testing for 6,100 vulnerable wells in 344 priority townships.	1,000	-	-	1,000
10	MDA	NPSI	Conservation Equipment Assistance	Will assist SWCDs and farmers with new or retrofitted equipment for implementing soil health practices, such as conservation tillage and cover crops.	3,500	-	-	3,500
11	MDA	NPSI	Expand MN Ag Weather Station Network	Will expand network to optimize timing of irrigation, fertilizer, pesticide, and manure applications.	2,500	-	(500)	2,500

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12	MDA		Agricultural Research/Evaluation	Will update recommendations for manure crediting and manure BMPs.	-	-	(1,500)	-
13	MPCA	MAC	River and Lake Monitoring and Assessment	Completes intensive monitoring in about eight watersheds per year, and annual pollutant monitoring at 197 sites annually. New recommendations will support regular PFAS monitoring.	18,900	-	474	18,900
14	MPCA	WRAPS	Watershed Restoration & Protection Strategies (includes TMDL development)	Develops data-driven strategies to meet water quality goals in each of 80 watersheds at about eight to ten watersheds annually. Required by law to be complete in 2023. Also completes required TMDLs for impaired waters.	14,500	-	1,800	14,500
15	MPCA	MAC	Groundwater Monitoring and Assessment	Performs water quality sampling & data analysis from network of 270 ambient wells.	2,000	-	-	2,000
16	MPCA		St. Louis River AOC	Manages cleanup of the St. Louis River/Duluth harbor. Attracts state and federal matching funds.	-	-	(1,500)	-
17	MPCA	PSI	NPDES wastewater/stormwater point-source implementation (combined from 2 previous programs)	Provides technical assistance to cities to help them comply with state stormwater permit. Integrates stormwater and wastewater data with WRAPS and includes TMDLs in permits. Supports pollutant trades. Maintains Minnesota Stormwater Manual.	3,200	-	200	3,200
18	MPCA	GDWI	Enhanced County inspections/SSTS corrective actions	Provides county grants for more SSTS inspections and income based assistance to maintain 80 percent compliance.	7,081	-	(1,969)	7,081
19	MPCA	PSI	Chloride Reduction	Provides technical assistance and grants to public entities to meet chloride TMDLs, mostly from road de-icers and water softening.	1,300	-	(1,000)	1,300
20	MPCA	ADM	Clean Water Council	Funds two FTEs, communications, planning, and Council member expenses.	922	-	247	922
21	MPCA	GDWI	National Park Water Quality Protection Program	Replaces failing septic systems polluting Voyageurs National Park. Matched by local, state, and federal sources.	1,500	1,500	(500)	-
22	MPCA	MAC	Nitrate Sensors		-	-	(2,000)	-
23	MPCA		River Watch for Friends of the MN Valley		-	-	(50)	-
24	DNR	MAC	Stream Flow Monitoring Program	Continuously monitors 172 sites for volume, chemistry, and sediment.	5,650	-	550	5,650
25	DNR	MAC	Lake Index of Biological Integrity	Surveys fish and aquatic plants in 495 lakes for stressors. Results serve as proxy for "fishable" waters.	3,050	-	150	3,050
26	DNR	MAC	Fish Contamination Assessment	Tests fish for mercury, PCBs, and PFAS for 1385 lakes and 114 rivers	1,100	-	100	1,100

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27	DNR	WRAPS	Watershed Restoration and Protection Strategies-DNR Portion	Adds geomorphology, hydrology, and connectivity data to WRAPS process, and supports Watershed Health Assessment Framework (WHAF) tool	5,000	-	700	5,000
28	DNR	MAC	Aquifer Monitoring for Water Supply Planning	Monitors 1,125 wells statewide and installs 50 new wells annually. Provides planning and technical assistance to water suppliers and LGUs.	4,700	-	700	4,700
29	DNR	NPSI	Non-point Source Restoration and Implementation	Provides technical assistance for 85 projects annually that are prioritized in comprehensive watershed management plan.	4,500	-	1,300	4,500
30	DNR	RET	Tool Development and Evaluation [Formerly Applied Research and Tools]	Evaluates water flow ("digital dams") and forestry BMPs throughout the state, and develops fine-scale watershed models using LiDAR.	1,400	-	100	1,400
31	DNR	MAC	Buffer Map Maintenance	Maintains mapping capability to determine compliance with buffer law.	-	-	(50)	-
32	DNR	RET	County Geologic Atlas Part B	Develops Part B county level groundwater atlases.	200	-	-	200
33	DNR	NPSI	Freshwater Mussel Restoration	Will increase native mussel production at Lake City facility and field test restoration in three major watersheds for water quality.	700	-	100	700
34	DNR	NPSI	Water Storage	Will support water storage on drained wetlands on selected DNR lands in southern and western Minnesota.	-	-	(1,000)	-
35	DNR	NPSI	Culvert Replacement Cost Share	Will provide financial and technical assistance for 20 local government projects to replace culverts that support floodplain connectivity, biological connectivity, and channel stability.	3,000	-	1,000	3,000
36	BWSR	NPSI	Grants to Watersheds with Approved Comprehensive Watershed Plans (Watershed-based Implementation Funding)	Makes non-competitive grants to fulfill projects in approved comprehensive watershed management plans (One Watershed One Plan).	88,100	(1,900)	9,100	90,000
37	BWSR	NPSI	Surface and Drinking Water Protection/Restoration Grants: (Projects and Practices)	Makes competitive grants for high priority conservation BMPs in local water plans. Up to twenty percent must support drinking water.	6,000	-	(11,000)	6,000
38	BWSR	NPSI	Accelerated Implementation	Builds technical skills through Technical Service Areas and technical trainings. This grant program builds the capacity of local governments to accelerate on-the-ground projects that improve or protect water quality and perform above and beyond existing standards.	8,700	-	(2,300)	8,700
39	BWSR	NPSI	Measures, Results and Accountability	Supports grants management, reporting, and oversight	2,500	-	-	2,500
40	BWSR	NPSI	Buffer Law Implementation	Supports oversight and grants to SWCDs for implementation of the buffer law. Does not include enforcement.	4,000	-	-	4,000

