

Fiscal Review

Minnesota State Senate

2012 Session



A

Fiscal Review

of the

2012 Legislative Session

**Prepared by
Minnesota State Senate
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REPORT PREFACE

The Fiscal Review is an annual report of budget and fiscal policy actions taken by the Minnesota Legislature. The report covers all budgetary funds (all funds), with special attention given to the General Fund, which must be in balance at the close of each biennium. Budgetary funds reflect the operating budget for the state but do exclude some state funds not budgeted for operations, such as pension funds, trust funds, and enterprise funds.

Minnesota operates on a two-year (biennial) budget enacted in odd-year legislative sessions; biennial budget revisions and major capital investments tend to be the focus of even-year legislative sessions. While most revenue and expenditure amounts are presented as biennial amounts, annual amounts may provide a more complete understanding of the timing of revenue and appropriations. Additional detail is available by consulting legislative budget tracking sheets or by contacting the relevant Senate fiscal staff.

Link to detailed budget tracking sheets:

<http://www.senate.mn/departments/fiscalpol/tracking/index.php?ls=#header>

Appropriations Defined

Appropriations are authorizations made by the Legislature to spend money from the state treasury for the purposes established by law. The Minnesota Constitution prohibits the payment of money out of the treasury unless appropriated by the Legislature. The Governor may veto appropriations but cannot create appropriations.

Direct appropriations are authorizations to spend a specific dollar amount, usually for a limited time period such as one year or a biennium. Open appropriations, which are less common, authorize an open-ended spending level, such as a 'sum-sufficient' to meet a defined need or formula. The amounts shown in the *Fiscal Review* for open appropriations reflect estimates of expected spending.

Most direct appropriations are established in session law and expire at the end of the biennium, or other specified time, and must be renewed every two years in order to continue spending authority. Statutory appropriations, on the other hand, are set in state statutes and provide ongoing authority to spend money from the treasury even if a biennial budget is not adopted. Statutory appropriations may authorize either a specific dollar amount or an open-ended amount.

Distinct from the various appropriation types, dedicated revenues and expenditures refer to streams of revenue that are dedicated to specific purposes. Amounts shown for authorized spending levels reflect estimates of the revenues to be generated and the allocation of those revenues established in law.

Further, it should be noted that significant portions of some state agency operations, such as the departments of Administration and Management and Budget, are funded through charges to the other state agencies. In other words, monies appropriated to an agency may be used to purchase services from another state agency whose mission it is, in part, to provide for centralized

operating functions. To fully describe budget activity while avoiding double-counting, budget totals are reported based on the agency to which funds are appropriated.

Appropriations versus Spending

Amounts shown in the *Fiscal Review* for the current biennium (FY 2012-13) reflect appropriation levels authorized by the Legislature. Amounts shown for the next biennium, often referred to as appropriation “tails,” reflect estimates of future biennial spending assuming current law programs are carried forward for another two years. This *Fiscal Review* compares current biennial appropriations to budgeted spending in the previous biennium (FY 2010-11), as well as to the February 2012 Forecast “base.”

Legal Reference

Unless specifically noted, all references to session law chapters in this document refer to 2012 Regular Session laws.

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CHAPTER 1

STATE BUDGET OVERVIEW

For the first time since the 2007 legislative session, the Legislature was not confronted with a state budget deficit in the General Fund for the current biennium. Following the special session during the summer of 2011 and the subsequent budget forecasts in November and February, revenues and spending in the FY 2012-13 General Fund budget were projected to match. Therefore, with the state's General Fund in balance, there was little need to make major adjustments to the budget enacted during the 2011 First Special Session.

The most noteworthy enacted fiscal legislation of the 2012 legislative session was the adoption of a plan to finance a stadium for the Minnesota Vikings football team and the approval of a state bonding bill. These acts are outlined in chapters 2 and 3 of this *Fiscal Review*.

There were adjustments made to the enacted budget in most budget areas. This *Fiscal Review* provides an overview of these budget adjustments in chapter 6. The Health and Human Services budget area made some substantial changes to the enacted budget that are outlined in chapter 4. Also, the Environment and Natural Resources budget area and dedicated funding budget included notable changes to the enacted budget. These changes are outlined in chapter 5. Finally, the total budget changes are detailed in tabular format in Appendix A in this *Fiscal Review*. Because most of the budget changes were small adjustments to the budget, all changes are collapsed into a single tracking table rather than including summarized changes within each budget area chapter. This eases the overall understanding of the detailed changes in the 2012 session. Appendix B provides a detailed table of the Capital Investment projects approved for state borrowing. Finally, Appendix C details the dedicated funding changes approved in Chapter 264, which are discussed in the text of chapter 5.

STATE BUDGET OVERVIEW

Expenditures

When all funding sources are taken into account, the enacted FY 2012-13 supplemental budget revenue sources total \$62.5 billion, which is shown in Table 1 and Table 2. This includes the two-year budget for the General Fund and all other state funds from which operating budget appropriations are made. Total spending is \$159.7 million greater than the forecasted budget for FY 2012-13. General Fund spending increased by \$13.4 million from the forecast, but the primary area of increase in the all funds budget was from the constitutionally dedicated funds, which increased by \$107.5 million.

Table 1 All Funds Biennial Spending - FY2010-11 and FY2012-13 Comparison of 2012 End-of-Session to February Forecast <i>(dollars in thousands)</i>				
Fund Type	FY 2010-11 Spending	FY 2012-13 February Forecast	2012 Legislative Changes	Current FY2012-13 Budget
General Fund	29,961,692	34,074,337	13,405	34,087,742
General Fund Transfer Out	(1,373,127)	(861,311)	1,622	(859,689)
Federal Funds	18,226,901	18,110,660	21,089	18,131,749
Transportation and Transit Funds (1)	4,569,486	4,769,534	17,496	4,787,030
Special Revenue Fund	2,037,435	1,804,294	9,446	1,813,740
Health Care Access Fund	1,103,162	714,271	140	714,411
Debt Service Fund	2,669,313	1,556,949	(12,973)	1,543,976
Constitutional/Dedicated Funds (2)	450,265	556,172	107,535	663,707
All Other Special Funds	1,492,301	1,602,536	1,908	1,604,444
Total Spending	59,137,428	62,327,442	159,668	62,487,110
(1) Transit Assistance Fund, Municipal Street Aid, County State Aid, Trunk Highway, and Highway User tax (2) Environment & Natural Resources Trust Fund, Outdoor Heritage Fund, Clean Water Fund, Parks & Trails Fund, Arts & Cultural Heritage Fund, Minnesota Future Resources Fund				

Table 2 displays the state's all funds budget by major budget area. Most areas of state spending did not have significant changes as a result of the 2012 session. Notably, the Environment, Energy, and Natural Resources budget grew by \$104.9 million and Health and Human Services budget area increased by \$25.2 million.

Table 2 All Funds Biennial Spending - FY2010-11 and FY2012-13 Comparison of 2012 End-of-Session to February Forecast by Budget Area <i>(dollars in thousands)</i>				
Budget Area	FY 2010-11 Spending	FY 2012-13 February Forecast	2012 Legislative Changes	Current FY2012-13 Budget
E-12 Education	13,732,543	15,808,814	(2,610)	15,806,204
Higher Education	2,974,262	2,633,400	4,257	2,637,657
Property Tax Aids & Credits	3,011,694	2,828,509	4,112	2,832,621
Health & Human Services	23,928,215	26,112,203	25,150	26,137,353
Judiciary & Public Safety	2,230,461	2,252,530	5,009	2,257,539
Transportation	5,798,566	6,135,616	18,346	6,153,962
Environment, Energy & Natural Resources	2,017,201	1,998,410	104,879	2,103,289
Agriculture & Rural Economies	158,039	182,128	669	182,797
Jobs & Economic Growth	1,188,686	1,204,997	6,474	1,211,471
State Government Innovation & Veterans	1,372,558	1,585,870	6,355	1,592,225
Debt Service	2,671,632	1,558,219	(12,973)	1,545,246

Capital Projects	22,898	45,219	-	45,219
Cancellations/Other	30,673	(18,473)	-	(18,473)
Total Spending	59,137,428	62,327,442	159,668	62,487,110

Revenues

Total revenues are estimated to be \$61.5 billion for the biennium for the all funds budget for FY 2012-13 in the February 2012 Forecast. Changes during the 2012 session increased the all funds revenue by \$87.4 million; \$62.8 million was from changes in the General Fund, and \$24.6 million was from revenue changes to all other funds. Table 3 shows the total state revenue by fund. It breaks out the General Fund, and also shows some of the other larger state funds.

