

The President's Proposed Fiscal Year 2009 Federal Budget: Impact on Environment & Natural Resource Protection in Minnesota



**Prepared for the Minnesota Environmental Partnership
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Executive Summary

In his final budget proposal to Congress, President Bush again proposes serious cuts to environmental programs, continuing a dramatic downward spiral in the nation's investment in its natural resources. The EPA's budget alone is cut by \$330 million in fiscal year 2009, to \$7.14 billion -- the lowest requested funding level since 1997.

In Minnesota, like all states, federal funding is critical to state efforts to ensure water quality, protect wildlife habitat, and maintain parks and natural areas. Cuts to federal environmental programs can seriously erode the state's ability to maintain the safety of our water infrastructure and can result in deterioration and neglect of our outdoor resources.

While the President's budget for fiscal year 2009 cuts deeply into almost all areas of environmental protection, this report focuses on four areas in which budget cuts will have a particularly negative impact on Minnesota:

- The President slashes funding for the State Clean Water Revolving Fund, which is critical to ensuring that our aging wastewater treatment facilities are repaired and updated so that lakes, rivers and drinking water are not polluted by improperly treated sewage. Under the President's budget, Minnesota's clean water fund will receive \$9.6 million in 2009 compared to \$24.3 million in 2004, a 60% cut. The fund's ability to issue loans to local governments for needed work will be cut by \$50 million per year.
- The President short changes the Great Lakes Legacy Act, which is the only major source of funding for cleaning up toxic sediments in Great Lakes harbors. Although the St. Louis River in Duluth is identified as an "area of concern" – a pollution hotspot – it has yet to receive any clean up funds from Great Lakes Legacy. For 2009, overall funding is recommended at \$35 million, \$19 million below the full funding level of \$54 million and \$115 million below the amount recommended by the Great Lakes Regional Collaboration.
- The President eliminates Land & Water Conservation Fund stateside grants, a critical source of funding for community park and natural area protection. Despite the President's promise in 2000 to fully fund the LWCF, his 2009 recommendation continues a devastating seven year slide in funding for parks and natural areas.
- The proposed budget dramatically cuts back funding for Forest Legacy, a highly successful program for protecting forestlands from development and fragmentation. The administration recommends only \$12.5 million for Forest Legacy – a 76% reduction from last year's enacted level of \$52.3 million. While Minnesota is fortunate to receive a portion of this skimpy Forest Legacy request, the President's budget funds only \$3.050 million of Minnesota's \$8.825 million request, leaving out \$5.775 million in Forest Legacy requests that would preserve valuable forest habitat, ensure future timber harvests, and protect water quality by reducing erosion, especially in the Mississippi Bluff Lands and the Big Woods in Rice County.

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President's budget slashes funding for EPA Clean Water Funds

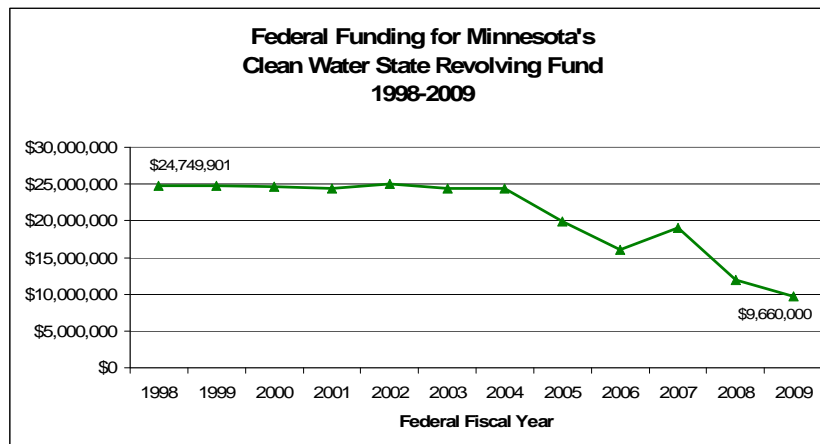
The President's 2009 budget proposes a \$330 million cut for the Environmental Protection Agency compared to enacted 2008 levels. Some of the most significant cuts are directed at the Clean Water State Revolving Fund, which is cut by \$134 million. This is a 19.5% cut to the Clean Water program compared to 2008 enacted levels. Overall, funding for the revolving fund has dwindled from \$1.091 billion in 2005 to \$555 million in 2009 under the President's proposal.

