



Department of Natural Resources Biennial Budget 2018-2019

This document provides a high-level summary of our 2018-2019 biennial budget highlighting key information about where our funding comes from and how we use it.

The state of Minnesota budgets on a two-year (biennial) funding cycle. The legislature and governor establish our “base” budget in the odd-numbered year and amend it in the even-numbered year. Our FY18-19 biennial budget is \$1.1 billion and is used to support our mission:

To work with citizens to conserve and manage natural resources, provide outdoor recreation opportunities and provide for commercial uses of resources that creates a sustainable quality of life.

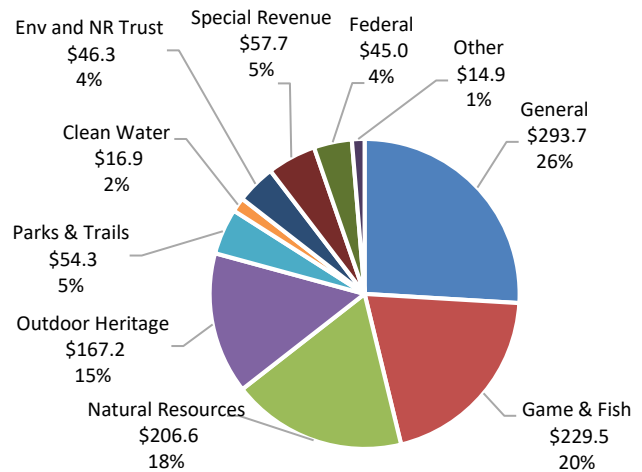
Similar to most state agencies, we organize our budget by our seven divisions and then across many funds.

Our divisions include: 1) Lands and Minerals, 2) Ecological and Water Resources, 3) Forestry, 4) Parks and Trails, 5) Fish and Wildlife, 6) Enforcement, and 7) Operation Support. Parks and Trails has the largest budget (\$250.4 million) and accounts for 22% of our total spending. Lands and Minerals is our smallest division and constitutes 2% of our budget. We also have an eighth aspect of our budget for monies that we do not use for our operations. They are either appropriations to non-state entities or payments that the DNR makes on behalf of the state. We refer to these monies as pass-through funds-they make up 22% of our FY18-19 budget.

We manage our budget across 50 funds, and most of our fiscal activity occurs in four primary funds: General Fund (26%), Game and Fish Fund (20%), Natural Resources Fund (18%), and Outdoor

Heritage Fund (15%). Together, these account for 79% of our spending.

**Department of Natural Resources
FY18-19 Budgeted Expenditures by Fund
\$1.1 Billion**



Where do we get our funding?

The General Fund

The General Fund is the state’s main operating fund. General Fund dollars play an important role in our budget, because they are our most flexible funding source. They allow us to budget for our general operating needs as well as respond quickly to emergencies and urgent, unexpected needs.

Our FY18-19 General Fund budget is \$293.7 million, which is less than 1% of the total General Fund spending for the state. Fifty-eight percent of these dollars or \$171.4 million are direct appropriations for managing of the state parks and trails, minimizing the spread of invasive species, managing the state’s forests and lands, protecting our water, providing outdoor recreation opportunities, and enforcing natural

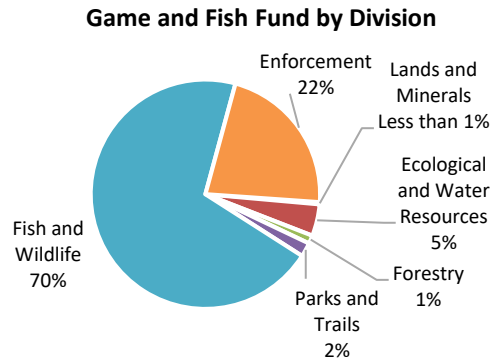
resource laws. Direct appropriations are set by law and state agencies cannot spend more than the amount appropriated.

The remaining 42% are open appropriations that are available up to the amount needed to meet a statutory requirement.

