

## Lessard-Sams Outdoor Heritage Council

### Action Agenda Item Memo

**DATE:** December 12, 2013

**SUBJECT:** Biennial vs. Annual Council Recommendation

**PRESENTER:** David Hartwell

---

#### **Background:**

Laws of Minnesota 2013, Chapter 137, Article 1, Section 3 charged the LSOHC to examine transitioning to a biennial recommendation process. The council contracted with Management Analysis and Development to conduct an analysis of a biennial cycle and its potential impact. While the report's purpose was not to offer a recommendation, the analysis strongly suggests continuing the annual appropriation recommendation cycle.

#### **Motion:**

Motion to approve a letter from the council to legislative leadership recommending that the annual appropriation recommendations cycle remain as stipulated in Minnesota Statute 97A.056, Sub. 3a.

#### **Suggested Procedure:**

Members discuss motion, offer amendments to the letter, and vote on motion, as amended.

**Agenda Item: 9**





Lessard-Sams Outdoor Heritage Council  
The State of Minnesota

State Office Building, Room G95 100 Dr. Rev. Martin Luther King Jr. Blvd. Saint Paul, Minnesota 55155

December 13, 2013

Dear Chairs and Ranking Minority Members Presiding Over Committees on Environment and Natural Resources and the Outdoor Heritage Fund:

I hereby present to you the recommendation of the Lessard-Sams Outdoor Heritage Council on transitioning from an annual recommendation cycle to a biennial one. The Council recommends that no action be taken to change the Council's instruction in Minnesota Statutes 2013, Chapter 97A.056, Subdivision 3 which directs that Council to make annual Outdoor Heritage Fund recommendations to the legislature.

This study and Council recommendation fulfills Laws of Minnesota 2013, Chapter 137, Article 1, Section 3:

Sec. 3. **BIENNIAL RECOMMENDATIONS STUDY.**

The Lessard-Sams Outdoor Heritage Council, in consultation with the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the outdoor heritage fund, shall examine transitioning to a biennial recommendation process beginning with fiscal year 2016. The council shall submit its recommendations on the biennial process with its recommendations for outdoor heritage fund spending due January 1, 2014, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the outdoor heritage fund.

The Council engaged the Management Analysis Division of the Office of Management and Budget to study advantages and disadvantages of an annual versus a biennial recommendation cycle. This is a nonpartisan consulting service of the State of Minnesota to assist the state's public sector with resource management and implementation for improved public services. They are familiar with federal, state and local government and the private organizations that work with state government. They sought the opinion of legislators, Outdoor Heritage Fund (OHF) recipients, finance professionals and legislative staff. Their explication of the pros and cons associated with the biennial and annual appropriation cycle are summarized in the attached report and is the basis for the Council's recommendation.

The Council voted by a vote of **X yeas and Y nays** to recommend the statutory requirement for annual recommendations be retained after review of the pros and cons and discussion of the alternatives.

Thank you for your interest in the recommendations of the Council.

Sincerely,

David Hartwell, Chair  
Lessard- Sams Outdoor Heritage Council

C: LSOHC Members  
Minnesota Legislative Reference Library  
Members of the Committees with jurisdiction over Environment and Natural Resources and the  
Outdoor Heritage Fund  
Mark Dayton, Governor, State of Minnesota

#### DISTRIBUTION LIST

Sen. John Marty  
Minnesota Senate  
323 Capitol  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Sen. David Tomassoni  
Minnesota Senate  
317 Capitol  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Sen. Richard Cohen  
Minnesota Senate  
121 Capitol  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Rep. Tom Hackbarth  
Minnesota House of Representatives  
309 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St Paul, MN 55155

Rep. Denny McNamara  
Minnesota House of Representatives  
359 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St Paul, MN 55155

Rep. David Dill  
Minnesota House of Representatives  
571 State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155-4010

Rep. Jean Wagenius  
Minnesota House of Representatives  
449 State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Rep. Phyllis Kahn  
Minnesota House of Representatives  
365 State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Rep. Dean Urdahl  
Minnesota House of Representatives  
253 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St Paul, MN 55155

Sen. Bill Ingebrigtsen  
Minnesota Senate  
143 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155-1206

Sen. David M. Brown  
Minnesota Senate  
109 State Office Building  
St. Paul, MN 55155-1206

Sen. Michelle L. Fischbach  
Minnesota Senate  
15 State Office Building  
St. Paul, MN 55155-1206





Management  
Analysis  
& Development

**Lessard-Sams Outdoor  
Heritage Council**

# **Recommendation Cycle Report**

**November 6, 2013**

## **Project Team**

Ralph Brown  
Kirby Pitman

## **Division director**

Bill Clausen

## **Assistant division director**

Kristin Batson

## **Contact information**

Telephone: 651-259-3800

E-mail: Management.Analysis@state.mn.us

Fax: 651-797-1311

Website: <http://www.mad.state.mn.us/>

Address: 203 Administration Building  
50 Sherburne Avenue  
St. Paul, Minnesota 55155

## **Copies of this report**

For more information or copies of this report, contact the **Lessard-Sams Outdoor Heritage Council**.

## **Management Analysis & Development**

Management Analysis & Development is Minnesota government's in-house fee-for-service management consulting group. We are in our 29<sup>th</sup> year of helping public managers increase their organization's effectiveness and efficiency. We provide quality management consultation services to local, regional, state and federal government agencies, and public institutions.



# Table of contents

Table of contents.....	3
Executive summary.....	4
Introduction.....	5
Methodology.....	5
Background.....	7
Clean Water, Land and Legacy Amendment.....	7
Lessard-Sams Outdoor Heritage Council.....	7
Council composition.....	7
History of annual vs. biennial discussions.....	8
Council application and funding process.....	9
Accomplishment plans and ongoing reporting.....	10
Conservation Partners Legacy Program.....	11
Processes of other legacy funds.....	11
Clean Water Fund.....	11
Parks and Trails Fund.....	12
Arts and Cultural Heritage Fund.....	12
Processes of similar funds.....	12
Legislative-Citizen Commission on Minnesota Resources.....	12
Federal and other states programs.....	13
Private foundations.....	14
Cycle analysis.....	15
Basic questions.....	15
Do the options uniquely support the outdoor heritage mission?.....	16
Which option is consistent with state government practice?.....	17
Which option best supports program effectiveness and efficiency?.....	19
Which option enhances public participation?.....	20
Are other alternatives or variations available?.....	21
Rationale summary.....	23
Annual or biennial cycle—Side-by-side rationales.....	23

# Executive summary

In its 2013 session, the Legislature requested that the Lessard-Sams Outdoor Heritage Council (LSOHC, or the Council) examine transitioning to a biennial recommendation process and report back to the Legislature by January 1, 2014 with a recommendation. To fulfill this mandate, the Council contracted with Management Analysis & Development to conduct an analysis of a biennial cycle and its potential impacts and implications, to inform the Council before its recommendation to the Legislature. This report represents that analysis,

MAD's process included a review of relevant documents and legislative hearing video and audio recordings. The historic material was generated during previous considerations of whether the Council should submit annual or biennial recommendations to the Legislature. In addition, MAD consultants interviewed about 35 key people involved in the Council's work including Council members, Council staff, former Council members and others involved in the formation of the Council, legislative and state agency staff, and stakeholder organizations.

The report includes brief background on the Council's history and processes, and relevant notes regarding the state's other Legacy funds, the Legislative-Citizen Commission on Minnesota Resources, federal and other states programs and private foundations.

About 85 distinct rationales or arguments were identified, supporting or opposing either an annual or biennial cycle; these are organized and included at the end of the report. In MAD's analysis, five key questions were identified and addressed:

- Do the options uniquely support the outdoor heritage mission?
- Which option is consistent with state government practice?
- Which option best supports program effectiveness and efficiency?
- Which option enhances public participation?
- Are other alternatives or variations available?

In answering these questions, the analysis shows there are clear reasons or advantages to using either cycle. While it is not the purpose of this report to make a recommendation – a role assigned to the Council by the Legislature – it is apparent that, overall, the analysis strongly concludes that the Council's work appears to be better served by an annual cycle rather than by a biennial cycle.