The Clean Water State Revolving Fund is the primary tool for enabling local communities to fix water pollution problems caused by aging or inadequate wastewater treatment infrastructure. When wastewater is not adequately treated, it carries bacteria and pollutants into groundwater, lakes, and rivers, threatening human health and causing serious environmental harm.

Minnesota, like many states, has serious and urgent wastewater treatment needs. Many communities are relying on antiquated systems that were built decades ago and have reached the end of their useful lives. In other communities, water treatment systems have not kept up with population growth, overburdening some systems and pushing others to their maximum capacity. Moreover, a recent report by the Minnesota Pollution Control Agency has found that nearly 100 small Minnesota communities with limited financial resources have instances where there is no functioning treatment system at all and raw untreated sewage is being discharged directly into surface waters or ground areas.¹

Under the President's budget, Minnesota's Clean Water Revolving Fund would receive approximately \$9.6 million in federal fiscal year 2009, compared to \$12 million in 2008 and over \$24 million in 2004. The drop in federal funding is shown in Figure 1.

Figure 1



Source: Minnesota Public Facilities Authority. Enacted FY 2008 funds have not yet been allocated, and are estimated. FY2009 funds estimated based on the President's Proposed Budget.

¹ Minnesota Pollution Control Agency, *Small Community Wastewater Needs* (February 2008)
<http://www.pca.state.mn.us/publications/wq-wwtp1-06.pdf>

The federal dollars are deposited into a revolving fund which the state uses to give communities low interest loans to finance wastewater improvements. As federal funds shrink, the fund has less capacity to issue loans. Under the President's proposal, Minnesota's ability to issue **loans to local government will shrink by \$50 million in 2009** compared to 2008.²

Meanwhile, the long term need for repair and upgrades to our wastewater treatment facilities continues to grow. A West Central Initiative study has estimated that there is an outstanding need for \$2.8 billion in wastewater treatment improvements in greater Minnesota alone.³

President continues to short change the Great Lakes

The Great Lakes Legacy Act cleans up toxic sediments in the region's most heavily polluted harbors. Although the President proposes a small increase for 2009— from \$34.5 million to \$35 million — for Great Lakes Legacy, the proposal is short of the \$54 million per year authorized for the work, and far short of the \$150 million per year recommended by the Great Lakes Regional Collaboration Council.⁴

The program's task is to clean up "areas of concern," 43 sites which have been identified as "pollution hot spots" in the Great Lakes Basin. One of these areas of concern is the St. Louis River in Minnesota. From 39 miles downstream at Cloquet to its mouth at the Duluth-Superior harbor, the St. Louis River, the largest tributary of Lake Superior, faces significant ecological challenges that the Great Lakes Legacy Act will address. Sediments chemically contaminated by decades of pollution and other impairments present serious risks to water quality, water safety, and fish and wildlife habitat.

Although considerable progress has been made to inventory the St. Louis River's resources, building an effective citizen action and advisory committee to monitor the cleanup, protecting valuable habitat along the river, and addressing continuing sources of pollution, the most expensive part of the job remains to be done. The costs of removing or capping contaminated sediments could run in the tens of millions of dollars. Thus far, the **St. Louis River Area of Concern has not received funding** from the Great Lakes Legacy Act. Fully funding the program is critical to finally accomplishing the needed cleanup and preserving the economic, recreational and ecological value of the Duluth/Superior Harbor.

President's budget continues a seven year slide for park and natural area protection

In 1968, Congress funded the Land and Water Conservation Fund (LWCF) by dedicating federal revenues from offshore oil and gas receipts for natural resource protection. With broad bipartisan support, the fund was designed to take revenues generated by the depletion of one natural resource and use them to enhance the nation's environment by creating national and community parks, forests, wildlife refuges, and open spaces.⁵ Despite his promise in 2000 to fully

² Minnesota Public Facilities Authority.

³ West Central Initiative, Infrastructure Study for West Central Minnesota Communities (January 2003.) (See www.wcif.org.) See also Brown, "Trends in State Environmental Spending," See also USEPA "The Clean Water and Drinking Water Infrastructure Gap Analysis" (Sept. 2002) <http://www.epa.gov/safewater/gapreport.pdf> (nationwide, capital needs for wastewater are \$388 billion over 20 years).

