

# The President's Budget Framework for Fiscal Year 2010: Impact on Environment & Natural Resources Protection In Minnesota

Prepared for the Minnesota Environmental Partnership  
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President Obama's recently released budget blueprint for Fiscal Year 2010<sup>1</sup> recommends increased funding for many clean water and natural resource programs which are critical to protecting Minnesota's Great Outdoors and economy. While details of the President's budget will not be released until April, the broad framework recommends funding levels for several programs that are particularly important to Minnesota's lakes, rivers, streams and Great Outdoors.

## Increased funding for clean water

The President's 2010 budget proposes \$3.9 billion for the Clean Water and Drinking Water State Revolving Funds. This is a major increase from the approximately \$1.5 billion per year that was appropriated in fiscal years 2008 and 2009.

The Clean Water State Revolving Fund (SRF) 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. The Drinking Water revolving fund similarly provides low interest loans to communities in order to construct or improve systems in order to comply with the federal Safe Drinking Water Act.

In the last decade, funding for these programs, especially the Clean Water SRF, has dropped precipitously.<sup>2</sup> Appropriations for the Clean Water SRF declined from nearly \$2 billion in the early nineties to less than \$1 billion in 2006.

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, systems have not been able to keep up with population growth, overburdening some systems and pushing others to their maximum capacity. In nearly 100 small communities with limited financial resources, there is no functioning treatment system at all and raw untreated sewage is being discharged directly into surface waters. According to the EPA, Minnesota's current wastewater infrastructure needs total \$3.6 billion.<sup>3</sup>

Federal funds are deposited into a revolving fund which is used to give communities low interest loans to finance wastewater improvements. In Minnesota, even with a recent injection of federal stimulus money, the need far exceeds the ability of the fund to finance projects. The current Wastewater

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<sup>1</sup> A New Era of Responsibility, [http://www.whitehouse.gov/omb/assets/fy2010\\_new\\_era/A\\_New\\_Era\\_of\\_Responsibility2.pdf](http://www.whitehouse.gov/omb/assets/fy2010_new_era/A_New_Era_of_Responsibility2.pdf)

<sup>2</sup> NEMW Study (Dec. 2006) [http://www.nemw.org/NEMWAPPROPSFacts\\_EPAWaterRLFs1206.pdf](http://www.nemw.org/NEMWAPPROPSFacts_EPAWaterRLFs1206.pdf)

<sup>3</sup> CWNS Report to Congress, <http://www.epa.gov/owm/mtb/cwns/2004rtc/toc.htm>

Project Priority List in Minnesota includes 261 projects with a total project cost of \$1.8 billion.<sup>4</sup> The President's proposed budget would substantially increase the fund's ability to finance more of these critically needed projects, and the resulting construction will provide badly needed jobs in communities throughout the state.

### **Historic new commitment to the Great Lakes**

The President proposes \$475 million for cleaning up and restoring the Great Lakes. Of this, the EPA has indicated that \$60 million would fund the Great Lakes Legacy Act which cleans up toxic sediments in the region's most heavily polluted harbors, and the remaining \$415 million will be new funding for restoring shorelines and wildlife habitat, preventing runoff, and protecting against harmful invasive species.

Cleaning up the Great Lakes is essential to the economic health of the region. A study by the Brookings Institute calculated the overall economic benefit of Great Lakes restoration at \$80-100 billion.<sup>5</sup> Minnesota's economy will benefit directly – the Brookings Institute also determined that cleaning up the Great Lakes will result in \$200-300 million in economic benefits to the Duluth metropolitan area.<sup>6</sup>

The President's budget will allow Minnesota to apply for badly needed funds to begin cleaning up toxic sediments in the St. Louis River and Duluth Harbor. The lower St. Louis River and the Duluth Harbor have been identified as an "area of concern" - one of 43 sites known to be "pollution hot spots" in the Great Lakes basin. Decades of industrial uses have left sediments polluted by PCBs, dioxin, mercury and other toxins that present serious risks to water quality, human health, and fish and wildlife habitat.

Although to date Minnesota has not received any Great Lakes Legacy funds, the adoption of the President's budget combined with the recently adopted constitutional dedication of state funds make it likely that the Duluth Harbor clean up will finally begin. Last fall, Minnesota voters overwhelmingly approved the Clean Water, Land and Legacy Amendment, which raises and dedicates 1/8<sup>th</sup> of one percent in state sales taxes to clean water funding. Governor Pawlenty recently proposed using \$750,000 of the newly dedicated money as the required state match for the St Louis River cleanup.

The Minnesota Pollution Control Agency has estimated that there are as many as 80 locations in the St. Louis River and Duluth Harbor requiring remediation. Assessment and clean up will provide high quality engineering and construction jobs for the community as well as long term recreation and wildlife habitat benefits.