# Introduction

In its 2013 session, the Legislature requested that the Lessard-Sams Outdoor Heritage Council (LSOHC, or the Council) examine transitioning to a biennial recommendation process and report back to the Legislature by January 1, 2014 with a recommendation. The bill signed by the Governor included the following section:

**Sec. 3. BIENNIAL RECOMMENDATIONS STUDY.**

*The Lessard-Sams Outdoor Heritage Council, in consultation with the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the outdoor heritage fund, shall examine transitioning to a biennial recommendation process beginning with fiscal year 2016. The council shall submit its recommendations on the biennial process with its recommendations for outdoor heritage fund spending due January 1, 2014, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources and the outdoor heritage fund.*

To fulfill this mandate, the Council contracted with Management Analysis & Development (MAD) to conduct an analysis of a biennial process and its potential impacts and implications, to inform the Council prior to its recommendation to the Legislature. MAD is a division within Minnesota Management & Budget that provides neutral, third-party consultation to state agencies and the Legislature.

## Methodology

MAD's process included a review of relevant documents and legislative hearing video and audio recordings. Documents reviewed included the Office of the Legislative Auditor's evaluation and financial reports on the Outdoor Heritage Fund (OHF) dated November 2011. These Legislative Auditor reports provided background information and were favorable in regards to financial and procedural requirements of the LSOHC, however, their scope did not include the question of cycle timing. MAD conducted interviews with key people involved in the Council's work including Council members, Council staff, former Council members and others involved in the formation of the Council, legislative and state agency staff, and stakeholder organizations.

Many people gave their time to provide valuable information and insight. This report could not have been compiled without their willingness to be interviewed. Among those interviewed were:

- LSOHC members: Jim Cox, David Hartwell, Jane Kingston, Rep. Denny McNamara, Susan Olson, Elizabeth Wilkins
- Council staff: Bill Becker, Heather Koop
- Former Council members and others involved in the Council's formation: Mike Kilgore, Bob Lessard, Darby Nelson, Bob Schroeder, Dave Zentner
- Legislative and state agency staff: Greg Knopff, Michael McKay, Michelle Mitchell, Mike Molzahn, Sarah Strommen, Janelle Taylor, Susan Thornton
- Stakeholder organizations: Whitney Clark, John Curry, Joe Duggan, Neal Feeken, Steve Hobbs, Tom Landwehr, Kris Larson, Deb Loon, Joe Pavelko, Jeff Perry, Susan Schmidt, Jon Schneider, Rob Sip, Isis Stark, John VonDeLinde.

Interviewees spoke as individuals. The organizations they have been affiliated with include: The Conservation Fund, Ducks Unlimited, Friends of the Mississippi River, Isaak Walton League, Metro Big Rivers Partnership, Minnesota Land Trust, Minnesota Valley Trust, The Nature Conservancy, Pheasants Forever, Quail Forever, The Trust for Public Land, Anoka County, Board of Water and Soil Resources (BWSR), Clean Water Fund, Legislative-Citizen Commission on Minnesota Resources, Lessard-Sams Outdoor Heritage Council, Minnesota Department of Agriculture, Minnesota Department of Natural Resources (DNR), and Minnesota Management & Budget.

# Background

## Clean Water, Land and Legacy Amendment

In 2008, Minnesota's voters passed the Clean Water, Land and Legacy Amendment (the Legacy Amendment) to the Minnesota Constitution to protect drinking water sources; to protect, enhance, and restore wetlands, prairies, forests, and fish, game, and wildlife habitat; to preserve arts and cultural heritage; to support parks and trails; and to protect, enhance, and restore lakes, rivers, streams, and groundwater. The Legacy Amendment increases the state sales tax by three-eighths of one percent beginning July 1, 2009 and ending in 2034. The revenue is shared among four funds in the following proportions:

- 33 percent to the Outdoor Heritage Fund;
- 33 percent to the Clean Water Fund;
- 19.75 percent to the Arts & Cultural Heritage Fund; and
- 14.25 percent to the Parks & Trails Fund

## Lessard-Sams Outdoor Heritage Council

To provide annual funding recommendations to the Legislature for the Outdoor Heritage Fund, the Legislature established the Lessard-Sams Outdoor Heritage Council (LSOHC or the Council; [www.lsohc.leg.mn](http://www.lsohc.leg.mn)). The LSOHC is responsible for gathering and evaluating proposals and recommending to the Legislature expenditures from the Outdoor Heritage Fund. MN Statute 97A.056 states that “at least 99 percent of the money appropriated from the fund must be expended to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.” Minnesota Statute 97A.056 Subd. 3(a) states that the LSOHC will make recommendations to the Legislature annually:

*“The council shall make recommendations to the legislature on appropriations of money from the outdoor heritage fund that are consistent with the Constitution and state law and that will achieve the outcomes of existing natural resource plans, including, but not limited to, the Minnesota Statewide Conservation and Preservation Plan, that directly relate to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie. In making recommendations, the council shall consider a range of options that would best restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife. The council's recommendations shall be submitted no later than January 15 each year. The council shall present its recommendations to the senate and house of representatives committees with jurisdiction over the environment and natural resources budget by February 15 in odd-numbered years, and within the first four weeks of the legislative session in even-numbered years. The council's budget recommendations to the legislature shall be separate from the Department of Natural Resource's budget recommendations.”*

## Council composition

The LSOHC is legislatively required to consist of the following twelve members:

- two public members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;
- two public members appointed by the speaker of the house;
- four public members appointed by the governor;
- two members of the senate appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;
- two members of the house of representatives appointed by the speaker of the house.

## History of annual vs. biennial discussions

The legislation states that LSOHC will submit recommendations to the Legislature each year. The LSOHC itself did not choose the annual cycle; it was decided before the creation of the Council. The issue of whether an annual or a biennial cycle is more appropriate has been discussed at several points before and since the inception of the LSOHC:

- The annual cycle timing was included in the original legislation creating the LSOHC as written by the House and adopted by the Senate and Governor. Interviewees reported that in discussions about cycle timing leading up to authorizing the Council, several factors were taken into consideration including which organizations were likely to receive funding, and what would make sense to them, as well as what would work best for conservation needs that change quickly.
- At their first few meetings, the LSOHC revisited the appropriateness of an annual cycle and agreed that it made the most sense. No action was taken to change the timing cycle.
- In 2010, the timing issue again arose. At the November 4<sup>th</sup> LSOHC meeting staff presented a memo outlining the pros and cons of each cycle timing. Several Council members spoke out in favor of the annual cycle. No action was taken to change the timing of the cycle at that meeting.
- The issue again surfaced in April of 2013 in the House Legacy Committee hearings. The Committee had proposed to fund several projects over two years. Several applicants of the Outdoor Heritage Fund testified on the cycle timing. Most testified they preferred to receive funding on an annual basis.
- In the spring of 2013, the House and Senate passed a bill which added two projects to the LSOHC funding recommendations that were not included in the LSOHC's recommendations to the Legislature. One project included habitat funding in the metro area and the other targeted aquatic invasive species. Governor Dayton line-item vetoed the two projects. Also included in the final version of the bill was the request that LSOHC consider a biennial recommendation process and report back to the Legislature.

	April	May	June	July	August	September	October	November	December	January
Call for funding (out for 60 days)	█	█	█							
Application deadline			█							
LSOHC staff organize and complete basic assessment of proposals			█							
Proposal binders to Council members			█							
Council members' proposal rankings			█	█	█					
Meeting: Review rankings and select requests for hearing					█					
Meeting: proposal presentations						█				
Deadline for Council member allocation selections							█			
Deadline for Manager's draft accomplishment plans							█			
LSOHC staff review accomplishment plans, preliminary analysis							█	█		
Draft accomplishment plans binders to Council members							█			
Meeting: Council members review draft accomplishment plans								█		
Meeting: Council members review appropriation language, final analysis for accomplishment plans, and final bill approval									█	
Appropriation bill to the Legislature										█

In addition, many of the same legislators, state agency staff and representatives of conservation and environmental stakeholder organizations have participated in or observed similar cycle conversations involving the Legislative-Citizen Council on Minnesota Resources (LCCMR).

### Council application and funding process

The LSOHC call for funding request is generally issued in April and applications are due 60 days after the call is issued. Once proposals are submitted (usually in June), LSOHC staff organize the applications, complete a basic assessment and compile a binder of proposals for Council members. Over the next month Council members read and individually score each proposal based on the following criteria:

1. Are ongoing, successful, transparent and accountable programs addressing actions and targets of one or more of the ecological sections.
2. Produce multiple enduring conservation benefits.
3. Are able to leverage effort and/or other funds to supplement any Outdoor Heritage Fund appropriation.
4. Allow public access. This comes into play when all other things about the request are approximately equal.
5. Address conservation opportunities that will be lost if not immediately acted on.