We have three open appropriations in the General Fund. Two of them are for making payments to tribes and counties based on treaties and statute on behalf of the state. The payments made to counties are known as payment-in-lieu of taxes (PILT) and are approximately \$37 million dollars each year. Since the state does not pay property taxes on land it owns, PILT payments help compensate counties for this lost tax revenue. We also make payments to tribes on behalf of state in accordance with the 1854 Treaty and the Leech Lake Band agreement. These is roughly \$8.7 million annually. Lastly, we have authority to access General Fund dollars (as needed), so that we can respond quickly to forest fires. For FY18-19, this is estimated at \$15 million per year.

The Game and Fish Fund

The Game and Fish Fund (GFF) supports management, monitoring, and protection of fish and wildlife resources as well as the enforcement of game and fish laws. Our Fish and Wildlife Division accounts for 70% of our GFF expenditures, over half of which is spent on compensation.



The fund is sourced by a variety of revenues that directly relate to the programs they support. Sales of hunting and fishing licenses contributed 43% of GFF total revenue in FY17. We also receive federal funds through the federal sport fish and wildlife federal grants. We estimate these funds at \$59.9 million this biennium. Together, these two funding sources combined contribute about 86% of the fund this biennium.

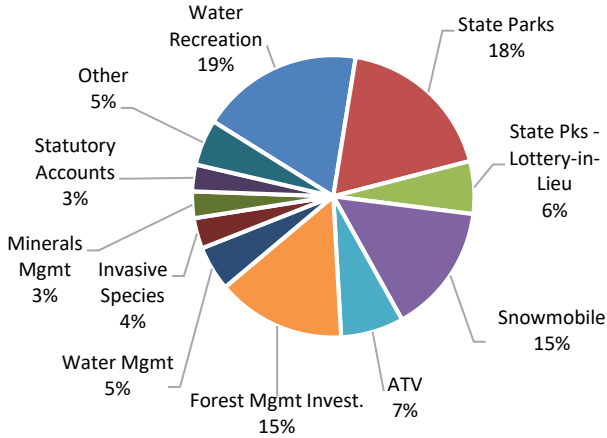
A citizen’s oversight group plays an important role in ensuring these dollars are managed in the citizens’ best interests.

For more information about the Game and Fish Fund, please see our annual [Game and Fish Report](#) available on our website.

The Natural Resources Fund

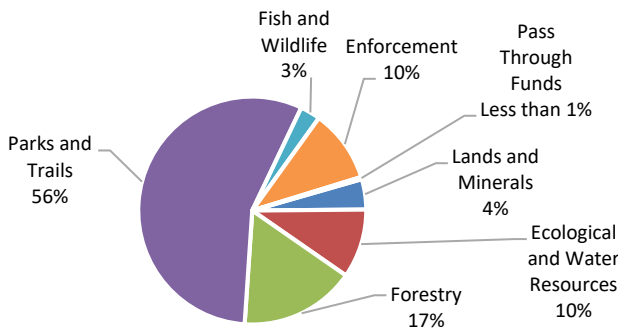
The Natural Resources Fund (NR) supports the development and maintenance of Minnesota’s natural resources and the enforcement of natural resource laws. NR expenditures make up 18% of our total budget. This fund consists of 20 accounts that are all dedicated for a specific purpose ranging from water based recreation to forest management to state parks. The two largest accounts are water recreation and state parks, which make up 19% and 18% of the Natural Resources Fund budget respectively.

Natural Resources Fund Accounts



Our Parks and Trails Division accounts for 56% of our NR spending, over half of which is spent on compensation.

Natural Resources Fund by Division



The two largest revenue sources to the fund include the 1) state’s gasoline tax and 2) license and registration fees—together these contributed 39% of the fund’s resources in FY17. For more information about the Natural Resources Fund, please see our annual [Natural Resources Fund Report](#) available on our website.

