Legislative-Citizen Commission on Minnesota Resources

February 18, 2013 Meeting

SUBJECT: Background on DNR Request for Direct and Necessary Expenses on ENRTF Projects

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In the proposals/work plans submitted by DNR this year a new line item called "direct and necessary services for the appropriation" was included in the budget that amounts to a cost of 0.2% to 9.15% (latest figures) of the project appropriation depending on the specific elements of the project.

Any expenses that are directly related to and necessary for a specific appropriation have always been eligible to be approved in the work plans of ENRTF projects, as long as the expenditures can be clearly explained, justified, and properly accounted for. The ML 2013 bill draft for LCCMR's current recommendations contains the following language, mirroring that of the language used for the Outdoor Heritage Fund: "*Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation.*"

DNR Commissioner Landwehr appeared before the LCCMR on 07/11/12 to explain that the "direct and necessary" expenses included in the budget account for items DNR believes should be allowed as ENRTF expenditures but that are listed as ineligible* in the Request for Proposal (RFP). Previous support for these expenses was provided through the general fund but those funds have been declining.

> *Note: Specific examples of DNR expenses that would be classified as ineligible or that have not been previously allowed as ENRTF expenditures still have yet to be clearly identified or articulated.

In response, and in order to properly consider the DNR's request, LCCMR members discussed that they would need to receive detailed information that clearly explains the DNR's methods for calculating direct and necessary expenses along with what individual expenses are included in the calculated direct and necessary expenses specific to each individual proposal being recommended. Commissioner Landwehr was asked if that information could be provided and the Commissioner indicated that DNR would provide the information.

To date DNR has provided some general documentation about the process used for calculating direct and necessary expenses along with lists of the types of expenses included in the calculations for each individual project. There does remain some level of ambiguity about the exact expenses that would be charged as "direct and necessary" to each individual project.

DNR Commissioner Landwehr appeared before the LCCMR again on 11/28/12 to discuss "direct and necessary" expenses with the commission. LCCMR members discussed that an LCCMR subcommittee should be convened to consider this topic in greater detail with the acknowledgement that this is ultimately an issue that should be acted on by the legislature. The action taken was to approve the entire dollar amounts being recommended for DNR projects with the caveat that the direct and necessary costs proposed would still need to be addressed at a later date by an LCCMR subcommittee and the legislature as a whole through discussion based on better documentation and clearer justification from DNR.

ML 2013 LCCMR Recommendations for DNR Projects as of 11/19/12

						As of 10/18/12 based on 07/11/12 Action				As of 01/17/13 based on 11/28/12 Action			
Subd.	Title	Organization	First Name	Last Name	Original Budget Submission	ENRTF Recommended Dollars 07/11/12	"Amount Available for Project Work" per DNR	ENRTF Work Plan Direct & Necessary 10/18/12	ENRTF Direct & Necessary Percentage 10/18/12	ENRTF Recommended Dollars 11/28/12	"Amount Available for Project Work" per DNR	ENRTF REVISED Work Plan Direct & Necessary 01/17/13	ENRTF Direct & Necessary Percentage
03a	Minnesota Biological Survey	MN DNR	Carmen	Converse	$2,600,000	$2,650,000	$2,430,301	$219,699	8.29%	$2,650,000	$2,430,301	$219,699	8.29%
03c	County Geologic Atlas (Part B) for Water Resource Sustainability	MN DNR	Jan	Falteisek	$2,180,000	$1,099,000	$1,023,183	$75,817	6.90%	$1,200,000	$1,120,784	$79,216	6.60%
03d	Updating the National Wetland Inventory for Minnesota - Phase 4	MN DNR	Steve	Kloiber	$1,751,000	$1,000,000	$917,095	$82,905	8.29%	$1,000,000	$917,095	$82,905	8.29%
03e	Conservation Easement Stewardship Program, Phase III	MN DNR	Susan	Damon	$684,476	$200,000	$182,823	$17,177	8.59%	$200,000	$182,823	$17,177	8.59%
	Fish and Wildlife Division Portion :Conservation Easement Stewardship Program, Phase III					*$35,970*	*$33,012*	*$2,958*	*8.22%*	*$35,970*	*$33,012*	*$2,958*	*8.22%*
	Lands and Minerals Division Portion: Conservation Easement Stewardship Program, Phase III					*$128,061*	*$117,133*	*$10,928*	*8.53%*	*$128,061*	*$117,133*	*$10,928*	*8.53%*
	Parks and Trails Dvision Portion: Conservation Easement Stewardship Program, Phase III					*$35,969*	*$32,678*	*$3,291*	*9.15%*	*$35,969*	*$32,678*	*$3,291*	*9.15%*
04a	State Parks and State Trails Land Acquisition	MN DNR	Jennifer	Christie	$2,000,000	$1,000,000	$997,986	$2,014	0.20%	$1,000,000	$997,986	$2,014	0.20%
04b	SNA Acquisition, Restoration, Enhancement & Citizen Engagement	MN DNR	Peggy	Booth	$4,696,400	$1,500,000	$1,375,642	$124,358	8.29%	$1,500,000	$1,375,642	$124,358	8.29%
04c	Native Prairie Stewardship & Prairie Bank Easement Acquisition	MN DNR	Jason	Garms	$1,080,000	$750,000	$724,880	$25,120	3.35%	$750,000	$724,880	$25,120	3.35%
04i	Conservation Grazing to Improve Wildlife Habitat on WMAs	MN DNR	Bill	Penning	$1,200,000	$600,000	$550,661	$49,339	8.22%	$600,000	$550,661	$49,339	8.22%
05a	Sustaining Lakes in a Changing Environment Phase 2	MN DNR	Donald	Pereira	$1,411,871	$700,000	$659,504	$40,496	5.79%	$1,200,000	$1,229,732	$70,268	5.86%
06b	Detection and Monitoring of Asian Carp Populations	MN DNR	Bradford	Parsons	$540,000	$275,000	$252,386	$22,614	8.22%	$540,000	$495,595	$44,405	8.22%
06e	Biological Control of Garlic Mustard	MN DNR	Laura	Van Riper	$150,000	$140,000	$140,000	$0	0.00%	$140,000	$140,000	$0	0.00%
					$18,293,747	**$9,914,000**	**$9,254,461**	**$659,539**	**6.65%**	**$10,780,000**	**$10,165,499**	**$714,501**	**6.63%**