6. Restore or enhance habitat on state-owned WMAs, AMAs, SNAs, and state forests.
7. Use a science-based strategic planning and evaluation model to guide protection, restoration and enhancement, similar to the United States Fish and Wildlife Service's Strategic Habitat Conservation model.
8. Address wildlife species of greatest conservation need, Minnesota County Biological Survey data, and rare, threatened and endangered species inventories in land and water decisions, as well as permanent solutions to aquatic invasive species.
9. Provide Minnesotans with greater public access to outdoor environments with hunting, fishing and other outdoor recreation opportunities.
10. Ensures activities for "protecting, restoring and enhancing" are coordinated among agencies, non-profits and others while doing this important work.
11. Target unique Minnesota landscapes that have historical value to fish and wildlife.

In later summer, the Council determines which projects to hear. After the projects have been heard at a September meeting, Council members then develop their own recommendations as to which projects should be funded and individually assign a funding amount to each project. The Council then discusses and votes on the projects and the Chair develops a Chair's proposal based on the total scores and votes. At this point, the project managers of selected projects rework their proposals based on the proposed dollar allocation in the Chair's proposal and draft an accomplishment plan.

In November, the Council reviews the updated proposals and the draft accomplishment plans which detail how the recipients intend to spend their allocation. The Council may still change projects and/or dollar amounts but it is rare to have a significant change at this point in the process. The recommendations put forth in the bill to the Legislature are determined by vote and at least nine of the twelve members must vote to approve the final recommendation package (MN Statute 97A.056 Subd. 3e). At this point, LSOHC staff draft the language of the bill to go to the Legislature and the Council reviews this draft at their December meeting. The bill must be submitted to the Legislature by January 15th.

## **Accomplishment plans and ongoing reporting**

All funded projects are required to have a Council-approved accomplishment plan to receive reimbursements. Accomplishment plans detail how the recipient intends to use the Outdoor Heritage Fund dollars they have been allocated. LSOHC staff work with recipients over several months to draft these accomplishment plans. These plans are reviewed by LSOHC staff, approved by members and available as the bill moves through the Legislature. Once the bill is approved by the Legislature and signed by the Governor, the recipients, with LSOHC staff, align each draft accomplishment plan to fit the final legislative package and provide an expenditure plan for final approval by the Council at their early summer meeting. Once accomplishment plans are in place, recipients are required to submit status reports for all projects twice a year. Status reports track progress to-date. When appropriation availability expires a final report is filed.

LSOHC staff is responsible for managing and tracking all project status reports. The tracking of this reporting is complex with many organizations receiving multiple appropriations for projects that may span several years. Another complication factor is the timing of acquisition and how



that can affect length of funding. Applicants acquiring land have three years to purchase land. If they have a purchase agreement by the end of the third year then they have until the fourth year to close on the property. Applicants with restoration projects have up to five years to spend their funds. If applicants are also using federal dollars for the projects they can have until the federal dollars expire to spend their Outdoor Heritage Fund dollars. LSOHC staff are responsible for managing this timing and the reporting involved.

Minnesota Department of Natural Resources (DNR) and the Board of Water and Soil Resources (BWSR) receive pass-through Outdoor Heritage Fund money that is granted out to other entities. These two agencies have the primary responsibility for providing fiscal agent services to their recipients' and ensuring compliance with relevant accountability requirements, including legal compliance, financial transparency, and program outcomes. The agency uses their internal controls and procedures to ensure compliance. LSOHC staff manages the accomplishment plans, ensures the status reports are filed and oversees compliance for non-agency projects.

### **Conservation Partners Legacy Program**

MN Statute 97A.056 Subd. 3(b) requires the Council “establish a conservation partners program. Local, regional, state, or national organizations may apply for matching grants for restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation, encouragement of forest consolidation, and expansion of restored native prairie.” (<http://www.dnr.state.mn.us/grants/habitat/cpl/index.html>) Conservation Partners Legacy Program is administered by the Minnesota Department of Natural Resources and provides grants from \$5,000 to \$400,000. About a third of this fund is available through an ongoing grant process called the Expedited Conservation Projects Grant Cycle which currently runs continuously from August 2013 to May 2014). The remainder of the money is allocated annually through the Traditional Over/Under \$25,000 Grant Cycle. Applicants apply directly to the DNR and do not go through the LSOHC.

## **Processes of other legacy funds**

### **Clean Water Fund**

Each Legacy fund has different processes and requirements for allocating funds. The Clean Water Fund (<http://www.legacy.leg.mn/funds/clean-water-fund>) was created to protect and restore Minnesota's waters. The Clean Water Council is required to provide the Governor and the Legislature recommendations for Clean Water Fund appropriations each biennium. The Clean Water Council has 19 voting members appointed by the Governor and nine additional non-voting members (five state agency representatives and four legislators). The Clean Water Council is staffed by the Minnesota Pollution Control Agency (the equivalent of one FTE). They focus on long term programs and not specific projects. They do not have a call for proposals.

A large percentage of the Clean Water Fund dollars go to state agencies (BWSR, MPCA, DNR, Dept. of Agriculture, MDH, and Minnesota Public Facilities Authority). These dollars fund programs within these state agencies and they are distributed through eight competitive grant programs. All funded programs must be consistent with the Clean Water Council's established priorities. Although the Clean Water Fund dollars are appropriated biennially and the Clean

Water Council submits recommendations to the Legislature biennially, the competitive grant processes administered by state agencies often occur annually or more frequently.

## **Parks and Trails Fund**

Parks and Trails Legacy Funds are administered through the DNR for state parks and trails and through the Met Council for the seven-county metro area ([www.legacy.leg.mn/funds/parks-trails-fund](http://www.legacy.leg.mn/funds/parks-trails-fund)). The DNR's Parks and Trails Legacy Grant Program provides grants to local units of government. In the metro area, funds are appropriated largely by formula to projects and priorities of existing parks and trail systems. Parks and Trails Funds are appropriated on a biennial basis to DNR and the Met Council but funds are made available annually and on an on-going basis.

The Parks and Trails Advisory Committee was created as part of the implementation of the 25-year Parks and Trails Legacy Plan in response to Laws of Minnesota 2011, First Special Session, chapter 6, art. 3, sec 3(f). The committee does not have a decision-making role but instead its mission is to champion the 25-year Parks and Trails Legacy Plan by “providing recommendations to enhance promotion, coordination, and accountability throughout implementation of the plan.” The Advisory Committee consists of 17 members. The DNR, Metropolitan Council, and Greater Minnesota Regional Parks and Trails Coalition each appoint three members. Eight additional members are selected by the same three agencies through an open solicitation process.

## **Arts and Cultural Heritage Fund**

The Arts and Heritage Council has no central advisory group and no single funding package or set of recommendations is submitted to the Legislature. Funds are distributed through the Legislature and through many competitive grant programs administered by five entities (Minnesota State Arts Board, Minnesota Historical Society, Minnesota Humanities Center, Minnesota Department of Administration, and Minnesota Film and TV and Independent Filmmakers Project Minnesota). These competitive grant programs vary in timing, however, most are annual or more often ([www.legacy.leg.mn/funds/arts-cultural-heritage-fund](http://www.legacy.leg.mn/funds/arts-cultural-heritage-fund)).

## **Processes of similar funds**

### **Legislative-Citizen Commission on Minnesota Resources**

The LCCMR is funded through the Environment and Natural Resources Trust Fund (ENRTF) and makes funding recommendations to the Legislature for special environment and natural resource projects ([www.lccmr.leg.mn](http://www.lccmr.leg.mn)). ENRTF was established in 1988 by a constitutional amendment originating funds from the Minnesota State Lottery and investment income. The LCCMR is funded with 40 percent of the lottery proceeds set up as an endowment with 5.5 percent of the value of the endowment spent. They can spend money in one year but cannot go back and spend unspent money from the first year. The LCCMR staff plays a large role in assisting the members by providing an initial ranking of projects based on criteria developed by the LCCMR members. They fund more and smaller projects than the LSOHC.

The LCCMR funding process has had many iterations back and forth from biennial to annual. Prior to 2006, LCCMR had been functioning on a biennial funding schedule. After Gov.