An important aspect of our budget is that a significant portion of our spending authority in GFF and NR comes from appropriations that are sourced by the revenues our programs generate. When revenues exceed appropriations, we cannot spend above our appropriation even though there may be unmet needs. Conversely,

when appropriations exceed revenues, we only spend what we bring in to ensure that our funds stay healthy. This can limit our ability to provide services at the “right” level and fulfill our mission.

Federal Grants

We receive a variety of funding from the federal government for research, boat and water safety, trail development, disaster response, wildlife habitat protection, and special projects. We expect to receive \$45 million, which is 4% of our FY18-19 biennial budget.

Constitutionally-Dedicated Funding

In 1988 and 2008, Minnesota voters approved constitutional amendments that established dedicated funding for environmental, recreational, and cultural purposes. We receive funding from four of the five constitutionally-dedicated funds. These include the Environment and Natural Resources Trust Fund (ENRTF) and the following Legacy funds: Outdoor Heritage Fund, Clean Water Fund, and Parks and Trails Fund. These funding sources are unique, because 1) the projects funded are one-time in nature rather than ongoing operations and 2) Outdoor Heritage Fund and ENRTF are appropriated annually rather than biennially. Additionally, the dedicated sales tax supporting the Legacy funding expires after 25 years. In FY18-19, these funds account for 25% of our budget.

Environment and Natural Resources Trust Fund

We use these dollars to conserve and enhance Minnesota’s natural resources including air, water, fish, and wildlife. The Legislative-Citizen Commission on the Minnesota Resources (LCCMR) committee governs this fund and makes annual funding recommendations to the legislature. We received \$46.3 million from this fund in FY18-19 and 4% of our overall biennial budget.

Outdoor Heritage Fund

These dollars are used to restore, protect and enhance land and water for fish, game and wildlife. The Lessard-Sams Outdoor Heritage Council (LSOHC) oversees this fund and makes recommendations to the legislature annually. We received \$167.2 million from this fund in FY18-19, which accounts for 70% of our Legacy funds and 15% of our biennial budget. Of this, \$119.3 million is for pass-through grants to local governments and external organizations.

Clean Water Fund

Funding is used to protect, enhance, and restore water quality in surface and groundwater. The Clean Water Council as well as an interagency committee of state agencies makes funding recommendations to the governor. We received \$16.9 million from this fund for FY18-19, which accounts for 7% of our Legacy funds and 2% of our overall biennial budget.

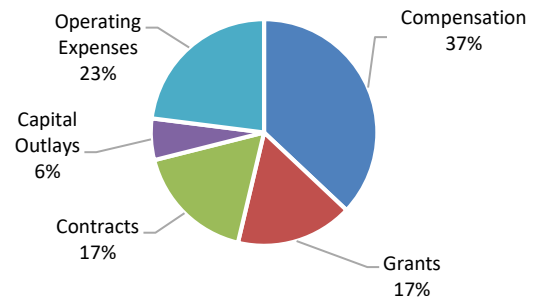
Parks and Trails Fund

We use this Legacy funding to support parks and trails of regional or statewide significance. All of these dollars are spent by our Parks and Trails division and a third of these dollars are for pass-through grants. We received \$54.3 million from this fund, which accounts for 23% of our Legacy funds and 5% of our biennial budget.

What do we spend our money on?

Our largest expense is compensation, which is 37% of our total budget. We employed approximately 4,400 people across the state in FY17. These employees worked 5.5 million hours, which translates into approximately 2,600 full-time equivalents (FTE). This trend is consistent across all of our divisions.

Spending by Category



Operating expenses and contracts are the two next largest spending categories. Examples of operating expenses include supplies, equipment, rent, and fleet. In any given year, we may also contract for services when we need skills that we do not have or when our internal staffing is insufficient. The fourth largest spending category is the \$188.9 million worth of grants we send out the door to local governments and non-governmental organizations to help fulfill our mission. The smallest spending category is capital outlay, which includes building repairs, and improvements, and land acquisition.

Division Budgets

We structure our budget around our seven divisions. Our largest division is Parks and Trails, which accounts for 22% of our total spending. Below is a high level summary of key budget information for each division.