Table 3				
All Funds Biennial Revenues				
FY 2010-2011 and FY 2012-13 Comparison of 2012 End-of-Session to February Forecast				
<i>(dollars in thousands)</i>				
By Fund	FY 2010-11	FY 2012-13 February Forecast	2012 Legislative and Other Changes	Current FY2012-13 Budget
General Fund				
Tax Revenues				
- Individual Income Tax	14,060,162	16,261,700	(105)	16,261,595
- Corporate Income Tax	1,588,118	1,799,300	-	1,799,300
- Sales Tax	8,580,753	9,361,825	(180)	9,361,645
- Statewide Property Tax	1,533,757	1,581,111	-	1,581,111
- Other Tax Revenues	2,458,177	2,257,852	35,200	2,293,052
Nontax Revenues	1,613,244	1,471,617	27,899	1,499,516
Other/Adjustments	17,967	1,200	-	1,200
Total General Fund (1)	29,852,178	32,734,605	62,814	32,797,419
Nongeneral Funds				
Highway User Tax Distribution Fund	3,259,834	3,609,952	2,455	3,612,407
Transit Assistance Fund	365,347	471,857	12	471,869
Health Care Access Fund	1,089,577	1,126,229	7,300	1,133,529
Special Revenue Fund	1,681,413	1,586,643	5,394	1,592,037
Trunk Highway Fund	1,092,749	940,590	(564)	940,026
Constitutional/Legacy Funds	482,342	536,335	(9)	536,326
Other Funds	3,834,498	2,298,453	(4,391)	2,294,062
Federal Funds	<u>18,300,588</u>	<u>18,160,105</u>	<u>14,399</u>	<u>18,174,504</u>
Subtotal for Nongeneral Funds:	30,106,348	28,730,164	24,596	28,754,760
TOTAL ALL REVENUES:	59,958,526	61,464,769	87,410	61,552,179
Note				
(1) Does not include transfers from other fund and prior year adjustments				

GENERAL FUND SUMMARY

At the conclusion of the 2011 First Special Session, the state's General Fund for FY 2012-13 was balanced with a projected \$110 million surplus before reserves. Revenues were projected to be \$34.4 billion for the biennium and the expenditures were projected to be \$34.3 billion. Of the \$110 million surplus, \$95 million was allocated to the cash flow account.

In November 2011, the budget forecast improved to a positive balance of \$998.2 million prior to reserves, \$888 million higher than the end-of-session estimates. The \$888 million improvement includes \$27 million from a July excess balance in the workers' compensation assigned risk plan. The \$27 million was allocated to the budget reserve; when combined with the \$15 million balance that was unallocated in the 2011 First Special Session, the ending balance prior to reserves was \$876 million. (Chart 1 displays the allocation of these resources for the November and February forecasts.)

Based on current law, this positive balance triggered the budget reserve and cash flow law (Minnesota Statutes, section 16A.152, subdivision 2). Under this law, whenever the cash flow account and budget reserves are lower than the statutory minimum levels, a projected surplus in the General Fund must be first allocated to restore the cash flow account and budget reserve to statutory required levels. The projected surplus in the November forecast provided \$255 million, to fully restore the cash flow account to \$350 million and to add \$648 million to the budget reserve (\$621 million from positive balance and \$27 million from the workers' compensation assigned risk excess balance). The statutorily required level for the budget reserve is \$653 million. This left a General Fund balance of zero because the projected positive balance was entirely allocated to the cash flow account and budget reserve.

The February 2012 Forecast continued the positive trend seen in the November 2011 Forecast. The General Fund balance improved by \$323 million. Again, Minnesota Statutes, section 16A.152, was triggered and the first \$4.8 million of this surplus was allocated to the budget reserve, which restored it to the \$653 million statutory level. Next, the cash flow account and budget reserve law requires that positive balances be allocated to restore the school shifts, increasing the aid payment shift from the 60/40 percent payment schedule enacted during the 2011 First Special Session, to 64.3/35.7 percent. This increased shift repayment required \$313.4 million of the surplus. The remaining \$4.6 million was allocated to the budget reserve, based on the requirements of Minnesota Statutes, section 16A.152. After these automatic repayments, the February forecast for the budget reserve was \$657.6 million. (See Chart 1.)

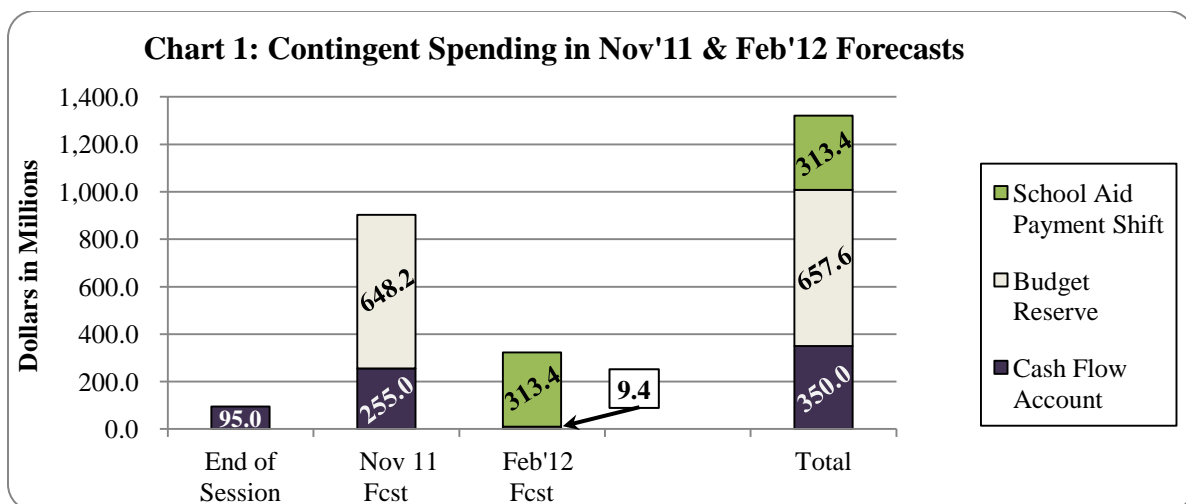


Table 4 summarizes the enacted General Fund supplemental budget after the 2012 legislative session.

Table 4 General Fund Biennial Budget - FY2010-11 and FY2012-13 Comparison of 2012 End-of-Session to February Forecast Budgetary Balance <i>(dollars in thousands)</i>				
	FY 2010-11	FY 2012-13 February Forecast	2012 Legislative Changes	Current FY2012-13 Budget
Balance Forward (including reserves)	446,921	1,288,673	-	1,288,673
Revenues and Transfers	30,803,443	33,793,282	74,173	33,867,455
Total Resources	31,250,364	35,081,955	74,173	35,156,128
Expenditures & Transfers	29,961,692	34,074,337	13,405	34,087,742
Budget Reserve	8,665	657,618	-	657,618
Cash Flow Account	266,000	350,000	-	350,000
Appropriations Carried Forward	37,860	-	-	-
Stadium Reserve	-	-	34,300	34,300
Budgetary Balance	976,147	-	26,468	26,468

The General Fund revenues are budgeted at \$33.9 billion for the FY 2012-13 biennium. Changes during the 2012 session increased state revenues by \$74.2 million. This increase was driven, in large part, by the approval of the Minnesota Vikings Stadium finance plan. This plan increased General Fund revenues in FY 2013 by \$35.2 million. Beginning in FY 2013, the revenues generated to finance the Vikings Stadium are allocated to a stadium reserve account, from which stadium expenses will be paid. Excess profits from managed care plans returned to the state increased nontax revenue by \$27.7 million. The General Fund expenditure changes due to the 2012 legislative session increased by \$13.4 million. This leaves a General Fund budgetary balance of \$26.5 million at the end of the session.

Table 5 displays changes, by budget area, that were made to the FY 2012-13 General Fund during the 2012 legislative session. The enacted supplemental budget spends nearly \$34.1 billion for the biennium. This is an increase of \$13.4 million from forecasted spending levels.