Pawlenty vetoed the second year of the biennial funding in 2005, an advisory ENRTF task force recommended an annual process so the cycle was annual from 2006 to 2010. In 2010, the Legislature voted to allow the LCCMR to decide for themselves the timing of their funding cycle and they reverted back to a biennial process. In 2012, the LCCMR decided to go an annual cycle. The cycle is currently mainly an annual cycle with some larger projects on a biennial cycle.

## **Federal and other states programs**

Following is a sampling of conservation and environmental funding programs operated by federal agencies and other states. The programs listed were referenced in various stakeholder interviews as examples of best practices in terms of processes. All but one distribute funds on an annual basis. The other one uses a biennial basis.

- **Missouri Conservation Sales Tax**

Interviewees mentioned Missouri as a model for the work in developing and passing the Legacy Amendment. In 1976, Missouri passed a constitutional amendment to support fish, forests and wildlife conservation. The legislation designated 1/8th of one percent of the sales tax toward conservation. All tax revenue goes to the Department of Conservation and accounts for generally around 60 percent of the department's annual revenues. Funds are constitutionally appropriated directly to the Department of Conservation's general fund. The department provides a variety of grant opportunities that function on a variety of time frames, most being from annual to on-going. (<http://mdc.mo.gov>)

- **Great Outdoors Colorado—GOCO**

The GOCO amendment, passed in 1992, dedicates the net proceeds of the state lottery to programs that preserve, protect, enhance, and manage the state's wildlife, park, river, trail, and open space heritage. The amendment also created the GOCO Board charged with distributing these funds. GOCO includes five grant programs; three programs (are administered on a semi-annual schedule and two programs are on an annual schedule. The two grant programs that fund land acquisition (Open Space Grants and the Local Government Parks and Outdoor Recreation Grants) provide funding twice a year. ([www.goco.org](http://www.goco.org))

- **Nebraska Outdoor Recreation Development Cash Fund**

The Nebraska Outdoor Recreation Development Cash Fund (NORDA) receives proceeds from the state's cigarette tax, established in 1980. NORDA receive one cent from every pack of cigarettes sold in the state. The use of this fund is restricted to the acquisition, development, operations and maintenance of areas of the state park system. The fund is administered by the Nebraska Parks and Game Commission. Funding through competitive grants programs is on an annual cycle. ([outdoornebraska.ne.gov](http://outdoornebraska.ne.gov))

- **U.S. Department of Agriculture’s Forest Service: Forest Legacy Program**

The Forest Legacy Program was highlighted in the interviews as having an exemplary funding process based on a rating system. The program provides funds on an annual basis to support states efforts to protect environmentally sensitive forest lands through acquisition of partial interests in privately owned forest lands.

([www.fs.fed.us/spf/coop/programs/loa/flp.shtml](http://www.fs.fed.us/spf/coop/programs/loa/flp.shtml))

- **North American Wetlands Conservation Council Grants**

The North American Wetlands Conservation Act provides matching grants to organizations and individuals who have developed partnerships to carry out wetlands conservation projects for the benefit of wetlands-associated migratory birds and other wildlife. Proposals are submitted to the North American Wetlands Conservation Council, which reviews, ranks, and recommends projects to the Migratory Bird Conservation Commission for final funding approval. This process occurs on an annual basis.

([www.fws.gov/birdhabitat/Grants/NAWCA/index.shtm](http://www.fws.gov/birdhabitat/Grants/NAWCA/index.shtm))

## **Private foundations**

The Minnesota Council on Foundations represents about 175 corporate, family, community and private foundations and other grant-making programs in the state. According to their staff, the member foundations vary greatly in their funding cycles and processes but, in general, all foundations operate on cycles that are at least annual and often more frequent. Typically, foundations make grants as often as its board of directors is willing to meet. If a board meets semi-annually, for example, it likely will approve grants semi-annually. A key factor is that the federal Internal Revenue Service requires annual foundation disbursements along with annual reports, so cycles are established in sync with reporting regulations.

# Cycle analysis

In preparing this report, MAD consultants reviewed documentation from earlier instances when either the Council or the Legislature addressed the question of an annual-or-biennial cycle. From paperwork and video recordings, a variety of arguments or rationales for or against either cycle were extracted. In addition, many more arguments were articulated by the historic and current stakeholders interviewed for this project. Altogether, about 85 different arguments were identified. They have been summarized into brief statements and are included in this report. Many of the arguments are very similar to others, but were kept as distinct points because they do differ in perspective or in some other aspect. Further condensation would have eliminated some of those distinctions, and detracted from the intent to provide a thorough record.

Some of the arguments are strategic or even philosophical in nature. Others are process or procedurally based. Some are solely pragmatic while others address public perception. Some are premised on the Council's history or the experience of similar entities while others are conjectural about what might happen. Some arguments are informed and data-based, yet contradict each other. All of the arguments are held to be true by some stakeholders, and in that regard they help to inform and complete the context in which any cycle decision may be made.

In this study, the role of the consultants is not to make a recommendation, but to assist the Council in forming its own recommendations. The following analysis focuses on key questions that could be asked in formulating a recommendation, and provides conclusions based upon the information gathered.

It should be noted that the scope of the analysis is limited to the issue of cyclical differences. Simply considering whether an annual or biennial cycle is preferable easily leads to a myriad of Council- and Fund-related topics, such as roles, membership, or authority. The only question under review here, however, is whether the Council's recommendation process should be conducted on an annual or biennial cycle.

## Basic questions

In developing a MAD analysis, it appears that most of the key issues and considerations raised in annual or biennial cycle considerations are captured by asking five basic questions:

- *Do the options uniquely support the outdoor heritage mission?* That is, does either cycle possess a key advantage?
- *Which option is consistent with state government practice?* That is, does either cycle better represent the way that government is supposed to work?
- *Which option best supports program effectiveness and efficiency?* That is, is there a cycle that allows the process to work better, faster or cheaper?
- *Which option enhances public participation?* That is, how do the cycles affect public awareness or improve public engagement?
- *Are other alternatives or variations available?* That is, is there any other choice to consider?

Following is a brief analysis of each of these questions, written from the perspective that the role of MAD in this project is not to make any recommendations, but to help the Council to make its own recommendations. In this analysis, MAD consultants have tried to show that there are clear reasons for considering either an annual or a biennial cycle. At the same time, this report would be remiss if it did not note that, overall, the analysis strongly concludes that the Council's work appears to be better served by an annual cycle than by a biennial cycle.

### **Do the options uniquely support the outdoor heritage mission?**

Both cycles can support the Council's effort to restore, protect and enhance habitat as specified in the state constitution. Regardless of the cycle, ultimately the same amount of funds will be spent on projects compatible with the Fund. Both cycles, however, offer a difference that could be considered a key advantage.

#### **Annual cycle: more opportunistic**

An annual cycle provides faster response time when opportunities arise. While the Council has a long-term strategic framework for its work, the actual process of acquiring land for preservation or restoration is tactical at its heart. When land owners decide to sell, a natural preference is to sell quickly at a good price to a buyer with cash in hand. As it is, the process for fund application, approval and disbursement already inhibits some land purchases. If the process moved to a biennial cycle, it could add another year to the process, which can be discouraging not only to farmers intending to retire—an example commonly cited—but also to corporate landowners needing to move faster on their business plans. An early, major success involving the Fund was the large-scale permanent conservation easement on working forestland owned by the Blandin paper products firm. Numerous stakeholders involved with that project insist that the ability to move relatively quickly was essential in making it happen.

While real estate acquisition is the primary beneficiary of faster timing, efforts to combat invasive species issues may be viewed as a beneficiary as well. To the extent that invasive species expand more rapidly and that technology to slow or stop that expansion is improving, a cycle that is faster rather than slower can increase in significance. The ability to move faster is considered so significant, that some stakeholders assert that if the annual cycle changes, it perhaps should be semi-annual rather than biennial.

There is some conflicting rationale in response to the timeliness advantage, but not much. It can be argued that if the state loses out on some acquisition opportunities, other opportunities are around the corner. It can be argued that having the Council move fast on invasive species issues is not necessarily good, given that the Council is not viewed collectively as having a formal scientific background on invasive species management; in this regard, moving fast on any topic with proper grounding could result in hasty, poor decisions. Even with that, a faster response time and greater ability for opportunistic action is a strong singular argument in favor of maintaining an annual cycle.