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<sup>4</sup> 2009 Project Priority List, [http://www.deed.state.mn.us/Community/assistance/PDFs/CW\\_2009\\_PPL\\_8-25-08\\_REVSD\\_FINAL.pdf](http://www.deed.state.mn.us/Community/assistance/PDFs/CW_2009_PPL_8-25-08_REVSD_FINAL.pdf)

<sup>5</sup> Healthy Waters; Strong Economy: The Benefits of Restoring the Great Lakes Ecosystem (Sept 2007), [http://www.healthylakes.org/site\\_upload/upload/GrtLakesCostBenefit.pdf](http://www.healthylakes.org/site_upload/upload/GrtLakesCostBenefit.pdf)

<sup>6</sup> Brookings Institute Metropolitan Policy Program, "Place -Specific Benefits of Great Lakes Restoration" (May 2008) [http://www.brookings.edu/~media/Files/rc/reports/2008/0324\\_greatlakes\\_supplement\\_austin/greatlakes\\_supplement.pdf](http://www.brookings.edu/~media/Files/rc/reports/2008/0324_greatlakes_supplement_austin/greatlakes_supplement.pdf)

## **Restoring the nation's commitment to park and natural area protection**

The President proposes funding the Land and Water Conservation Fund (LWCF) at \$420 million in 2010, with the goal of full funding of \$900 million by 2014. The LWCF is the nation's premier tool for park and natural area protection.

In 1968, Congress dedicated a portion of federal revenues from offshore oil and gas receipts for natural resource protection. The fund was intended 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. Yet the fund has rarely received the intended full funding of \$900 million. In fiscal year 2008, oil and gas leasing revenues exceeded \$23 billion, but the LWCF received only \$154 million.<sup>7</sup>

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 (DNR) 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."<sup>8</sup> Park and natural area protection also provides vital water quality benefits through protecting shorelines and providing surface water buffers.

In both 2008 and 2009, Minnesota received less than \$500,000 in state LWCF assistance while the need for local park and natural area protection in Minnesota is currently \$70 million, according to the National Park Service.<sup>9</sup> The DNR program which distributes LWCF dollars received applications for \$30 million in grants in the most recent round of requests alone. Although the President's budget does not specify how much of the \$420 million recommended for 2010 would be allocated for state assistance grants, it is anticipated that the amount received would double or triple, providing a critical boost in meeting community park and natural area needs in Minnesota.

## **Continued investment in working forests**

The President recommends \$119 million for conservation easements to protect working forests, an increase of \$34 million. While the budget does not specify which federal easement programs are included or the amounts allocated to various programs, it is likely that the budget will include at least some increase for the Forest Legacy program which has provided valuable assistance in preserving Minnesota's working forests.

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<sup>7</sup> "Conserving America's Landscapes" (LWCF Coalition, 2009), [http://www.tpl.org/content\\_documents/lwcf\\_report\\_webfinal.pdf](http://www.tpl.org/content_documents/lwcf_report_webfinal.pdf)

<sup>8</sup> 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](http://files.dnr.state.mn.us/aboutdnr/reports/scorp_final_3308.pdf)

<sup>9</sup> Land and Water Conservation Fund State Assistance Program, 2008 Annual Report, [http://www.nps.gov/lwcf/LWCF\\_AnnualReport\\_2008.pdf](http://www.nps.gov/lwcf/LWCF_AnnualReport_2008.pdf)

In Minnesota, forest fragmentation is a critical concern, as economic changes in the timber industry have resulted in the increased sale of large tracts 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. In recent years, 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.

The Forest Legacy program, administered by the U.S. Forest Service, assists states in conserving threatened private timberlands by helping to acquire conservation easements on working forests. Under these easements, the land remains in private hands and continues to provide the land base for the practice of sustainable forestry and property tax revenue for local governments, but cannot be developed. The easements also ensure that the land remains open to public access. Strong funding for the Forest Legacy program will help protect Minnesota's forests from sale and fragmentation and ensure that the public continues to have access for hunting and recreation.

For 2010, Minnesota requested \$3 million in Forest Legacy Funds for a Forest Legacy project in Koochiching County. This project would protect the forest economy and recreational resources on 13,500 acres of highly productive forest land which generates timber for mills in International Falls, Bemidji, Duluth, and Grand Rapids. Seventy-five percent of the working population in Koochiching County work in the forest products industry, and the larger forest products industry supports over 35,000 jobs in Minnesota. The proposed easement would also provide water quality benefits to Voyageurs National Park, the Rainy River, and Nett Lake, the world's foremost natural wild rice producing lake.<sup>10</sup>

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<sup>10</sup> MN DNR, Forest Legacy Project Application: Koochiching Forest Legacy (2009)

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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](http://www.MEPartnership.org)

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