Table 5 General Fund Biennial Spending - FY2010-11 and FY2012-13 Comparison of 2012 End-of-Session to February Forecast by Budget Area <i>(dollars in thousands)</i>				
Budget Area	FY 2010-11 Spending	FY 2012-13 February Forecast	2012 Legislative Changes	Current FY 2012-13 Budget
Early Childhood & K-12 Education	11,416,277	13,936,720	(2,610)	13,934,110
Higher Education	2,812,613	2,565,517	457	2,565,974
Property Tax Aids & Credits	3,015,602	2,832,328	4,112	2,836,440
Health & Human Services	8,426,753	10,883,913	11,280	10,895,193
Judiciary & Public Safety	1,801,965	1,814,510	259	1,814,769
Transportation	166,458	125,658	472	126,130
Environment, Energy & Natural Resources	302,204	257,768	50	257,818
Agriculture & Rural Economies	83,051	79,876	(285)	79,591
Jobs & Economic Growth	195,866	176,632	-	176,632
State Government Innovation & Veterans	857,295	919,069	1,292	920,361
Debt Service	830,241	455,600	(1,622)	453,978
Capital Projects	22,898	45,219	-	45,219
Cancellations/Other	30,469	(18,473)	-	(18,473)
Total Spending	29,961,692	34,074,337	13,405	34,087,742

The Health and Human Services budget area appropriations increased by \$11.3 million and the Property Tax Aids and Credits grew by \$4.1 million. K-12 Education and Debt Service declined by \$2.6 million and \$1.6 million respectively. Other General Fund budget area changes were smaller.

Table 6 displays the incremental revenue and expenditure change items that were enacted during the 2012 legislative session for the General Fund. Each item also includes the chapter number in which each revenue and expenditure change was approved.

Table 6
General Fund Changes - 2012 Legislative Session
(dollars in thousands)

	FY2012-13
Projected Balance (February Forecast before Reserves)	1,007,618
Cash Flow Account	(350,000)
Budget Reserves	(657,618)
Projected Balance (February Forecast after Reserves)	-
Revenue Changes	
Chapter 235 - Wine Educator License	1
Chapter 247 - Managed Care Excess Profits	27,740
Chapter 283 - Court Filing Fee Change	140
Chapter 292 – Public Utilities Commission Administrative Rules	18
Chapter 295 – Independent Contractors	(105)
Chapter 299 – Vikings Stadium Sales Tax Exemption	(180)
Chapter 299 - Vikings Stadium - Electronic Pull-tabs	35,200
Total Revenue Changes	62,814
Transfers from Other Funds	
Chapter 247 - Health Care Access Fund	7,160
Chapter 292 - Special Revenue Funds	87
Chapter 294 - Local Sales Tax Administration	4,112
Total Transfers	11,359
Expenditure Changes	
Chapter 169 - Community Paramedics MA Coverage (Dept Human Services)	(3)
Chapter 232 - Claims (Dept of Corrections)	24
Chapter 239 - E-12 Education Supplemental (Dept Education)	(2,739)
Chapter 247 - Health & Human Services Supplemental (Dept Human Services)	10,189
Chapter 247 - Health & Human Services Supplemental (Dept Health)	364
Chapter 247 - Health & Human Services Supplemental (Health Boards)	10
Chapter 263 - Early Education Pilot Program (Dept Education)	25
Chapter 273 - On-Line Learning Changes (Dept Education)	104
Chapter 278 - Sunset Advisory Commission (Legislature)	106
Chapter 292 - Equipment Acquisition (MnSCU)	457
Chapter 292 - Disaster Assistance (Dept Public Safety)	235
Chapter 292 - Body Armor (Dept Public Safety)	472
Chapter 292 - Mankato Water Resource Center (Dept Natural Resources)	50
Chapter 292 - Disaster Cancellation (Dept Agriculture)	(285)
Chapter 292 - Benchmarking Studies (Dept Administration)	450
Chapter 292 - Administrative Rules (Management and Budget)	126
Chapter 292 - G.I. Bill & Other Programs (Veterans Affairs)	610
Chapter 293 - Capital Investment, Debt Service Savings	(1,622)
Chapter 294 - Targeted Property Tax Refund & Aid	4,112
Chapter 299 - Vikings Stadium, Compulsive Gambling (Dept Human Services)	720
Total Expenditure Changes	13,405
Revised Budgetary Balance (before Reserves)	1,068,491
Reserve Changes	
Chapter 299 - Vikings Stadium Reserve	34,300
Revised Budgetary Balance (after Reserves)	26,468

GENERAL FUND BUDGET TAILS – FY 2014-15 BIENNIUM

Looking ahead at the fiscal effects of the enacted budget on the next biennium shows that while the state's finances are improved from where it stood a year ago, the fiscal challenges will continue. General Fund revenues for the FY 2014-15 biennium are projected to be \$35.9 billion, while spending is forecasted to be \$36.9 billion. The result is a budgetary imbalance of approximately of \$1 billion. Nevertheless, the structural balance of the state's budget has improved significantly since the end of the special session estimates in 2011. At that time, the budgetary imbalance was projected at nearly \$1.9 billion. In November, the improved forecast estimated the imbalance at \$1.3 billion. The February projections of an imbalance of \$1.1 billion reflect a continued improvement trend, but at nearly three percent of projected expenditure, the structural imbalance will be an important consideration for the 2013 legislative session.

NONGENERAL FUND EXPENDITURE CHANGES

The Legislature increased nongeneral fund expenditures by \$144.7 million for the FY 2012-13 biennium. Most of this increase came from appropriations from the constitutionally dedicated funds contained in Chapter 264. Table 7 displays the nongeneral fund expenditure changes that were approved during the 2012 legislative session. Each item also includes the chapter number in laws in which each item was approved.

Table 7 Nongeneral Fund Expenditure Changes 2012 Legislative Session <i>(dollars in thousands)</i>	
Expenditure Changes by Fund, by Chapter (Agency)	FY2012-13
Special Revenue Fund	
Chapter 150 - Permitting Coordinator (Dept Employment & Econ Dev)	100
Chapter 247 - Health & Human Services Supplemental (Dept Human Services)	3,262
Chapter 279 – Simulcast of Horse Racing at Casinos (Racing Commission)	290
Chapter 282 - Help America Vote Act (Secretary of State)	750
Chapter 289 - Fire Safety Account Changes (Dept Public Safety)	4,500
Chapter 292 - Accounting Change for some Receipts (Historical Society)	(925)
Chapter 299 - Vikings Stadium, Gambling Background (Dept Public Safety)	250
Chapter 299 - Vikings Stadium (Gambling Control Board)	1,219
Subtotal Special Revenue Fund	9,446
Health Care Access Fund	
Chapter 247 - Health & Human Services Supplemental (Dept Human Services)	3
Chapter 247 - Health & Human Services Supplemental (Dept Health)	137
Subtotal Health Care Access Fund	140
State Government Special Revenue Fund	
Chapter 278 - Sunset Review Commission (Health Boards)	616
Chapter 278 - Sunset Review Commission (Dept of Labor & Industry)	30
Subtotal State Government Special Revenue Fund	646
Natural Resources Fund	
Chapter 277 - Aquatic Invasive Species Programs (Dept Natural Resources)	1,000

Game & Fish Fund	
Chapter 277 - Wolf Management (Dept Natural Resources)	232
Environmental Fund	
Chapter 292 - Administrative Rules (Management & Budget)	14
Agricultural Fund	
Chapter 124 - Commercial Feed Certification (Dept Agriculture)	16
Environment & Natural Resources Trust Fund	
Chapter 264 - Aquatic Invasive Species Research (U of MN)	2,000
Chapter 264 - Aquatic Invasive Species Programs (Dept Natural Resources)	(1,000)
Chapter 264 - LaSalle Lake Rec Area Acquisition (Dept Natural Resources)	(1,000)
Subtotal Environment & Natural Resources Trust Fund	-
Outdoor Heritage Fund	
Chapter 264 - Lessard-Sams Council Recs (Dept Natural Resources)	83,540
Chapter 264 - Lessard-Sams Council Recs (Board of Water & Soil Resources)	16,380
Subtotal Outdoor Heritage Fund	99,920
Clean Water Fund	
Chapter 264 - Aquatic Invasive Species Research (U of MN)	1,800
Chapter 264 - Clean Water Grants (Board of Water & Soil Resources)	4,200
Subtotal Clean Water Fund	6,000
Arts & Cultural Heritage Fund	
Chapter 264 - Searchable Website for Rules (Legislature)	35
Chapter 264 - Film Production Incentives (Dept Administration)	600
Chapter 264 - Grants for Sesquicentennial (Public Broadcasting)	80
Chapter 264 - Grants & Partnerships (Historical Society)	900
Subtotal Arts & Cultural Heritage Fund	1,615
County State Aid Highway Fund	
Chapter 287 - Supplemental Transportation (MN DOT)	(22)
Transit Assistance Fund	
Chapter 287 - Supplemental Transportation (MN DOT)	(1)
Chapter 287 - Supplemental Transportation (Met Council)	(11)
Subtotal Transit Assistance Fund	(12)
Trunk Highway Fund	
Chapter 287 - Supplemental Transportation (MN DOT)	17,530
Debt Service Fund	
Chapter 293 - Debt Service Savings	(12,973)
Federal TANF Fund	
Chapter 247 - Health & Human Services Supplemental (Human Services)	7,450
Federal Fund	
Chapter 287 - Child Safety Seat Changes (Dept Public Safety)	378
LAC Approved Expenditures	13,261
Subtotal Federal Fund	13,639
Total Nongeneral Fund Expenditures	144,675

VALIDATION PROCESS FOR APPROPRIATION BONDS

During the past two legislative sessions, the state authorized the sale of “appropriation” bonds in three instances. In 2011, the state authorized appropriation bonds to cover a projected shortfall in the General Fund in FY 2012-13. These bonds are tied to the state’s ongoing payments from the 1998 tobacco litigation settlement and were discussed in detail in the *2011 Fiscal Review*. Also in 2011, the state authorized appropriation bonds to fund programs under the Minnesota Pay-for-Performance Act. Finally, in 2012, the state authorized appropriation bonds to pay construction costs for a new Minnesota Vikings Stadium. These bonds are tied to revenues associated with electronic pull-tabs and electronic linked bingo.