#### **Biennial cycle: more review and assessment**

As noted, Council members are not required to have relevant formal education in conservation or environmental sciences. This amplifies any concerns about whether the Council is setting aside an adequate amount of time and effort to review both its overall direction and whether specific

project recommendations are achieving intended results. Given that the Council is making recommendations affecting about \$100 million each year, this is a legitimate consideration.

A biennial cycle inherently projects that the Council would make its funding recommendations every other year. On the off years, the Council would have time to study emerging issues, and logistically would find it easier to make field trips to review projects in action firsthand, to better understand how well they are working. While making field trips, the Council could also conduct onsite meetings to help raise public awareness of the Fund and its work. The easier ability to do off-year field research was one of the reasons why the LCCMR previously used a biennial cycle, and the loss of that ability is cited as one of the drawbacks to its return to an annual cycle. Field trips have been viewed as particularly useful to the LCCMR given that its wider scope of activities (compared to the Council) include more policy and research purposes.

There is a presumption that the Council, as with any public body, should adequately inform itself and should conduct project reviews, enough so that it can be certain both that its goals are proper and the goals are being addressed. A biennial process does in fact clear time that could be used for this purpose. It does not represent, however, the only approach that could be taken, and there is a countervailing rationale that the current annual cycle process may be superior in providing Council members with the information they need.

When the Council was created, in keeping with statutory requirements, conservation professionals from around the state began gathering data that the Council, with scientific guidance, would use to create a ten year funding plan in 2009 and a 25 year framework the following year. These two documents define the Council's mission, vision and core strategies, describe potential accomplishments and articulate plan boundaries. By working within the context of these documents, the Council has assurance that its work has both scientific basis and public acceptance. Although these base documents are only a few years old, they already are undergoing a limited Council review to maintain their relevance. The Council, it can be argued, has a sound basis for its decisions regardless of whether the cycle is annual or biennial.

More to the point of the countervailing rationale, the Council is immersed in up-to-date information, on a real-time basis, when it reviews proposals from applicants. In any year, many of the proposals under consideration are extensions or complements to projects funded earlier, and the proposal process provides Council members with an opportunity to query applicants about ongoing work. The Council is supported in this review activity both by their own administrative staff who maintain documentation on project success and by DNR professionals who determine if restoration work is completed to standard.

### **Which option is consistent with state government practice?**

The Council is a body of volunteers who provide their services without salary, but it is far from a private organization. It is a legislative body, subservient to the standing Legislature, making recommendations on how best to use tax-generated revenue for the public good, consistent with constitutional and statutory requirements. While exceptions exist, there is a public expectation that public sector activities will be conducted according to generally accepted methods. It is a reasonable question to ask whether an annual or biennial cycle is more consistent with state practices.

### **Biennial cycle: state general practice**

The state Legislature meets in biennial session. It adopts, and the governor signs, a biennial budget. State agencies are allocated general funds on a biennial basis. If the Council made biennial recommendations to the Legislature, it clearly would be consistent with the basic cycle of state government systems.

By using an annual cycle, the Council involves itself with the Legislature every year rather than every other year. Whether this additional involvement is preferable is a matter of perspective. Although the rationale is conjectural at best, it is worth noting that some process observers suspect that projects proposed in the second year of the biennium receive additional, perhaps undue, attention from legislators simply because most other fiscal matters beyond the capital bonding bill already have been resolved. On the other hand, and equally conjectural, some observers suspect that attention would grow under a biennial approach, as legislators would view one \$200 million recommendation list, rather than two \$100 million recommendation lists.

### **Annual cycle: state grant practice**

While state fiscal activities do tend to follow a biennial cycle, state grant-making activities tend to follow a different set of processes that are more annual or even more frequent in nature. For example, the Clean Water Fund, another component of the Legacy funds, is allocated biennially to the Clean Water Council. But the Council reallocates most of the funds to state agencies which in turn makes grants on an annual basis or a rolling basis that accepts qualified proposals as long as funds are available. (Agency staff noted they have considered a biennial grantmaking approach to lighten their administrative work but so far have concluded that an annual cycle better suits their purpose.) The Parks and Trails Fund and the Arts and Cultural Heritage Fund don't have central councils, and the funds are sent directly to designated agencies for distribution through grant program; those programs also tend to operate on an annual or rolling basis.

With all of the Legacy funds, the final step of granting funds to an organization that will actually spend the money rather than reallocating it, takes place on an annual or more-frequent cycle. Changing the Council's cycle from annual to biennial would make it less consistent with the other funds. The major difference between the Council and the other funds is that the Council makes recommendations about the ultimate use of the funds, which goes to the Legislature for final approval. With the other funds, grant decisions are made without needing further legislative approval.

By funding source, the Council is closely linked to the other Legacy Funds; however, in a variety of ways the state entity most similar is the Legislative-Citizen Commission on Minnesota Resources. While different in many ways, both are bodies comprised of legislators and citizen volunteers, both operate with dedicated funding sources, and both are central to application-based grant programs supporting the state's natural environment in varied ways. With this commonality, it may be instructive that the LCCMR has gone back and forth on its cycle selection. According to stakeholders who have been involved with both organizations, some of the LCCMR shifts have been due to policy changes resulting from state leadership changes, but other factors have included the same concerns raised in considering the Council's selection. At this time, LCCMR is primarily operating on an annual cycle but with the ability to make exceptions.



Finally, not only is an annual cycle consistent with other state grant-making processes, but it is consistent with most of the operations in a sample review of similar programs operation by other states and federal agencies. While states budget biennially, agency programs typically have annual budget and accounting cycles, yielding annual information on program needs and accomplishments.

### **Which option best supports program effectiveness and efficiency?**

The Council's application, funding and ongoing reporting processes create workloads for Council members, Council staff, legislators, legislative staff, state agency staff and all applicant organizations staff. Each affected group has an interest in asking to what extent the cycle selection will increase or decrease what they need to do.

A constant message through the interviews conducted for this project was that no matter what cycle the Council followed, other organizations and entities would simply adapt and adjust and move forward. It also should be noted that numerous stakeholder interviewees expressed a preference for one cycle while noting that, work-wise, the other cycle would be more advantageous for their organizations. Their point was that while workload was a consideration to them, other factors such as the Council's ability to act fast or to better review its work should be more important criteria when selecting a cycle.

A particular concern is the increasing administrative workload of the Council staff. Funded projects can go through phases that last for years, which suggests the Council is far from its maximum total number of active projects that require processing. The Council has moved to address this issue with plans to hire an additional staff person, but the issue is one that will need to be addressed again in the future.

### **Biennial cycle: work reduction**

Sometimes applicant organizations successfully submit a proposal one year, and then submit a similar proposal the next year that extends or expands the work of the earlier proposal. For some organizations, there would be less work if they simply submitted one proposal for the combined amount in the first year. Assuming it was funded, the organization would not spend time submitting anything the second year, and the ongoing reporting would require one instead of two sets of documents, reducing some administrative work for both the organization and the Council staff.

If there was no application process in the second year, Council staff would be free to better address and assess ongoing project reports, or to work with the Council.

Typically, it was the larger, more established conservation and environmental groups that were seen as workload beneficiaries of a biennial cycle. They were also the groups that tended, in interviews, to object to a biennial cycle. One group, for example, noted that in one year of each biennium, it submits a proposal for a project – a site-focused effort to acquire and restore a particular land tract. In the other year of the biennium, it submits a proposal for a program – an effort that focuses on an activity such as shallow lake enhancement wherever needed, regardless of any specific site. With a biennial cycle, the organization may need to promote one or the other.

While applicant organizations would save some time by only having to apply once each biennium, the amount of time saved is being reduced. The Council has been introducing an online application process. With the ability to cut-and-paste, the time required to complete an application already is being reduced.

### **Annual cycle: peak avoidance**

With a biennial cycle, the total workload of Council staff would be reduced. But a biennial cycle would create a significant increase of work that would need to be done at two key points. One of the busiest times for Council staff members occurs in the weeks just before the application deadline. Many organizations are contacting the staff for help in completing their applications. Larger, established organizations may not need much help, but smaller organizations just getting introduced to the process may need significant “hand-holding” in order to properly complete their applications. This is a key role for staff who could well be inundated if the application process was only every other year.

