

# The Legacy Amendment

## Update to 2011 Evaluation Report

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### Problems Identified

- **Unclear Requirements.** The Minnesota Constitution says that Legacy money should supplement and not substitute for “traditional sources” of funding. However, there is not a clear understanding of what constitutes a traditional funding source or what constitutes substitution.
- **Difficulty Documenting Administrative Expenses.** The 2011 Legislature required that Legacy money be used only for costs that are “directly related to and necessary for” accomplishing the purpose of a specific appropriation of Legacy money. This gives recipient organizations flexibility and discretion, but it also requires them to document how administrative expenses comply with the law. State agency staff have questioned how they should document the appropriateness of administrative expenses.
- **Insufficient Conflict of Interest Policies.** Most of the organizations involved with making recommendations regarding Legacy funds have taken steps to ensure compliance with Minnesota’s conflict of interest laws and policies. However, the Clean Water Council needed to be more diligent in ensuring that its members were aware of and adhered to relevant conflict of interest requirements.

### Changes Implemented

- **Guidance on Administrative Expenses.** The Minnesota Department of Management and Budget has begun working with agencies to develop guidance regarding how Legacy Fund recipients can accurately and sufficiently document related administrative expenses.
- **Improved Conflict of Interest Procedures.** The Clean Water Council reviewed and improved its conflict of interest policies and practices. At its March 2012 meeting, the Council adopted a conflict of interest policy that includes an annual policy review, disclosure of conflicts at each Council meeting, and guidelines for abstaining from meeting participation and voting.

### Action Needed

- **Obtain Information on Past Funding Sources.** The Legislature should establish a process to obtain program and project-level data on past sources and levels of funding for Legacy-related purposes.
- **Documentation of How Organizations Are Supplementing Traditional Sources of Funding.** Recipients of Legacy money should document how they think their use of Legacy money complies with the “supplement not substitute” requirement, even though questions about the meaning of this provision remain.