Prior to 2011, the state had not previously issued appropriation bonds. Because the Minnesota Constitution limits the state’s ability to sell bonds and since appropriation bonds are a new type of bond, laws were enacted in 2011 and 2012 that established a validation process to determine the constitutionality of each of these bond issuances through an expedited review by the Minnesota Supreme Court. The validation process is initiated by the filing of a lawsuit by the Commissioner of Management and Budget. The commissioner has filed such a suit with respect to the tobacco bonds, and in August 2012, the state Supreme Court will hear oral arguments on the matter. A final decision is anticipated by the state Supreme Court sometime in Autumn.

If the Court holds that the appropriation bonds are valid, appropriation refunding bonds would be issued at a lower interest rate than the revenue bonds sold in 2012 that were backed by payments from the 1998 settlement of the state’s lawsuit against tobacco companies. Proceeds of the sale of the appropriation bonds would be used to refund the revenue bonds, thereby saving the state an estimated \$220 million over 20 years. If the tobacco appropriation bonds are held invalid, these savings would not be realized.

If the Court holds that the tobacco bonds are valid, the Commissioner of Management and Budget is not required to initiate the validation process for the Pay-For-Performance bonds or the stadium bonds. If the Court holds that the tobacco bonds are invalid and if the ruling is framed to have broad application to all appropriation bonds, the Pay-For-Performance bonds and the stadium bonds will not be issued, and the proceeds anticipated from those sales will not be available for the Pay-For-Performance program or to cover stadium construction costs.

CHAPTER 2

MINNESOTA VIKINGS FOOTBALL STADIUM

The 2012 Legislature authorized the financing, construction, and operation of a new stadium primarily for use by the National Football League's (NFL) franchise, the Minnesota Vikings. The stadium will be located at the current site of the Metrodome in Minneapolis. Chapter 299 authorized a stadium that will comprise approximately 1,500,000 square feet, with approximately 65,000 seats, expandable to 72,000. The act set forth a plan for consideration of a retractable roof, within existing funding or at the team's expense. It is expected that the Minnesota Vikings will begin playing their 2016-2017 season at the new stadium.

Chapter 299 also established the Minnesota Sports Facilities Authority and an oversight commission, the Legislative Commission on Minnesota Sports Facilities. The Authority consists of five members; two members and the chair are appointed by the Governor and two are appointed by the mayor of Minneapolis. The Authority controls, operates, and has responsibility over the professional football stadium and any other sports facility constructed or acquired by the authority. The legislation also enables other professional sports facilities to join the facilities that are under the oversight of the Authority. The Commission overseeing the Authority is made up of six senators and six state representatives. Three members are appointed from the majority and minority of each chamber of the Minnesota Legislature.

Stadium Financing

Costs to construct the stadium are expected to be \$975 million. The Minnesota Vikings will contribute \$477 million, the state will contribute \$348 million, and the city of Minneapolis will contribute \$150 million to the upfront construction costs. The state will issue bonds on behalf of the city and Minneapolis will repay the state the net present value of its share of the construction costs over a 30-year timeframe, beginning in FY 2021. To pay for the stadium construction costs, the state will issue appropriation bonds and use the bond proceeds to pay for the state and city share of the upfront construction costs. That total bond issue will be \$498 million.

Appropriation bonds are to be sold by the state and will require annual General Fund appropriations to pay debt service on the bonds. The act allows the Commissioner of Management and Budget to file a complaint with the Minnesota Supreme Court for an expedited validation of appropriation bonds. The validation process of appropriations bonds by the Supreme Court is described in greater detail in the summary section of this report. (See page 12.)

As with any bond issue, the actual credit rating, interest rate cost, and cost over the term of the bond will ultimately be determined by market conditions at the time of the bond sale. Nevertheless, the legislation dictated several criteria of this bond sale, including that the term of the bond issue is 30 years; the bonds issued shall not exceed \$600 million; and because of the nature of the appropriation bond financing mechanism, the state's full faith and credit will not be pledged.

The operating and capital costs will be shared by the city of Minneapolis and the Minnesota Vikings. The city's contribution is to be \$6 million annually payable to the Authority for the operating costs, and \$1.5 million deposited annually in a capital reserve fund. The Minnesota Vikings' contribution is to be \$8.5 million annually for the operating costs, also payable to the Authority, and \$1.5 million deposited annually in a capital reserve fund. Each of these contributions is inflated annually, based on factors determined in the authorizing legislation. In addition, the Minnesota Vikings are responsible for all game-day expenses, which they estimate to be approximately \$3 million each year.

State Contribution

Increased revenues enacted as part of Chapter 299 will be used to facilitate the construction of the stadium. Those increased revenues are from the authorization of electronic pull-tabs and electronic linked bingo, and a slightly offsetting overall decrease in charitable gaming tax rates. That authorization is expected to increase the General Fund revenues, relative to the February 2012 Forecast, by \$35.2 million in FY 2013 and \$57.9 million annually thereafter. A portion of this revenue will be appropriated from the General Fund to pay the debt service on appropriation bonds issued under Chapter 299, and for a number of other expenditures authorized by the enabling legislation, including appropriations for compulsive gambling grants; sales tax exemptions for construction materials; and an appropriation to the city of St. Paul for financing sports facilities in that city. In addition, the city's share of the operating and capital reserve costs will be covered by this revenue stream from the year in which the stadium opens through FY 2020.

City of Minneapolis Contribution

Currently, the Commissioner of Revenue collects the Minneapolis Convention Center taxes on behalf of the city, retains a small portion for administration, and remits the remainder to the city of Minneapolis to finance the debt on the Convention Center and for other purposes authorized by previous Legislatures. The debt on the Convention Center will be retired in FY 2020. The terms of the Convention Center tax were amended in Chapter 299. Beginning in FY 2021, the commissioner will retain from this revenue stream the amounts necessary to pay the annual operating and capital reserve costs of the stadium as described above, the amounts necessary to pay back to the state the net present value for the years that the state paid the annual operating and capital reserve costs on behalf of the city, and the net present value of the \$150 million bond issued by the state on behalf of the city. After those three debts are paid to the General Fund, in addition to any administrative costs incurred and retained by the Department of Revenue, the commissioner will remit the remainder to the city.

General Provisions

Chapter 299 provided for some additional powers, including:

- an allowance for a property tax exemption for the stadium and stadium infrastructure. However, the properties are subject to special assessments levied by a political subdivision;
- authorization of the city of Minneapolis to use revenue collected from the Convention Center taxes to fund other city expenditures, namely the operation of the Target Center; and

- authorization of the sale of sports-themed tip-boards. Although this is anticipated to bring in revenue to the charities, the revenue from this particular type of gambling will be exempt from taxation. The act requires that charities track the revenue earned from sports-themed tip-boards, as there are regulatory fees associated with that revenue.

Some of these powers were standard in past stadium legislation and others are unique to this legislation.

Additional Criteria and Requirements

The Legislature established a variety of criteria and conditions pertaining to the Minnesota Sports Facilities Authority, including that the Authority:

- may accept financial obligations relating to cost overruns associated with acquisition of the stadium site, stadium infrastructure and stadium design, development, and construction;
- is responsible for operating cost overruns;
- must enter into a lease or use agreement for a term of at least 30 years, and may provide options for the NFL team to extend the term for up to four additional periods of five years;
- must enter into a lease that provides that if the Vikings franchise is sold, a portion of the sale price, in excess of the purchase price of the selling owners, is required to be paid to the state and city proportionately for the first 20 years after the legislation was enacted; and
- must grant the Vikings owners exclusive rights, for the first five years, to establish a major league soccer team, with the soccer franchise paying all costs associated with their games and events.