The other key point is after projects are approved for funding, but need to have Council-approved accomplishment plans before funds are distributed. Council staff members have to work quickly with every approved applicant to insure the accomplishment plans are acceptable and properly completed. With a biennial cycle, this conceivably could come close to a doubled workload. As with the time prior to the application deadline, it could be difficult. One option might be to hire seasonal staff to assist at the two peak periods. Whether there would be qualified people available then is a question that would need to be addressed.

### **Which option enhances public participation?**

Stakeholders agree that public awareness, understanding and participation in conservation and environmental efforts will be essential for long-term success. The Outdoor Heritage Fund is important not just for the money it provides, but for the opportunity it creates for generating volunteer support and additional funds from other sources. In addition, the constitutional amendment generating the Outdoor Heritage Fund is good for 25 years; after that, the public will be asked to reconsider the additional tax, and success can be impacted by the number of people who have participated or believe they have benefitted from the process. Public perception is an important aspect in cycle consideration.

### **Biennial cycle: community opportunities**

By limiting the application process to every other year, a biennial cycle can free the Council in the other year to visit project sites and learn about issues first-hand from project participants. While such visits ostensibly are conducted for review and assessment purposes, another purpose is a victory celebration, allowing the host community to display the good work it has done, and sometimes to promote itself to the rest of the state.

It also can free the Council to hold more meetings in affected communities, with extended public presentation periods and even opportunities for back-and-forth conversations involving Council members and the public. To the extent that the Council wants to market its work and environmental work in general, a biennial cycle does create that opportunity. This might represent a work component that not all Council members would agree to, particularly as it impacts their regular jobs and home life, but the opportunity would be present.

### **Annual cycle: continuous coverage**

With an annual cycle, around the time that application process is finally wrapping up with the fund distribution, it is almost time for stakeholder groups to begin their planning for the next application process. Work is frequently going on and being covered by focused and general media, and at least once a year there is significant coverage when projects are approved for funding. With a biennial cycle, media coverage of project approvals happens only every other year. This drop-off is a concern to stakeholder organizations who believe that annual “success story” messages of new project funding are important in maintaining public interest. From their perspective, annual news coverage of project funding builds public support more effectively than occasional Council site visits.

A more critical issue for many stakeholders is not the general public, but rather the interest and involvement of smaller, local and regional organizations that have identified significant environmental issues in their area and are willing to help address them, but have not demonstrated the organizational capacity to participate in the final application process. Examples exist of smaller groups that put together a first-ever proposal that did not meet the quality standards needed to achieve funding. But by working with Council staff and others on how to improve their submittals, they were able the next year to secure their first-time funding. The belief expressed by stakeholders familiar with these groups is that if they had been required to wait another year for resubmission in a biennial cycle, they simply would have lost interest. To the extent that an annual cycle helps such groups to continue to be involved and participate in the process may make a key difference when the constitutional amendment again comes up for a public vote.

### **Are other alternatives or variations available?**

A concept that intrigues some stakeholders interviewed for this project is the possibility of a blending of annual and biennial cycle components. Interpreting the extent of interest in the concept is a little difficult to analyze. On one hand, many interviewees expressed interest in exploring the idea. On the other hand, when they described what they meant by a hybrid or blended cycle approach, they described widely differing, and sometimes contradictory, models. The general concept has wide appeal, but it may be that no specific proposal has much support. Many suggestions would have the bulk of Council work conducted in year one, with some funds reserved for year two, to be used for new, emerging issues, or for small, innovative projects. State agency projects would be biennial and local government and private organization projects would be annual. Organizations with excellent results on current projects would be biennial and all others annual. Projects in their fourth phase would be biennial and all other would be annual. The list of suggested variations is lengthy. In some variations, there is a suggestion that, regardless of the model, projects given biennial funds would face a tightened review process in the second year.

### **Potential advantages**

With numerous projects undergoing multiple phases, the appeal of a hybrid cycle is that those projects that have already vetted by the Council could somehow be handled in a less time consuming process that, in effect, would be biennial. When asked if a biennial cycle for ongoing projects would result in a reduced workload for the applicant organizations; stakeholders with such projects gave mixed responses.

Before making any cycle hybrids, some stakeholder suggest the Council first formalize the asking of proposers whether they intend to ask for more money for the same project in the next year, and also for the next five years out. Questions about scalability – the ability to increase or decrease a program scope in response to a different fund amount – also should be more formalized first. With better data from the questions, the Council would be better positioned to consider any hybrid cycle models.

### **Potential disadvantages**

Larger, more established organizations, the ones more likely to have projects or programs with recurring funding requests, are the ones most likely to benefit from a hybrid cycle. In interviews, however, their representatives were the ones who spoke most emphatically against a hybrid model. Their concern is public perception. As they see it, there already is a public perception that the large organizations are first in line for funding, and that smaller groups have to compete for what is left. There may well be a basis for that perception, since larger organizations have more professional staff producing high quality applications. The concern is that if a hybrid is created, it will appear as just one more benefit to the large organizations, and might discourage others from applying.

Complexity is a concern. It can be hard enough for an inexperienced applicant organization to understand how any grant-making process works. If the Council creates a hybrid approach in which some projects are handled one way and others another way, it simply adds to the inherent confusion and can discourage new participants.

For projects coming back with multiple phases, a simpler approach may be to acknowledge that Council members can self-select whether they want to review a proposal in-depth or in a more cursory manner. If veteran Council members already understand a program, they can skim the proposal while newer members can read it closely to gain the understanding they need. This is particularly beneficial for newer Council members, given that a hybrid approach may preclude them from questioning a program because an earlier Council had approved it in the past.

# Rationale summary

## Annual or biennial cycle—Side-by-side rationales

### Impact on mission, strategy

	ANNUAL CYCLE	BIENNIAL CYCLE
1	<i>If it isn't broken, then don't fix it.</i> To best focus on its purpose, the Council should stick with a proven approach rather than tinker with unproven alternatives.	<i>If it can be improved, then it should be improved.</i> To best focus on its purpose, the Council should adopt changes that can make its approach better or faster or less expensive.
2		<i>Longer-term funding makes sense because conservation is a long-term process.</i> The constitutional mandate of restoring, protecting and enhancing takes a long time from a conservation perspective. In this regard, biennial funding is more consistent.
3		<i>If the Council sees a need for more analysis and critical thinking, a biennial process allows time.</i> At some point the Council may want to devote more time to considering its outcomes and how to measure those outcomes. A biennial cycle frees time in year 2.
4	<i>To maintain its mission, the Council needs the option of shifting project direction.</i> As the Council becomes aware of other changes in state practice, an annual cycle gives it flexibility to change funding requirements in response. Examples include land assessment procedures, public land acquisition policies and emergency grazing practices.	<i>To maintain its mission, the Council needs time to better understand its project direction.</i> Council decisions such as bans on emergency grazing call into question whether it fully grasps its mission. A biennial process may create more learning opportunities in year 2.
5	<i>To steer its long-term strategy, the Council needs to keep its hand on the wheel.</i> For example, if economic conditions increase the conversion of native prairie to cropland, the Council can counter with project emphasis on acquiring native prairie over other targets. Biennial could delay this option another year.	

	ANNUAL CYCLE	BIENNIAL CYCLE
6	<b><i>The mission requires public awareness; an annual cycle heightens media attention.</i></b> Annual recommendations keep conservation in the headlines, building public involvement in conservation efforts.	<b><i>The mission requires public awareness; a biennial cycle allows more, and more varied, media opportunities in year 2.</i></b> Review trips and public sessions can focus media attention on conservation values, needs and success, beyond the usual Council meetings.
7	<b><i>The mission requires public confidence in the process and its outcomes.</i></b> The continuity of the current annual cycle with its meetings and web-based information is open and transparent, and builds public assurance. An annual process also encourages engagement and communication with public and private partners and land owners.	
8	<b><i>The Council strategy of funding only the best proposals is strengthened by an annual cycle.</i></b> Recommending \$200 million at one time rather than \$100 million twice increases the likelihood of a lower quality project being recommended. Even \$100 million is a massive amount in the conservation world.	

### Impact on recommendation process

	ANNUAL CYCLE	BIENNIAL CYCLE
9	<b><i>The Council cycle should be consistent with similar entities.</i></b> The other Legacy Fund councils mostly pass funds to entities that in turn make grants on an annual or even more-than-annual basis. Making the Council more like the other Legacy councils likely would mean allowing it to make grants rather than recommendations. (While the Clean Water Council has some similar projects, it is not at all similar in its approach to oversight.)	<b><i>The Council cycle should be consistent with the other Legacy funds.</i></b> All other Legacy Fund councils use a biennial cycle. (And the Clean Water Council also handles similar land acquisition projects.)

