



Clean Water Fund Outcomes

Update to 2017 Evaluation Report

February 2018

Problems Identified

- **Performance Report Lacked Context.** Several state agencies that receive Clean Water Fund appropriations work together to produce the *Clean Water Fund Performance Report* every two years. The goal of the report is to demonstrate the results of Clean Water Fund spending on a statewide basis. While the 2016 report contained appropriate measures, it did not always provide enough context to make the reported results meaningful. For example, the report provided the estimated pounds of phosphorus reduced by Clean Water Fund projects, but did not explain how great of a phosphorus reduction would be necessary to improve water quality.
- **Insufficient Reporting of Fund Activities.** Some state agencies failed to report required information for inclusion on the *Minnesota's Legacy* website maintained by the Legislative Coordinating Commission (LCC). Further, the website was not well suited for statewide analysis of Clean Water Fund outcomes.
- **“Direct and Necessary” Requirement Confusing.** Appropriations laws required that Clean Water Fund expenditures be “directly related to and necessary for” a given appropriation. Administrative costs that meet the “direct and necessary” criteria are acceptable Clean Water Fund expenditures. However, administrative costs are also known as “indirect costs,” a term that causes confusion given the requirement that expenditures be “direct and necessary.”

Changes Implemented

- **Performance Report in Progress.** An interagency team is currently drafting the 2018 *Clean Water Fund Performance Report*. Leadership reports that the team is considering OLA’s recommendation to provide better context for some report measures.
- **Website and Reporting Improvements Underway.** The LCC plans to report to the Legislature state agencies that have not met their statutory responsibility to report on Clean Water Fund activities. Additionally, in 2017, the LCC received an appropriation to upgrade the *Minnesota's Legacy* website. LCC staff say that the upgrade is in progress and will allow better statewide analysis of proposed Clean Water Fund project outcomes.

Action Needed

- **Clarify “Direct and Necessary” Requirement.** The 2017 Legislature appropriated Clean Water Fund dollars, but did not clarify the appropriation law’s language regarding the eligibility of administrative costs. The Legislature should clarify the eligibility of administrative costs in future Clean Water Fund appropriations laws.