Additional Revenue

Chapter 299 authorized the Commissioner of Management and Budget to implement two additional revenue options if the gambling revenues are less than the total appropriations under this chapter. Chapter 299 authorized the commissioner to implement a sports-themed lottery game and to tax suites at the new stadium. The annual revenue attributable to these two sources is \$2.1 million from the sports-themed lottery game, and \$1 million from the tax on suites at the new stadium, respectively. The law specifies that those amounts be deposited in the General Fund.

CHAPTER 3

CAPITAL INVESTMENT

Chapter 293 authorized \$566.9 million of funding for capital improvements. Of this amount, \$456.5 million are general obligation bonds to be paid from the General Fund, \$70.4 million are general obligation bonds financed by \$37.4 million of user fees from revenues from the Minnesota State Colleges and Universities, and \$33 million are user fees from the Rural Finance Authority. The local bridge replacement program received \$30 million in funding, and the local road improvement program received \$10 million in funding to be paid from the state's transportation account. There were no cancellations of earlier authorizations and there were no vetoes by the Governor, resulting in a total authorization increase of \$566.9 million.

State Government Debt Service Costs

Minnesota Management and Budget is the state agency primarily responsible for borrowing money to finance capital projects and managing debt. The Commissioner of Management and Budget can issue general obligation bonds, general obligation trunk highway bonds, appropriation bonds, and certain types of revenue bonds. Most bond issuances are general obligation bonds paid for by General Fund appropriations.

The debt service to be paid from the General Fund in the February 2012 Forecast was projected to be \$454.3 million for the FY 2012-13 biennium. After the approval of these new capital improvement authorizations, which was less than the forecast base, the General Fund spending for debt service is decreased by \$1.6 million to \$452.7 million for the biennium. The General Fund spending in the FY 2012-13 biennium for authorized projects is decreased by \$635.7 million as a result of using the tobacco bond sale proceeds, instead of General Fund appropriations. In Chapter 293, the language for the bond sale schedule defines the transfer to the state bond fund at \$1.1 billion, including the \$635.7 million from the tobacco bond sale. The tobacco appropriation bonds were authorized during the 2011 First Special Session and described in the 2011 *Fiscal Review*.

Chapter 293 also added the validation process by the state Supreme Court to the Pay-For-Performance program appropriation bonds authorized in the 2011 Legislative Session. The new Pay-For-Performance program, Minnesota Statutes, sections 16A.93 to 16A.96, is a pilot project to demonstrate the feasibility and desirability of using bonds to pay for state services provided to individuals. The validation process for the tobacco bonds, the Pay-For-Performance bonds, and the Minnesota Supreme Court's review of appropriation bonds generally is examined in greater detail in the summary section of this report. (See page 12.)

Summary of Debt Service Costs

In addition to the capital projects supported by the General Fund spending, a number of funds are also used to pay for the costs of bonds issued to support projects in various agencies, at a total cost of \$1.5 billion to the Debt Service Fund for the FY 2012-13 biennium. Other state government entities that can issue bonds are the Agricultural and Economic Development Authority, Higher Education Facilities Authority, Housing Finance Authority, Iron Range Resources and Rehabilitation Agency, the Office of Higher Education, Public Facilities

Authority, State Armory Building Commission, and the State Colleges and Universities. Table 1 shows the proposed transfer in by fund to the Debt Service Fund for interest expense and principal to pay off the bonds that have been issued.

Table 1 Debt Service Fund - FY2010-11 and FY2012-13 Comparison of 2012 End-of-Session to February Forecast <i>(dollars in thousands)</i>				
Transfer by Fund	FY 2010-11 Spending	FY 2012-13 February Forecast	2012 Legislative Changes	Current FY2012-13 Budget
Agricultural Fund	59	30	-	30
Building Fund	274	89	-	89
General Fund	827,922	454,330	(1,622)	452,708
Tobacco Settlement Bond Fund	-	635,745	-	635,745
Maximum Effort School Loan	5,037	46,332	-	46,332
MN State Colleges and Universities	-	54,364	-	54,364
Natural Resources Fund	18	16	-	16
Rural Farm Administration	23,058	19,250	-	19,250
Special Revenue Fund	464	417	-	417
Trunk Highway Fund	115,767	198,814	158	198,972
Investment Receipts	1,777,677	224,767	(3,598)	221,169
Balance Forward In	643,401	724,364	-	724,364
Total Transfers In	3,393,677	2,358,518	(5,062)	2,353,456
Spending	2,669,313	1,556,949	(12,973)	1,543,976
Budgetary Balance:	724,364	801,569	7,911	809,480

Summary of Authorized Projects

Appendix B details the approved capital improvement projects by agency. (See page 54.) A brief summary of notable capital investment projects authorized in Chapter 293 include:

- \$70 million for the higher education systems for asset preservation and replacement projects on the University of Minnesota and Minnesota State Colleges and Universities campuses. Another \$126.2 million was authorized for a variety of building projects statewide for the campuses in the two systems.
- \$47.5 million to establish a new statewide capital projects account in the Department of Employment and Economic Development for business development through a capital grant program, limited to capital costs for acquisition or improvement of publicly owned fixed assets having a useful life of at least ten years. These grants are for local governmental units, and language in Chapter 293 provides the process for applications, criteria, and priorities to receive the money.

- \$30 million was made available to repair and replace deficient local bridges.
- \$44 million is for the State Capitol Building Restoration program, including a new tunnel related to the Central Corridor light rail construction.
- \$5 million for a children's mental health center in Hennepin County.
- \$19.5 million to complete the Camp Ripley Education Center.
- \$3.9 million for Phase I of improvements at St. Peter Regional Treatment Center.
- \$30 million for flood hazard mitigation projects in counties, municipalities, and watershed districts.
- \$13.5 million for a new addition at the Hormel Research Institute in Austin.

CHAPTER 4

HEALTH AND HUMAN SERVICES

The February 2012 Forecast projected an all funds budget of \$26.1 billion for Health and Human Services (HHS) in the FY 2012-13 biennium, with General Fund spending estimated at \$10.9 billion. There were two chapters approved in the 2012 Legislative session that made substantial changes to the HHS budget area for FY 2012-13. Chapter 247 was the act making supplemental Health and Human Services budget appropriations, and Chapter 299 was the Vikings Stadium bill. In addition, minor changes to the enacted budget were made in two chapters. Chapter 278, an act related to the Sunset Review Commission, included appropriations for the health-related boards, and Chapter 169 established a Community Paramedic designation eligible for Medical Assistance funding.

In the 2012 session, the Legislature increased FY 2012-13 HHS appropriations by \$25.2 million. The majority of the spending increase came from the General Fund (\$11.3 million), followed by the federal Temporary Assistance for Needy Families (TANF) Fund (\$7.5 million), the Federal Fund (\$2.4 million) and the State Government Special Revenue Fund (\$616,000). Increases to the Special Revenue Fund (\$3.3 million) and the Health Care Access Fund (\$140,000) have related revenue increases of the same amount, resulting in no net change in spending. (See page 36 of Appendix A for details.)

GENERAL FUND CHANGE SUMMARY

There was a net General Fund savings of \$23.6 million in FY 2012-13 in the Health and Human Services budget area. Total General Fund expenditures in Health and Human Services increased by \$11.3 million, but were more than offset by a onetime revenue recognition of \$34.9 million due to a settlement of managed care excess profits, leaving the net savings of \$23.6 million. Most of the General Fund spending changes were made to the Department of Human Services (DHS) budget, with appropriation increases of \$10.9 million. Additionally, the Legislature increased the Minnesota Department of Health budget by \$364,000 for various studies, and the Board of Nursing Home Administrators budget by \$10,000 for a grant to the Minnesota Ambulance Association. See Table A at the end of this chapter for a detailed look at the General Fund changes.

DEPARTMENT OF HUMAN SERVICESs

Continuing Care Changes

Continuing Care programs include long-term care services for people with disabilities and elderly individuals.

Chapter 247 delayed the effective date of a 1.67 percent provider rate reduction from FY 2013 to FY 2014. This rate reduction was originally enacted the during the 2011 First Special Session as part of the FY 2012-13 HHS budget. The one-year delay carries a General Fund cost of \$22.9 million.