	ANNUAL CYCLE	BIENNIAL CYCLE
10	<b><i>An annual cycle enables the Council to address fast emerging needs.</i></b> Issues such as emerald ash borer, Asian carp or silica mining may develop in a way that demands a fast response. A shorter cycle increases the likelihood of faster action.	
11	<b><i>An annual cycle enables the Council to support land acquisition with faster responses.</i></b> When property sought for acquisition becomes available with a short window of opportunity, a shorter cycle increases the likelihood of success.	<b><i>Land acquisition is not a problem with a biennial cycle.</i></b> The Parks and Trails legacy fund also does much land acquisition and it has been able to acquire targeted land while operating on a biennial cycle.
12	<b><i>An annual cycle potentially keeps the cost of a project lower.</i></b> If a project involves acquiring land and the applicant has to wait two years to apply for LSOHC funds, in order give land owners certainty over time they are likely to demand a higher price.	
13	<b><i>The current annual process works.</i></b> The OLA has examined the process and confirms that the process is working well.	
14	<b><i>A biennial cycle could add to the cost of projects if smaller organizations need to contract out some of their work.</i></b> Smaller organizations may not have the capacity to take on multiple projects and would likely have to hire consultants for some of the work, increasing the overall cost of the projects.	
15	<b><i>With LCCMR, a key reason for selecting an annual cycle was to be more nimble.</i></b> Although the Commission realized an annual cycle would reduce its time available for fact-finding, it was viewed as an acceptable trade-off for being more nimble.	

	<b>ANNUAL CYCLE</b>	<b>BIENNIAL CYCLE</b>
16	<i>Annual cycle is more consistent with private foundation grantmaking.</i> Private foundations operate in many ways, but in general they tend to have multiple grant-making cycles within a year, and funds are disbursed soon after the award. Private foundations try to avoid the time lag inherent in the legislative funding process.	
17		<i>Problems with supplanting funds are easier to address in a biennial cycle.</i> Some projects have a problem with potentially using Council funds to pay for things that would have been paid for from another source. It may be easier to resolve in a biennial cycle.
18	<i>A biennial cycle stretches the gaps between proposal and funding, and between funding and completion.</i> With annual, about one year passes between proposal development and fund disbursement. With biennial, that can become two years. That in turn can stretch out final completion another year or more. This can hamper land acquisition.	

**Impact on oversight process**

	<b>ANNUAL CYCLE</b>	<b>BIENNIAL CYCLE</b>
19	<i>The annual application process doubles as an annual review process.</i> With programs returning for more funding, the Council, in effect, uses its application process as a project review. The two roles are blended in a real-time integration of past progress and future funding.	



	ANNUAL CYCLE	BIENNIAL CYCLE
20	<b><i>Longer-term project management may be tighter in an annual cycle.</i></b> When large-project managers know they need to return for funding each year, it is incentive to stay alert throughout each year. Even the best agencies and organizations have difficulty with some projects. Accountability requires annual reviews in those cases.	<b><i>The Council maintains project control even with a biennial funding commitment.</i></b> If a problem is detected, staff can work with the project manager and get things on-track for the second year. Applicants want to maintain a good relationship for the future.
21	<b><i>Annual is adequate for oversight.</i></b> The Council staff oversight role is primarily fiscal accountability (with DNR checking restoration quality). As long as projects fit the Council's science-based framework, the Council is meeting its short-term evaluation role.	<b><i>A biennial cycle can be less cumbersome for Council staff.</i></b> If they didn't have to repeat the RFP process each year, they would have more time for tracking ongoing projects and could better help the Council on strategic matters.
22	<b><i>Ongoing project tracking is better resolved by more staffing than by a different cycle.</i></b> The Council has agreed to hiring more staff, which should help alleviate the growing complexity of so many active projects.	<b><i>Soon, an annual cycle will not allow enough time for adequate tracking of ongoing projects.</i></b> Given how the amount of ongoing projects grows and therefore the number of accomplishment plans to be tracked, soon staff and Council members may be providing minimal or inadequate project oversight.
23	<b><i>A biennial cycle might result in changed project requirements.</i></b> The argument is theoretical but a real concern. With double the money to address in a biennial cycle, over time the Council may tend to set higher limits and higher standards, reducing the possibility of innovative smaller projects.	
24	<b><i>Oversight is an argument for annual.</i></b> If this Council, like the Clean Water Council, mostly directed funds to state agencies who accepted much of the oversight role, then biennial might work better. But the Council needs an annual approach for its more extensive oversight role.	

	ANNUAL CYCLE	BIENNIAL CYCLE
25	<i>Annual is adequate for field trips and other travel.</i> More research may be important for the LCCMR with its activity range, but not for the Council with its much more limited activity range.	<i>Biennial creates opportunities for in-depth education.</i> The Council consists primarily of laypersons, not professionally trained conservationists. There is a need for a longer term look at overall accomplishment beyond what is in regular reports. In year 2, the Council could find the time that it needs.

### Impact on applicants

	ANNUAL CYCLE	BIENNIAL CYCLE
26	<i>Smaller applicant organizations cannot commit to matching fund obligations more than a year out.</i> Even larger groups have limited operating reserves. If the Legislature earmarks funds for two years and then the applicant organization cannot raise the matching funds, it becomes a problem.	<i>Applicant organizations can find it easier to fundraise when they have a biennial allocation.</i> When an organization has a two-year state funding commitment in hand, it can be easier to raise matching funds from other sources.
27	<i>Defunding or un-allocating designated projects is a serious issue with a biennial cycle.</i> In the second year, if a new issue emerges, or if new legislators simply want something else, projects may lose funds intended for them, and for which they may already be fundraising for matching funds.	
28	<i>Operating funds are easier to secure on an annual basis, especially for small organizations.</i> Because operating expenses are not covered by the Outdoor Heritage Fund, those funds must be raised elsewhere. Raising these funds in addition to the OHF money is the cost of doing business with the LSOHC. Raising these additional funds from the private sector is challenging to do over a two year period.	

	<b>ANNUAL CYCLE</b>	<b>BIENNIAL CYCLE</b>
29	<b><i>An annual cycle does not take much more time for applicants.</i></b> Even with a biennial cycle, applicants need to be involved every year with reporting requirements and tracking developments with the Council. They are continually involved regardless of the cycle. With either cycle, applicants will be returning with similar but new projects.	<b><i>An annual cycle does take much more time for applicants.</i></b> Even if new proposals are similar to old ones, applicant organizations invest much time in preparing the best possible presentations of their proposals.
30	<b><i>Larger organizations whose proposals are initially rejected may prefer an annual cycle.</i></b> An annual cycle may possibly mean some extra work but they have the capacity to do that work, and they appreciate being able to incorporate the latest information into their proposals.	
31	<b><i>Larger organizations that continually submit proposals have adapted well to an annual cycle.</i></b> Different groups have developed different strategies and patterns that work well for them. They see little if any gain from a biennial cycle.	
32	<b><i>Small organizations whose proposals are initially rejected may prefer an annual cycle.</i></b> While smaller organizations may not have the capacity of larger ones, they appreciate being able to learn what can strengthen their proposals, then quickly turning around an submitting an improved version the next year. It gives them a better second chance and ultimately results in the Council accepting better projects.	<b><i>Biennial funding provides certainty to small organizations that need certainty.</i></b> Given the fewer resources and options often available to smaller organizations, having funding secured for two years improves their ability to plan and manage their activity. Larger organizations also can appreciate the certainty of two year funding and its impact on project management.
33	<b><i>There will be a period of disruption if the Council switches to a biennial process.</i></b> For both applicants and for ongoing projects, a major process change typically means transitional headaches.	<b><i>Transition to a biennial process would not be disruptive.</i></b> Participating organizations already are used to multi-year projects and activities. With some lead time for preparation, a biennial process would not cause problems.

