



Minnesota Office of Environmental Assistance

www.moea.state.mn.us

The Honorable Dennis Ozment
Chair, Environment and Natural Resources Finance Committee
479 State Office Building
St. Paul, MN 55155

04 - 0243

Dear Rep. Ozment:

Minnesota Session Laws, 2003 Chapter 128, Section 3 states:

"The office of environmental assistance shall, in consultation with stakeholders, develop and report to the legislative finance and policy committees with jurisdiction over the environment on an incentive-based distribution approach for SCORE funding to replace the allocation formula in Minnesota Statutes, section 115A.557, subdivision 2. The office must submit preliminary recommendations by January 15, 2004, and final recommendations by January 15, 2005."

The OEA solicited work group members from stakeholders involved with providing recycling services and recipients of SCORE funding throughout Minnesota. These groups included the Minnesota Solid Waste Administrators Association, Association of Minnesota Counties, the Metropolitan Solid Waste Management Coordinating Board and the Solid Waste Industry. The stakeholders group includes:

Mary Ayde – Minnesota Waste Haulers Association
Rick Frank – Houston County
Mike Hanan – Ottertail County
Paul Henrickson – Lyon County
Julie Ketchum – National Solid Waste Management Association.
Mike Lein – Carver County
David Lucas – Sherburne County
Terry Neff – Aitkin County
Gary Rice – Kittson County
Mary Richardson – Metropolitan Solid Waste Management Coordinating Board
Trudy Richter – Minnesota Resource Recovery Association
Kevin Rudd – Norman County
Barry Schade – Dakota County
Ted Troolin – Solid Waste Administrators Association, President
Dave Weirens – Association of Minnesota Counties
Paul Gardener – Recycling Association of MN

During the first meeting of this group it became clear that any preliminary recommendations that may be agreed to would be radically different by the time they were finalized. With that in mind the group recommended that the OEA hold off on presenting preliminary recommendations at this time. With the stakeholder's

recommendations in mind, the OEA is presenting concepts for the stakeholders to consider rather than preliminary recommendations.

This letter is intended to fulfill the preliminary recommendations reporting requirements and also to provide information to you regarding the challenges that many counties are facing regarding recycling and concepts that the stakeholders will be evaluating. Over the next twelve months the OEA, in conjunction with the stakeholders group, will evaluate the development of new goals and funding incentives to support waste reduction, including incentive-based approaches to SCORE funding.

County Challenges

Over the past several years SCORE funding and recycling programs statewide have been facing budget pressures. In 2002 SCORE funds were reduced by \$1.4 million (representing a 10% reduction). In early 2003, \$1.447 million of SCORE funds were unallotted again due to state budget problems. Despite the unallotment in early 2003, the legislature did fund SCORE close to the 2002 levels (\$12.5 million per year for 2004 & 2005). Given the budgetary challenges that the legislature was facing this showed strong support for recycling and waste abatement activities throughout the state.

Counties and cities face numerous challenges with recycling and organic collection programs. Rural recycling programs, in particular, are facing challenges to get materials to distant markets. Some counties are eliminating many or all of their rural recycling drop-off sheds and as a result (in some cases) are drastically reducing the opportunity for residents to recycle.

Some small rural counties in greater Minnesota are closing down recycling centers (or strongly considering such action) and limiting the types of materials they collect. Plastic and glass have been hit the hardest, and are being dropped in some communities. Some cities have dropped plastic recycling. For some counties, glass recycling is continuing only because it can be used in cover material at landfills and for berm construction. The OEA is researching the statewide impacts of these program changes and will consider the impacts of these decisions through this stakeholder process.

As counties and the state continue to face budgetary challenges one thing remains constant, their commitment to recycling and waste abatement activities. This evaluation process is an opportunity to evaluate the current SCORE funding structure and determine if there is a better way to fund local recycling, HHW, and other SCORE programs. Answers to questions like "how would additional SCORE funds be used if they were made available?" "Is the current funding structure achieving the goals we have in place?" and "How can we create more incentives in the SCORE program funding system to improve local programs?" will be discussed in the coming months. These discussions present an important challenge and opportunity to evaluate existing programs and systems to find the best funding mechanism for these activities.

Concepts to be presented for consideration by stakeholders

- Combine SCORE and the Processing Credit – award based on performance i.e. – per ton of material recycled or processed.
- Combine SCORE and Processing Credit; maintain a minimum funding level for SCORE.
- Keep Processing Credit but allocate SCORE dollars with a different formula – create a minimum funding level and award rest based on performance.
- Create a new “waste abatement goal” develop funding to support on going programmatic activities.

In the coming months the stakeholders group will review these concepts and meet to discuss the issues surrounding the current SCORE program, funding needs and other issues dealing with waste abatement funding. The OEA will report back to you by the end of 2004 with an update on the work of the Stakeholders group and any final recommendations that they may have.

Should you have any questions regarding this information please feel free to contact David Benke, OEA Strategic Operations Manager at 651-215-0196.

Sincerely,

Art Dunn, Director
Minnesota Office of Environmental Assistance