The cost of delaying this rate reduction was partially offset by delaying \$20.6 million in payments to continuing care providers from FY 2013 to FY 2014. Chapter 9 in the 2011 First Special Session required a waiver request to the federal government that would allow an earlier implementation of nursing facility level of care changes, enacted in 2009, that were suspended by the passage of the federal Affordable Care Act. If this pending waiver is approved, any savings from the early implementation of the 2009 provisions would reduce the \$20.6 million payment delay.

In addition, Chapter 247 approved an increase of approximately \$1.0 million in Essential Community Supports Grants to assist people affected by the nursing facility level of care changes, described above. These grants will be paid regardless of whether the federal government approves the waiver discussed in the previous paragraph.

Chapter 247 also delayed, until FY 2014, a 20 percent rate reduction for personal care attendants providing care for relatives. This provision, enacted in the 2011 First Special Session, was not implemented because a temporary restraining order prevented its implementation until a lawsuit was settled. The February 2012 Forecast assumed the litigation would not be resolved until January 1, 2013, and included \$18.2 million to pay for services at the higher rate. The delay of the rate reduction in Chapter 247 until July 1, 2013 adds \$5.9 million to the amount included in the forecast for payments in FY 2012-13.

Chapter 247 also made a series of changes to adult corporate foster care. These changes included: delaying bed closures enacted in 2011 from FY 2013 to FY 2014, allowing technology to replace overnight staff under specific circumstances, allowing, on a limited basis, a fifth bed for respite care, and creating an optional mental health certification for adult foster care homes that includes exemption from bed closures. These corporate foster care changes result in a net cost of \$1.8 million in FY 2012-13.

Chapter 247 adjusted the age of participation in the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program to allow people 65 years of age or older to continue MA-EPD participation. Previously, the MA-EPD program was limited to persons under age 65. This adjustment increased appropriations by \$437,000 in FY 2012-13.

Chapter 247 created a critical access designation for nursing facilities, allowing for some regulatory flexibility for designated facilities. This change increased appropriations by \$500,000 in FY 2013.

Chapter 247 included an exception to the existing statutory moratorium on nursing facility construction that increases the number of nursing home beds in the state. The exception allows for approval in FY 2013 of construction projects that will increase Medical Assistance costs by \$1.0 million. The payments related to this provision begin in the FY 2014-15 biennium.

Chapter 247 adjusts a reduction in the congregate living rate for lower needs residents, enacted in the 2011 First Special Session, from ten percent to five percent for Community Alternatives for Disabled Individuals and Developmental Disability waiver recipients. This provision will only

be implemented if a pending waiver to allow federal financial participation on the Alternative Care program is approved, which would provide revenue to offset its cost.

The TEFRA parental fee schedule increases enacted during the 2011 First Special Session for only the FY 2012-13 biennium were extended through the FY 2014-15 biennium, saving \$1.6 million in FY 2014-15.

Health Care Changes

Chapter 247 restored the Emergency Medical Assistance coverage for chemotherapy and dialysis treatment that was eliminated in the 2011 First Special Session for FY 2012-13 biennium. Restoring this provision cost \$4.7 million.

\$27.7 million in nondedicated revenue to the General Fund and \$7.3 million to the Health Care Access Fund in FY 2013 was realized through managed care plans returning profits in excess of one percent, according to an agreement reached between the plans and DHS.

Economic Support Programs Changes

Chapter 247 made a series of changes to curb fraud in economic support programs. The changes primarily focused on the inappropriate use of economic benefit transfer (EBT) cards. These include: excluding certain types of businesses where EBT cards can be used; limiting EBT usage to Minnesota and the four surrounding states; and clarifying the consequences of making prohibited EBT purchases.

Also, beginning in FY 2013, peace officers are now required to report arrestees found with multiple EBT cards to DHS. The total cost of these EBT changes is \$223,000 in FY 2013, with savings of \$456,000 in FY 2014-15. Additionally, the drug conviction “look-back” period for Minnesota Family Investment Program (MFIP) was changed to ten years, with a nominal increase of \$4,000 in FY 2013.

Compulsive and Problem Gambling Provisions in Stadium Bill

Chapter 299, the Minnesota Vikings Stadium bill, appropriated one-half of one percent of the revenue generated from paper and electronic pull-tabs, electronic bingo, and other games to DHS to fund compulsive gambling treatment programs. The act also appropriated to DHS an amount equal to one-half of one percent of gambling-related General Fund revenue for education, training, and awareness programs through a Minnesota affiliate recognized by the National Council on Problem Gambling. The total appropriation is \$720,000 in FY 2013.

**Table A: Health and Human Services
FY2012-13 & FY2014-15
General Fund Changes (Detail)**
(dollars in thousands)

General Fund Appropriation Changes (1)	FY 2012-13	FY 2014-15
Department of Human Services		
Mental Health Physician Assistants	(13)	(54)
Managed Care Study	235	-
Autism Housing with Supports Study	177	-
Monitor Referrals to Early Intervention Services	11	-
Critical Access Dental Modifications	22	89
NF Medicare Certification Modifications	13	26
Delay Relative PCA Reduction	5,908	1,662
Restore Emergency MA Coverage	4,696	-
LTC Consultation Modifications	(150)	(700)
Adult Foster & Group Homes Changes	94	(1,030)
NF Moratorium Exception	-	600
Foster Home Certification & Licensing Modifications	102	399
Critical Access Nursing Facilities	500	-
Delay 1.67% CC Rate Reduction	22,824	-
CC Payment Delay	(20,675)	20,691
MA-EPD Modifications	437	679
Cost Sharing Study	32	-
EBT Card Reforms	223	(456)
MFIP Drug Disqualification	4	2
Welfare Fraud Prevention	-	(1,573)
Extend Current TEFRA Fees through 6-30-15	-	(1,170)
GA Earned Income Disregard	19	24
TANF Refinancing	(7,000)	(21,700)
Teen Challenge	-	1,644
Essential Community Support Grants	999	-
Modify Corporate Foster Care Capacity Reduction	1,612	1,291
Child Support Modifications	4	-
Intractable Epilepsy-People, Inc.	65	130
Advocating Change Together	50	-
Community Paramedics MA Coverage (Chapter 169)	(3)	(15)
Compulsive Gambling Treatment Grants (Chapter 299)	360	940
Problem Gambling Awareness & Education (Chapter 299)	360	940
Subtotal Human Services:	10,906	2,419
Department of Health		
Patient Records Study	20	-
Evaluation of Regulatory Functions	136	-
NF Moratorium Exception-Administration	8	-
Autism Study	200	-
Subtotal Department of Health:	364	-
Emergency Medical Services Regulatory Board		
Ambulance Association Assessment	10	-
Total General Fund Appropriation Changes	11,280	2,419

General Fund Revenue Changes (1)		
Managed Care Excess Profits	(27,740)	-
Adjust Statutory Transfer From HCAF	(7,160)	-
Total General Fund Revenue Changes	(34,900)	-
Net General Fund Changes	(23,620)	2,419
(1) All changes are from Chapter 247 unless otherwise noted.		

HIGHLIGHTS OF OTHER FUND CHANGES

Chapter 247 also made a series of additional changes that include:

- Beginning in FY 2014, the Office of the Legislative Auditor is required to contract with an independent, third-party firm to audit managed care organizations under MA. The audits are to be biennial, with a cost of \$794,000 in FY 2013 from the Health Care Access Fund.
- A budget-neutral provision (within the Special Revenue Fund) allows the Minnesota Specialty Health Services in Willmar to continue operations by reallocating resources within that facility.
- TANF funds were increased in FY 2012-13 for the Family Assets for Independence Minnesota (\$250,000) and long-term homeless services programs (\$500,000). A TANF increase of \$3,000 in FY 2013 was also used to restore some absent day childcare assistance payments, allowing providers to be reimbursed for more than ten absent days for children whose parents are under age 21 and attending school to obtain a high school diploma or GED.

CHAPTER 5

ENVIRONMENT AND NATURAL RESOURCES AND DEDICATED FUNDING

Three chapters were approved during the 2012 session that made changes to the enacted FY 2012-13 Environment and Natural Resources and Dedicated Funds budgets. Overall, the changes during the 2012 session increased spending by \$104.9 million. Most of the increased spending is from Chapter 264, the act that appropriated constitutionally dedicated funds. This chapter is described in detail below. (See page 41 of Appendix A for the tables that outline the budget changes discussed below, and Appendix C on page 58 for detail on dedicated funding changes.)