⁴ Great Lakes Regional Collaboration, *GLRC Strategy* (2005) <http://www.glrc.us/documents/strategy/AOC-Appendix.pdf>

⁵ The Conservation Fund, *The Land Water Conservation Fund: Assessment of its Past, Present, and Future*, http://www.safc.org/campaigns/documents/lwcf_assessment.pdf

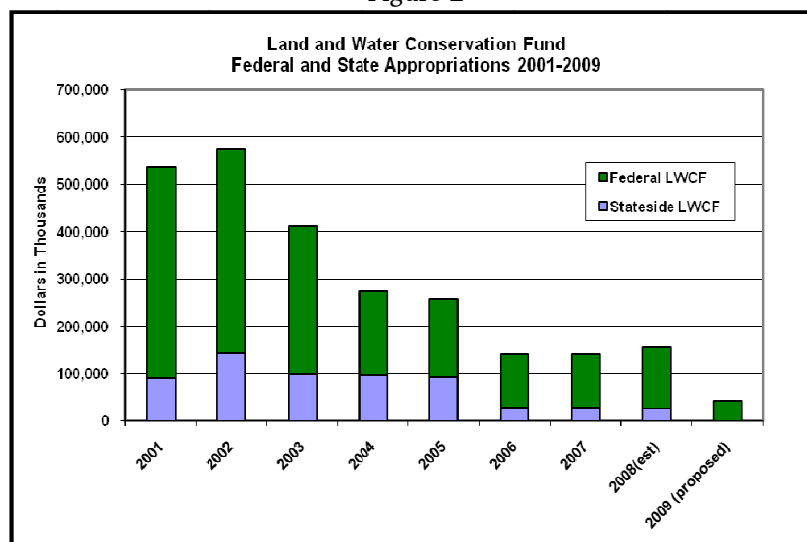
fund the LWCF at the authorized \$900 million, the President proposes less than \$50 million for LWCF, continuing a **devastating seven year slide for park and natural area protection**.

There are two components to LWCF funding: 1) stateside assistance grants, which fund state and local projects and 2) federal LWCF, which protects land and habitat at the federal level, such as national parks. In Minnesota, stateside LWCF funds have been critical to the state’s outdoor recreation system. The Minnesota Department of Natural Resources recently stated, “The LWCF program has had a profound, though largely underappreciated, impact on the outdoor recreation infrastructure of Minnesota, with investments of more than \$68 million in the state’s outdoor recreation system.”⁶ In Minnesota, LWCF has funded projects in 68 state parks and recreation areas, 35 state forest campgrounds, 20 state natural areas, 12 wildlife management areas, and 7 state wild and scenic rivers, 5 state trails, 4 state historical sites and hundreds of local community park and natural areas.

For 2009, the President recommends funding federal LWCF funding at an anemic level, and stateside LWCF funding is eliminated altogether. In FY2008, LWCF received \$154 million. For FY2009, the administration reduces that by more than \$110 million to approximately \$42.5 million.

Prior to FY 2006, Minnesota had been receiving between \$2.5 and \$1.5 million per year in LWCF stateside funds. From 2006 to 2008, this dropped to less than a half a million dollars, and under the president’s budget, Minnesota would receive no LWCF funds in fiscal year 2009.

Figure 2



Source: National Park Service, Land and Water Conservation Fund, http://www.nps.gov/nrc/programs/lwcf/fed_state.html, 2009 Funding as proposed by the President’s budget.

The diversion to other purposes of offshore oil revenues intended for the LWCF is a serious breach of trust and leaves the states without a traditional and vital source of park funding. In Minnesota, a growing population has created an urgent need for parks and natural areas; a

⁶ Minnesota Department of Natural Resources, *Adapting to Change: Minnesota’s 2008-2012 State Comprehensive Outdoor Recreation Plan* (2008), http://files.dnr.state.mn.us/aboutdnr/reports/scorp_final_3308.pdf

recent survey of Minnesota cities and counties found that 45.3 % of counties and 30.5% of cities identified a need for more natural areas and open space within the next five years.⁷ In the central and metro regions of the state, 71% of counties identified a need for more natural areas and open space. The Minnesota DNR currently has a backlog of \$30 million in requests from local governments for local parks, open space and habitat projects.