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41	BWSR	NPSI	Working Lands Floodplain Easements [formerly Riparian Buffer-Permanent Conservation Easements]	Establishes and restores easements in floodplains and riparian areas.	2,000	-	(6,434)	2,000
42	BWSR	GDWI	Targeted Wellhead/Drinking Water Source Protection	Makes easements and grants to LGUs in priority wellhead protection areas.	5,000	-	(1,000)	5,000
43	BWSR	RET	Technical Evaluation [restoration evaluation]	Conducts up to 10 technical evaluations of CWF projects annually. Required by law.	200	-	-	200
44	BWSR	1W1P	Watershed Management Transition (One Watershed, One Plan)	Completes about seven comprehensive watershed management plans annually on average. All plans covering all 80 major watersheds will be started by 2025.	1,000	-	(2,500)	1,000
45	BWSR	NPSI	Conservation Drainage Management and Assistance	Provides grants and technical assistance to SWCDs/drainage authorities for water quality BMPs.	2,000	-	-	2,000
46	BWSR	NPSI	Critical Shoreland Protection-Permanent Conservation Easements	Protects threatened shoreline with easements to protect good water quality.	1,000	-	(6,000)	1,000
47	BWSR	RET	Tillage, Cover Crop and Erosion Evaluation	Estimates soil erosion and tracks use of tillage BMPs and cover crops.	850	-	-	850
48	BWSR	NPSI	Watershed Partners Legacy (WPL) Grants	Makes small grants to tribal governments and nonprofit organizations.	1,000	-	(2,000)	1,000
49	BWSR	NPSI	Wetland Restoration Easements	Creates permanent easements for de-nitrification and rate and volume control.	5,000	-	(5,000)	5,000
50	BWSR	NPSI	Enhancing Soil Health and Landowner Adoption of Cover Crops for Drinking Water & Groundwater Protection	Supports Minnesota Office of Soil Health (MOSH). Makes grants to SWCDs for cover crop and conservation tillage demonstration projects. Supports Governor's climate initiative.	10,000	(2,000)	(2,077)	12,000
51	BWSR	NPSI	Great Lakes Restoration LAMP	Supports SWCD capacity in Lake Superior Basin in order to seek out and implement matching Great Lakes Restoration Initiative (GLRI) funds.	1,000	-	-	1,000
52	BWSR	NPSI	MN & IA Conservation Corps	Supports Conservation Corps' work on water quality projects supported by the Clean Water Fund.	1,500	-	1,500	1,500
53	MDH	MAC	Contaminants of Emerging Concern	Develops health-based drinking water guidance for about five contaminants annually, with PFAS efforts to increase with this new recommendation.	11,850	-	1,366	11,850
54	MDH	MAC	Private Well Initiative	Will offer free private well testing for five contaminants to 10 percent of Minnesota's private well owners annually for ten years. Adds to private well inventory and supports education.	6,000	-	3,000	6,000