Game and Fish Changes

Chapter 277 increased hunting and fishing license fees for the first time in 12 years in order to address an expected shortfall in the Game and Fish Fund. Due to a reduction in federal revenues and fewer hunting and fishing licenses being sold, expenditures in the fund were exceeding revenues by approximately \$7 million annually. As a result, the Game and Fish Fund was expected to go into a negative balance at the end of FY 2013. The increased fees will bring an additional \$11 million annually to the fund when fully implemented in 2013 (see Table A for selected fee changes). Other changes in Chapter 277 include:

- creation of a new hunting and trapping season for wolves starting in the fall of 2012;
- allocating fifty cents from each deer license sold to a new wolf management account;
- a reduction of most youth hunting and fishing licenses to \$5;
- an increased fee (from \$2 to \$5) for nonresidents buying a fishing license, with the revenue going for aquatic invasive species prevention; and
- requiring the Department of Natural Resources to continue to issue hunting and fishing licenses in the event of a state government shutdown.

Table A
Select Hunting and Fishing License Changes (includes surcharges)

	Current Fee	New Fee*
Resident; Fishing Licenses		
Individual Annual	\$17	\$22
Married Couple Annual	\$25	\$35
Individual 3-Day	NA	\$12
Youth (16 & 17 years)	\$17	\$5
Nonresident; Fishing Licenses		
Individual Annual	\$39.50	\$45
Married Couple Annual	\$52.50	\$60
Individual 3-Day	\$24	\$32
Youth (16 & 17 years)	\$17	\$5
Resident; Hunting Licenses		
Small Game, Annual	\$19	\$22
Small Game, 3-Day (no stamps)	NA	\$19
Deer (Firearm, Archery, Muzzleloader)	\$26	\$30
Turkey	\$23	\$26
Youth Small Game (16 & 17 years)	\$12.50	\$5
Youth Deer (13 to 17 years)	\$13	\$5
Youth Turkey (13 to 17 years)	\$12	\$5
Wolf (Firearm & Trapping)	NA	\$30
Nonresident; Hunting Licenses		
Small Game, Annual	\$84.50	\$102
Small Game, 3-Day (no stamps)	NA	\$75
Deer (Firearm, Archery, Muzzleloader)	\$140	\$165
Turkey	\$83	\$96
Youth Small Game (16 & 17 years)	\$12.50	\$15
Youth Deer (13 to 17 years)	\$13	\$15
Youth Turkey (13 to 17 years)	\$12	\$13
Wolf (Firearm & Trapping)	NA	\$250
* Effective March 1, 2013		

Dedicated Funding

Chapter 264 appropriated \$107.5 million from the constitutionally dedicated funds, most of it from FY 2013 appropriations from the Outdoor Heritage Fund. One major initiative in Chapter 264 was funding for two major projects for the prevention of aquatic invasive species: \$7.5 million for barriers to prevent Asian carp from moving into noninfested waters of the state; and \$3.8 million to the University of Minnesota to establish an Aquatic Invasive Species Research Center. (For all appropriations, see Appendix C on page 58.)

Permanent School Fund Governance

Chapter 249 made significant changes to the oversight of Permanent School Funds (PSF) lands. The act creates a new director outside of the Department of Natural Resources to oversee and make recommendations on the revenue productions of the lands. PSF lands were granted to the state by the federal government to help fund public schools. Minnesota currently has over 2.5 million PSF acres, mostly in the northern part of the state. Revenues generated from PSF lands are deposited into the corpus of the School Trust Fund, and investment earnings within the funds go directly to public schools (about \$25 million in FY 2012). Chapter 249 also modified the legislative committee with oversight authority over the land by adding more legislative members. Future costs of the new director (and up to five additional staff), and the revised legislative commission, is to be paid from revenues going into the PSF. The costs of fire suppression and prevention costs on PSF lands will no longer be paid from the Permanent School Fund under this act. Starting in FY 2014, these costs, estimated to be approximately \$2 million per year, will be paid out of the General Fund.

CHAPTER 6

HIGHLIGHTS BY BUDGET AREA

The Legislature entered the 2012 session with the biennial forecasted spending and revenues for the General Fund in balance, after making transfers to the cash flow account, budget reserve, and making payments to buy back a portion of the school aid payment shift. As a result, for most budget areas, the Legislature did not engage in substantial changes to the budget that was enacted during the summer of 2011. This chapter highlights the noteworthy changes, by budget area, made by the Legislature to the FY 2012-13 budget during the 2012 session. Changes in the Health and Human Services and Environment and Natural Resources budget areas were more extensive and are examined individually in chapters 4 and 5.

Tables that detail the overall budget changes are contained in Appendix A. This chapter summarizes the fiscal policy of those changes.

E-12 EDUCATION BUDGET

Chapter 239 contains changes to the E-12 Education budget that total \$15.8 billion for FY 2012-13, of which \$13.9 billion, or 88 percent, is General Fund appropriations. During the session, the Legislature reduced E-12 Education appropriations by \$2.6 million. These changes were confined to the General Fund. (See page 34 of Appendix A for the tables that outline the budget changes discussed below.)

The specific changes included:

- Adjustments to the Postsecondary Enrollment Options (PSEO) program that expands the program for 11th and 12th graders to permit 10th graders to enroll in career and technical education courses offered by the MnSCU system. For a 10th grader to be eligible to participate, the student must pass the 8th grade Minnesota Comprehensive Assessment. MnSCU is not required to accept 10th grade students, but if a student is refused enrollment, the student may apply to other eligible institutions that offer career and technical education courses. A 10th grade student who enrolls in PSEO must earn a grade of “C” or better to maintain eligibility for PSEO in the future. These changes create a cost of \$68,000 in FY 2013. This net cost reflects PSEO changes associated with increased higher education payments due to a greater number of PSEO students. The general education and special education appropriations to the E-12 system are also reduced when these students enroll in PSEO.
- The new graduation incentives achievement scholarship program, originally enacted during the 2011 First Special Session, was adjusted to clarify that students who graduate early and elect to participate in the program must select either the higher education scholarship or the military award. Students may not participate in both options. The amendments also clarify that an eligible student must apply for the program within two years of high school graduation and that the funds must be used within six years of graduation. These changes increase appropriations by \$750,000 in FY 2012-13.

- The Legislature adjusted the formula that generates Literacy Incentive Aid. This program was originally established during the 2011 First Special Session. The original formula that generated funding was based on an allowance of \$85 multiplied by the number of students at the school site. However, concern developed that this formula would reward education sites differently and would encourage districts to add grade cohorts to sites to generate increased funding. Therefore, the formula was adjusted to create a new allowance of \$530 that will be multiplied only by the number of third graders for the proficiency portion of the formula, and by the number of fourth graders for the purpose of the growth portion of the formula. This adjustment eliminates that incentive, but does not spend any additional money in FY 2013, the first year of the formula.
- Some of the changes to E-12 Education also included adjustments to the education finance property tax levies. Because the education finance system currently includes a property tax recognition shift, this shift will generate additional spending or savings, depending on the mix of changes associated with levy changes. As such, the E-12 budget carries a \$307,000 savings associated with the minor levy changes in Chapter 239.
- Chapter 239 established a onetime appropriation of \$250,000 for the parent child home program.
- Finally, Chapter 239 reduced the appropriation for the early childhood scholarships from \$4 million to \$2 million in FY 2013. However, the base for this program was increased by from \$2 million each year to \$3 million per year.

HIGHER EDUCATION

There were four chapters adopted by the Legislature during the 2012 session that made changes to the FY 2012-13 Higher Education budget. Overall, the changes during the 2012 legislative session increased spending for the FY 2012-13 biennium by \$4.3 million, of which \$457,000 was from the General Fund. Of the \$4.3 million, \$3.8 million is onetime funding for an aquatic invasive species research center. (See page 35 of Appendix A for the tables that outline the budget changes discussed below.)

Chapter 270 contained several noteworthy provisions affecting the funding of higher education:

- Language was adopted that provides for the continued operation of MnSCU colleges and universities in the event of a state government shutdown.
- The MnSCU Board of Trustees' authorization to issue revenue bonds was increased from \$300 million to \$405 million.
- Permanent University Fund (PUF) mineral research account money, currently distributed to the Natural Resources Research Institute (NRRI), will be reallocated to support a mining-related engineering program, and scholarships for students in the program, once

the allocation to NRRI reaches \$50 million. The program will be offered through the University Minnesota at the Mesabi Range Community and Technical College. The maximum scholarship award per academic year is \$6,500 and will be available for a maximum of four academic years.

- The Board of Regents must transfer \$645,000 in FY 2012 and \$645,000 in FY 2013 from the appropriations made to the Board for operations and maintenance in Laws, First Special Session chapter 5, article 1, section 5, to the Hennepin County Medical Center (HCMC) for graduate family medicine education programs.