	ANNUAL CYCLE	BIENNIAL CYCLE
34	<b><i>A biennial cycle doesn't reduce the reporting workload for successful applicants.</i></b> The progress reports might be on fewer forms but the real work is the same with little time saved; there are no big efficiencies anticipated.	<b><i>A biennial cycle reduces the reporting process for successful applicants.</i></b> For organizations that continually seek money, receiving biennial funds effectively cuts their reporting activity in half.
35	<b><i>The upcoming online application system will reduce time requirements.</i></b> Any extra time that an annual cycle (vs. a biennial cycle) demands of applicants will be reduced or eliminated when the Council rolls out its online system.	
36	<b><i>Biennial does save application time, but at other costs.</i></b> In the annual cycle, applicants can pick up signals from the Council. If it is apparent that the Council really doesn't understand a proposal, its explanation can be revamped for the next year. This is lost by going biennial.	<b><i>A biennial cycle saves organizations time in the application process.</i></b> The written proposal itself is not the time drain, it is the commitment to attend Council meetings, Legislative hearings, informal meetings to discuss joint funding, etc. A biennial process would reduce some of this time.
37		<b><i>A biennial cycle helps marketing and promotion.</i></b> The Council needs to get outstate and talk with people, getting their ideas and encouraging them to be part of the process. Touching base with people is part of accountability. A biennial cycle makes this more possible.
38	<b><i>Non-profit organizations operate on annual planning and budget cycles.</i></b> Land acquisition and enhancement is just one of their activities. Biennial budgeting is inconsistent with the rest of their work.	
39	<b><i>Applicants have experience with both annual and biennial cycles, and prefer annual.</i></b> Although the Council has always had an annual cycle, many applicants also are experienced with biennial since the LCCMR has used both cycles. Based on that experience, applicants tend to express preference for an annual cycle.	

	ANNUAL CYCLE	BIENNIAL CYCLE
40	<i>A biennial cycle adds rigidity to project management.</i> With an annual cycle, an organization can request additional funds in the year the funds are needed. With biennial, the request might need to be made before the organization is really ready, because the next opportunity may come too late.	
41	<i>Programs could be in an annual or biennial cycle, but projects need an annual cycle.</i> Regardless of the size of the applicant organization, opportunistic projects tend to require an annual cycle. Some opportunities are “once in a lifetime,” and many are ephemeral.	
42		<i>A biennial process allows the recipient more flexibility within their projects.</i> With its tighter timeframe, an annual process tends to be more rigid and prescriptive.
43	<i>More specificity can be provided in an application on an annual cycle.</i> Organizations will be challenged when projecting out two years to provide specific information. There are many unknowns (ecology, weather, managing land owners and sites) dealt with in the applications and applicants have less certainty about these unknowns the further out they are projecting. Applicants may not have the level of detail the Council asks for in their applications.	

### Impact on Legislature

	ANNUAL CYCLE	BIENNIAL CYCLE
44	<i>Annual has been the intended approach from the beginning.</i> The Legislature, after deliberation, established an annual cycle before the initial Council was named. And the initial Council considered and affirmed an annual cycle.	

	ANNUAL CYCLE	BIENNIAL CYCLE
45	<b><i>The inherent difficulty in a longer budget term is seen by suggesting that the state adopt a five year cycle.</i></b> No one would argue that a five year cycle makes any sense. This simply magnifies the problem inherent in even a biennial cycle.	
46	<b><i>An annual cycle is consistent with the State which is both annual and biennial.</i></b> The budget is biennial but the Legislature meets annually and makes funding decisions every year.	<b><i>A biennial cycle is more consistent with state practices.</i></b> The Legislature generally funds on a biennial basis and state agency budgets are biennial. All of the other Legacy funds make biennial recommendations. The state standard is biennial.
47	<b><i>In state government, project-based grant making entities all operate annually.</i></b> The Council is consistent with its counterparts, including the other Legacy units which pass on funds to sub-units to make grants.	
48	<b><i>What separates the Council from other Legacy councils is not its cycle, but lack of decision-making authority.</i></b> To truly make all Legacy funds more consistent, the Council would need to make grant decisions.	
49	<b><i>The Legislature may want to be consistent with national best practices.</i></b> In states identified as having best practices, the Legislature grants funds to re-granting agencies that operate on annual cycles.	
50	<b><i>The LCCMR has tried both ways, and has chosen an annual cycle.</i></b> Going back to the LCMR days, that commission has experimented more than once, and has concluded that an annual cycle is preferable at this time.	

	ANNUAL CYCLE	BIENNIAL CYCLE
51	<b><i>An annual cycle is more accommodating to shifts in political power.</i></b> When a new group gains some legislative control, it is easier for them to make changes if new recommendations are proposed each year.	
52	<b><i>Two smaller annual allocations raises fewer eyebrows than one larger biennial allocation.</i></b> This is not a criticism of policy makers or the public, but an acknowledgement that all people can be susceptible to sticker shock. Given the cost of land acquisition, biennial allocations can raise questions when there is no real issue.	
53	<b><i>The Legislature is more likely to honor the process if it stays annual.</i></b> With a biennial process, the Legislature would be more inclined to fund emerging issues that haven't been transparently vetted in the Council's application process.	<b><i>A biennial cycle reduces pressure for any constituency-oriented decisions.</i></b> To the extent legislators feel a need to satisfy particular groups in every cycle, the doubled size of a biennial budget makes that easier to accomplish without deviation from Council recommendations.
54	<b><i>An annual approach invites more interest from the Legislature.</i></b> It is helpful for legislators to better understand conservation issues. Awarding funds in year 2 of a biennium allows legislators to review the process at a time when they have fewer budgetary issues competing for attention.	<b><i>A biennial cycle could reduce micro-managing by the Legislature.</i></b> In an annual cycle, year 2 of the biennium results in legislative interest that can contradict or negate the open application process. It is thought that some of this might happen because in year 2, legislators don't have as much to compete for their attention.
55	<b><i>The Council's cycle should not be so consistent with state practices.</i></b> Coming from a citizen-initiated, voter-approved constitutional amendment, this fund needs a higher level of accountability and visibility than the norm. It should be different.	

## Impact on the Council

	ANNUAL CYCLE	BIENNIAL CYCLE
56	<i>An annual cycle helps limit any negative consequences of earlier decisions.</i> In retrospect, some decisions don't work out for the best. A biennial cycle would inhibit and maybe prohibit fixing those decisions by another year.	<i>A biennial cycle could reduce micro-managing by the Council.</i> As with legislators, Council members are tempted to hamper projects with restrictions that are not science-based or supported by best practices. This may be less likely to occur with a larger biennial approach.
57	<i>An annual cycle helps the Council view proposals with a critical eye.</i> It is easier to say no to a proposal knowing it can be back again for consideration in one year rather than in two years.	
58	<i>Council members volunteered, knowing what the annual cycle time commitment would be.</i> While it may be true that a biennial cycle might require less time, it is a burden that Council members are willing to accept if it means better end results.	<i>A biennial cycle can be less cumbersome for Council members.</i> With an annual cycle, the Council has to commit most of its time to reviewing proposals, frequently the same ones in both years of the biennium. With a biennial cycle, there is less of a time demand on Council members.
59		<i>A biennial cycle can make oversight a Council role rather than just a staff role.</i> With a biennial cycle, Council members could do more project review including site visits. Site visits can make some projects more understandable.
60	<i>A biennial cycle may have too much workload pressure at key points.</i> With double the funding, a biennial cycle may come close to double the projects. This could result in an excessive workload at two key points: the weeks before the application deadline when organizations seek help, and the approval process for accomplishment plans after the funding decisions.	



	ANNUAL CYCLE	BIENNIAL CYCLE
61	<b><i>An annual cycle allows Council members to apply what they learn each year.</i></b> The issues faced by the Council are complex and some require a fair amount of study. Each year the Council gains knowledge that can be used cumulatively in the next application process. With its year gap, a biennial cycle can make it harder to apply that knowledge.	
62	<b><i>An annual cycle keeps the Council engaged, maintaining continuity.</i></b> Given a four-year term, Council members should stay fully engaged. With a biennial cycle, members may be engaged in only two recommendation cycles.	<b><i>A biennial cycle can give the Council more engagement with the general public.</i></b> The Council could spend much of year 2 in educating, promoting and marketing the value of restoring and enhancing our outdoor and wildlife heritage.
63	<b><i>An annual cycle gives the Council more “face time” with applicants.</i></b> This is a two-way advantage. Better working relationships are developed by talking with each other, and the messages are more current.	
64	<b><i>Council members need continuing education.</i></b> Most council members are not professional conservationists, and newer members also lack experience with the process. The best training comes from ongoing review of the data in applications and reports, coupled with conversations with applicants.	