President cuts funding for forest protection, leaving Minnesota’s forests at risk

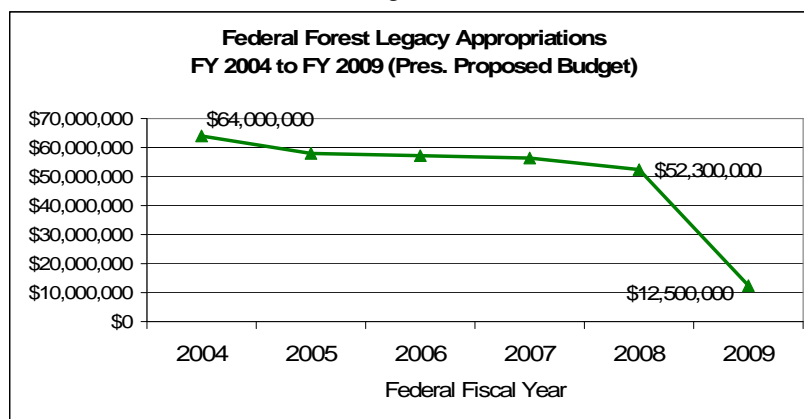
In Minnesota, forest fragmentation is a critical concern, as economic changes in the timber industry have resulted in the increasing sale and development of forest land. The Minnesota DNR estimates that 1.2 million acres of Minnesota forestland are currently at risk of fragmentation and conversion to other uses.

A recent Forest Service report, *Forests on the Edge*,⁸ projects that more than 40 million acres of private forestlands will experience a significant increase in housing density by 2030, posing serious threats to water quality, forest resources and wildlife habitat. In Minnesota, timber and mining companies have sold large chunks of forestry land to real estate investment firms, which subdivide and sell the land. This real estate speculation restricts the future ability to use the land for timber production, limits public access, and poses serious harm to the forest ecosystem by fragmenting habitat.

Despite the urgent need for forest protection, one of the federal government’s most popular and successful forest protection programs, the Forest Legacy program, is nearly eviscerated in the Administration’s search for budget cuts in FY 2009. Forest Legacy assists states in conserving threatened private forestlands by helping to acquire conservation easements on working forests.

Despite the program’s highly successful record as a voluntary, partnership approach to forest conservation, its funding plummets under the President’s 2009 budget. The administration recommends only \$12.5 million – **a 76% cut from last year’s enacted level of \$52.3 million.**

Figure 3



Source: U.S. Forest Service, President’s Proposed FY2009 Budget.

⁷ “2004 Outdoor Recreation Facility Survey of Minnesota Cities, Counties and School Districts: Part I: Facility Adequacy” MN DNR, at 22, 63 (July 2005), http://files.dnr.state.mn.us/aboutdnr/reports/facility_adequacy.pdf

⁸ U.S. Forest Service, *Forests on the Edge* (2005) <http://www.fs.fed.us/projects/fote/reports/fote-6-9-05.pdf>

For 2009, 45 states submitted requests for 87 forest protection projects totaling over \$200 million. Of this, the President's budget funds only \$12.5 million in requests. In Minnesota, the total request for FY2009 was \$8.825 million. Of this, the President's budget cuts a high priority request for Koochiching and Itasca counties from \$5.250 million to \$3.050 million, and zeroes out funding for projects in Southeastern Minnesota.⁹ Funding for 18 requested projects in the Mississippi bluff lands in Wabasha County and in the Big Woods area in Rice County were not included in the Administration's request. These unfunded projects are needed to protect high value hardwood forests in Southeast Minnesota near stream and river corridors, helping to preserve water quality and critical wildlife habitat in the important Mississippi flyway region.

⁹ USDA, U.S. Forest Service, *FY2009 Budget Justification*, <http://www.fs.fed.us/publications/budget-2009/fy2009-forest-service-budget-justification.pdf>

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ABOUT MINNESOTA ENVIRONMENTAL PARTNERSHIP

The Minnesota Environmental Partnership (MEP) is a coalition of organizations committed to the protection and restoration of Minnesota's lakes, rivers, streams, forests, natural areas, parks and trails. Serving as a convener, MEP brings together organizations working on issues of common concern and provides support and assistance for achieving shared goals.

In total, more than 80 nonprofit conservation and environmental organizations from throughout Minnesota belong to MEP, representing a combined membership of more than 450,000 Minnesotans.

MEP is a 501c3 nonprofit organization.

www.MEPartnership.org

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