Clean Water Fund Appropriations

as of 12/4/2024

55	MDH	WRAPS	Source Water Protection	Assists public water systems in the management of over 500 source water protection plans statewide. Completes new or updated planning and data driven strategies for 60 systems during the biennium. Provides grants for implementation activities. Collaborates with other local planning efforts and develops and coordinates water quality surveillance activities.	7,790	-	290	7,790
56	MDH	WRAPS	Groundwater Restoration and Protection Strategies	Completes GRAPS for six to eight major watersheds annually in alignment with comprehensive watershed management plans (One Watershed One Plan). Also provides training and makes groundwater data public.	3,500	-	2,000	3,500
57	MDH	GDWI	Future of Drinking Water (formerly Drinking Water Protection)	Will develop a statewide Drinking Water Plan that will include public health policies and will address threats to public and private drinking water supplies.	500	-	-	500
58	MDH	RET	Recreational Water Portal	Will develop a statewide portal for beach monitoring results, closures, and public health notifications.	600	-	-	600
59	MDH		Nitrate response in SE Minnesota**		-	-	(2,790)	-
60	MC	GDWI	Metropolitan Area Water Sustainability Support Program	Provides technical support to communities and businesses to use groundwater more efficiently.	2,750	-	500	2,750
61	MC	NPSI	Water Demand Reduction- Efficiency - Grant Program	Makes grants to metro cities to replace inefficient residential fixtures/sprinklers to reduce groundwater demand.	1,500	-	-	1,500
62	UMN	RET	County Geologic Atlas Part A	Develops Part A county-level geologic atlases.	800	-	(200)	800
63	UMN	RET	Stormwater Research and Technology Transfer Program	Makes competitive grants to research and evaluate stormwater BMPs.	2,000	400	(1,000)	1,600
64	LCC	ADM	Legislative Coordinating Commission Website	Supports upkeep of LCC site with CWF project information. Required by law.	7	-	1	7
65	PFA	PSI	Point Source Implementation Grant (PSIG) Program	Upgrades municipal water treatment facilities to comply with TMDLs	16,500	-	-	16,500
66	PFA	PSI	Small Community Wastewater Treatment Program	Makes grants & loans to replace failing community SSTs.	100	-	(100)	100
					\$ 307,000			\$ 307,000

total

Clean Water Fund Appropriations

as of 12/4/2024

BWSR would like to have unused returned grant funds for new competitive grants (line 37) but it requires legislation	\$	1,324,003		
BWSR can return these unused funds to the CWF but only with the Legacy bill legislation	\$	406,725		
MDH water reuse funds expired and will show up in Nov forecast	\$	22,107		

* in 1st column = order of programs in appropriations bills

** SE MN Nitrate Response to be combined in FY26-27 with Private Well Initiative



BUDGET AND ***ECONOMIC FORECAST***



NOVEMBER 2024

Produced by Minnesota Management and Budget

Small Balance Projected in FY 2026-27, Structural Imbalance Grows

- FY 2026-27 projected balance is \$616 million, \$1.1 billion less than prior estimates
 - Structural imbalance widens as spending growth exceeds long term revenue forecast, driving projected deficit in FY 2028-29 biennium
-
- Individual income and sales tax revenues are lower than previously estimated
 - Long-term care services and special education drive increased spending
-
- Potential policy shifts at federal level create forecast uncertainty
 - Statutory allocation to budget reserve reinforces state's commitment to strong financial planning

U.S. Economic Forecast Risks



Uncertainty around trade and immigration policies



U.S. fiscal policy uncertainties



Inflation



Monetary policy



Geopolitical conflict



31 months until the end of FY 2026-27

Revenue Forecast

(\$ in millions)

	FY 2026-27 End of Session	FY 2026-27 Nov. Forecast	Forecast Change	% Change
Individual Income Tax	\$33,651	\$32,821	\$(830)	(2.5)
General Sales Tax	16,381	15,840	(541)	(3.3)
Corporate Franchise Tax	6,287	6,376	90	1.4
All Other Revenue	8,526	8,816	290	3.4
Total Revenues	\$64,845	\$63,853	\$(992)	(1.5)

Clean Water Fund

Minnesota Management and Budget

12.5.24

(\$ thousands)

Unobligated Carry Forward from Prior Year
Sales Tax Receipt Forecast
Investment Income & Other Revenue
Transfers from other Funds
Estimate of Total Resources
Budgetary Balance
Required 5% Reserve
Estimated Amount Available to Appropriate

Estimate of		
Nov Forecast 2024		
FY26	FY27	
7,435	7,567	
151,348	156,483	
2,020	1,290	
-	-	
160,803	165,340	
160,803	165,340	
7,567	7,824	
153,236	157,516	Total for Biennium
		310,752

The table above shows the estimated amount available to appropriate in the 2026-2027 biennium from the Clean Water Fund based on the November 2024 forecast. Two considerations are noted for this estimate:

1) 5% Reserve Requirement: Per M.S. 114D.50, Subd. 7, this estimate assumes 5% of the projected future sales-use tax revenue for each year are held in reserve and not available for appropriation.

2) February Forecast Revision: This estimated amount available to appropriate will be revised with the February 2025 forecast.