Lands and Minerals (LAM)

Size of Biennial budget: \$24.4 million

Number of FTE (FY17): 82

Responsible for implementing land policy on state-owned lands and providing fiduciary oversight for real estate and minerals transactions that relate to state ownership. A majority of LAM's spending occurs in the mineral management account in the natural resources fund, which is sourced primarily by mineral mining royalties. A small percent of their overall

budget comes from the General Fund —\$3.6 million or 15%.

Ecological and Water Resources (EWR)

Size of Biennial budget: \$120.5 million

Number of FTE (FY17): 413

Dedicated to promoting and delivering integrated conservation of Minnesota’s water resources, biological diversity, and ecosystem services to achieve healthy watersheds throughout Minnesota, and ensuring a high quality of life for present and future generations. EWR receives \$35.5 million from the General Fund, which is 29% of EWR’s budget. EWR operates out of various funds, chiefly the Natural Resources Fund, the Clean Water Fund, and the Environment and Natural Resources Trust Fund make up 17%, 11%, and 11% percent respectively.

Forestry (FOR)

Size of Biennial budget: \$162.3 million

Number of FTE (FY17): 462

Sustains Minnesota’s forest ecosystems in a healthy, resilient, and productive state to ensure that current and future generations enjoy a full range of forest benefits. FOR has a General Fund biennial budget of \$65.1 million, which accounts for 49% of the FOR budget. We can access additional General Fund dollars as needed to fight forest fires; historically, we have spent an average of \$17.7 million per year for this purpose.

Parks and Trails (PAT)

Size of Biennial budget: \$250.4 million

Number of FTE (FY17): 560

Creates outdoor opportunities through a state park and recreation system that conserves and manages Minnesota’s natural, scenic, and cultural resources. PAT receives \$52 million in General Fund support this biennium (21% of the PAT’s budget), but also relies on user fees from parks and recreation vehicles. Most of these fees are designated for a specific purpose and cannot be

used for operations or trail maintenance. PAT also receives funding from the Parks and Trails Legacy Fund (\$35.9 million) which accounts for 14% of the PAT budget.

Fish and Wildlife (FAW)

Size of Biennial budget: \$229.9 million

Number of FTE (FY17): 615

Manages and monitors fish and wildlife, their habitats, and the public use of fish and wildlife. The FAW division does not receive dollars from the General Fund, but instead relies largely on the Game and Fish Fund (\$161 million or 70%) and the Outdoor Heritage Fund (\$30.4 million or 13% of the biennial budget).

Enforcement (ENF)

Size of Biennial budget: \$85.9 million

Number of FTE (FY17): 238

Ensures compliance with laws regarding state game and fish, recreational vehicles, natural resource commercial operations, environmental protection, and public safety. The ENF budget primarily comes from the Game and Fish Fund (\$50.2 million or 58%) and the Natural Resources Fund (\$21.3 million or 25%). Enforcement receives \$13.8 million from the General Fund, which is 16% of the ENF budget.

Operations Services (OSD)

Size of Biennial budget: \$7.2 million

Number of FTE (FY17): 275

Provides administrative leadership and support to the entire agency and direct services to the general public through the call center and website. The OSD division is funded through internal billings, which means that OSD bills the other divisions for the administrative support they receive. The legislative approved this funding structure in 2008. Please note: to avoid double-counting expenditures, we have excluded the \$178.8 million of activity funded through these internal charges to divisions.

Pass-Through Funds

Size of Biennial budget: \$251.6 million

Represents the financial assistance to local governments and non-governmental organizations to build recreation facilities and to protect and enhance natural areas. This includes pass through dollars of \$158.7 million appropriated through the Environment and Natural Resources Trust Fund, the Outdoor Heritage Fund, and the Parks and Trails Fund. This also includes \$74.9 million for PILT payments to counties discussed previously.

More information on each division available on the [DNR website](http://mndnr.gov): mndnr.gov.