Chapter 292 included a onetime appropriation of \$457,000 to MnSCU, to purchase equipment for instructional purposes in programs for which there is a high employer need in the state. To receive a portion of the money, a campus must provide a monetary or in-kind match.

Chapter 264 appropriated \$3.8 million of onetime funds to the University of Minnesota for an Aquatic Invasive Species Research Center: \$1.8 million was appropriated from the Clean Water Fund, and \$2 million was appropriated from the Environment and Natural Resources Trust Fund.

Finally, Chapter 235 authorized the Regents to sell alcohol in the premium seats and in a location that is “convenient to the public,” at the TCF Bank stadium. Authorization to sell alcohol in Williams and Mariucci Arenas also was granted.

JUDICIARY AND PUBLIC SAFETY

There were six chapters that were approved during the 2012 session that made changes to the FY 2012-13 Judiciary and Public Safety budget. Overall, the changes during the 2012 legislative session increased spending for the FY 2012-13 biennium by \$5 million, of which \$259,000 is from the General Fund. (See page 38 of Appendix A for the tables that outline the budget changes discussed below.)

Fire Safety Account

Chapter 289 was specifically focused on a restructuring of the state’s fire safety account. The fire safety account was created in 2006 when the Legislature established a 0.65 percent surcharge on premiums for homeowners’ insurance policies, commercial fire policies, and commercial nonliability insurance policies. The surcharge is deposited in the fire safety account in the Special Revenue Fund, from which \$2.3 is annually transferred to the General Fund to offset the loss of revenue caused by the simultaneous repeal of the one-half of one percent tax on fire insurance premiums. Remaining funds are used to pay for state Fire Marshal operations, HazMat teams, and fire fighter training and education at their base funding levels.

At \$13 million each year, the revenues from the 0.65 percent surcharge greatly exceeded original estimates. From 2008 to 2011, the Legislature transferred a portion of the surplus each year to the General Fund to help balance the state’s General Fund budget. Despite this, a surplus of \$9 million had accumulated for the FY 2012-13 biennium in the fire safety account. Because the purpose of the surcharge was to fund fire fighter-related activities and not replenish the General Fund, the Legislature chose to restructure the account.

Chapter 289 made the following changes to the financing of the state's fire safety account:

- The insurance premium surcharge was lowered from 0.65 to 0.5 percent, allowing ratepayers to retain \$6 million over a biennium.
- \$4.5 million was appropriated from the fire safety account in FY 2013 (the current account surplus) for firefighter training and education.
- The FY 2014-15 biennial funding base for firefighter training was set at \$5.4 million, double the base in the FY 2012-13 biennium.
- A sunset of June 30, 2015, was established on the statutory General Fund transfer. Eliminating this transfer is anticipated to provide an additional \$4.7 million to the fire safety account in the FY 2016-17 biennium.
- Legislative control over the account was maintained by retaining direct appropriation authority.

Overall, the act simplified and streamlined the fire safety account while increasing funding for firefighter training and education, and returned \$3 million annually to fire insurance ratepayers.

In addition, Chapter 289 includes a statutory legislative intent clause that states that the money collected and deposited in the fire safety account is to be used only to fund the state Fire Marshal's office and fire-related activities.

Vulnerable Adults

Chapter 175 created a felony penalty for a caregiver or operator who intentionally deprives a vulnerable adult of necessary food, clothing, shelter, health care, or supervision when the offender is reasonably able to make the necessary provisions and (1) the offender knows or has reason to know the deprivation could likely result in substantial or great bodily harm, or (2) the deprivation occurred over an extended period of time. For the felony penalty to be applicable, the vulnerable adult must have actually suffered substantial or great bodily harm. According to the sentencing guidelines, this will result in one additional state prisoner the first year, two the second, and three the third and subsequent years. The Legislature instructed the Department of Corrections to absorb the first year cost and provided no additional appropriation. The Legislature increased the base by \$26,000 in FY 2014 and \$43,000 in FY 2015 and beyond.

Flood-Related Appropriations

Chapter 292 appropriated \$285,000 for flood-related provisions. The General Fund money was transferred from carryforward funds from an earlier disaster relief appropriation to the Department of Agriculture (Laws 2010, Second Special Session chapter 1, article 1, section 11). Of the \$285,000 appropriation, \$235,000 was appropriated to the Department of Public Safety in FY 2012 to provide a match for Federal Emergency Management Agency (FEMA) disaster assistance to state agencies and political subdivisions for flooding in the spring of 2010.

An additional \$50,000 was appropriated in FY 2012 to the Commissioner of Natural Resources for a grant to the Mankato Water Resources Center to prepare a report to identify potential flood mitigation measures and projects within the Zumbro River watershed as a result of the 2010 flood.

Conciliation Court

Chapter 283 changes the jurisdictional limits for Minnesota conciliation courts. Under current law, conciliation courts have the jurisdiction to determine civil claims that do not exceed \$7,500. Chapter 283 increases that threshold to \$10,000 as of August 1, 2012. On August 1, 2014, the threshold rises to \$15,000. The higher jurisdictional limits will attract more litigants to conciliation court, and therefore revenue from court fees will increase. Fees are collected by the court administrator, deposited in the state treasury, and credited to the General Fund. The court estimates that the higher thresholds will result in \$140,000 in additional revenue the first year (FY 2013) and \$168,000 in the second and subsequent years.

Vikings Stadium Act

Chapter 299 authorized the construction of a stadium for the Minnesota Vikings (described in greater detail in chapter 2), to be funded by electronic pull-tab and electronic linked bingo games. It appropriated \$250,000 from the lawful gambling regulation account in the Special Revenue Fund in FY 2013 to the Department of Public Safety for expenses related to the oversight of lawful gambling.

Claims Act

Chapter 232 makes payments for claims against the state for losses suffered by persons incarcerated in a state correctional facility or for injuries suffered by and medical services provided to persons injured while performing community service or sentence-to-service work for correctional purposes or while incarcerated in a state correctional facility. Claims for FY 2013 totaled \$23,857.

TRANSPORTATION

There were two chapters that were approved during the 2012 session that made changes to the FY 2012-13 Transportation budget. Overall, appropriations for the Transportation budget area total \$6.2 billion for FY 2012-13, an increase of \$18.3 million. Of this amount, only \$472,000 was from the General Fund. (See page 40 of Appendix A for the tables that outline the budget changes discussed below.)

The majority of the total budget increase is due to a \$17.5 million increase in FY 2013 Trunk Highway Fund expenditures in Chapter 287. This onetime appropriation is for design, construction, and equipping of Minnesota Department of Transportation (MnDOT) maintenance facilities and truck stations.

Chapter 287 also appropriated a onetime \$30,000 appropriation to MnDOT in FY 2013 for an update to the department's permitting system to allow for collection of additional registration taxes for overweight motor vehicles. This collection was previously handled by Driver and Vehicle Services in the Department of Public Safety.

Finally, Chapter 292 appropriated an additional \$472,000 from the General Fund to the Department of Public Safety for reimbursement of purchases of soft body armor for peace officers. This is a onetime appropriation.

STATE GOVERNMENT FINANCE

Three chapters that were approved during the 2012 session made changes to the FY 2012-13 State Government Finance budget. Chapter 292 was a supplemental act that made State Government Finance budget appropriations, Chapter 278 implemented changes to the sunset review process, and Chapter 282 was the Help America Vote Act. Overall, the changes during the 2012 session increased spending by \$6.4 million. Of this amount, \$1.3 million was from the General Fund. (See page 46 of Appendix A for the tables that outline the budget changes discussed below.)

Chapter 292 contained onetime General Fund appropriations for FY 2013 for a number of veteran-related grant programs. \$200,000 was added to the \$95,000 previously appropriated for the County Veterans Service Officers outreach grant program. \$100,000 was appropriated for compensation for honor guards at the funerals of veterans. The Minnesota Assistance Council for Veterans (MACV) received an additional \$100,000 to add to the \$500,000 previously appropriated. The Minnesota GI bill was expanded to cover apprenticeship and on-the-job training for eligible applicants. The GI bill is a General Fund forecasted program and the addition of new benefits is estimated to add a cost of \$210,000 in FY 2013. In future years, the cost is anticipated to grow to \$420,000 per fiscal year. The entire GI bill benefits are capped at no more than \$6 million per fiscal year.

Chapter 292 also appropriated \$450,000 in FY 2012 to the Department of Administration to contract for two benchmark studies on agency back-office functions and student transportation.

Chapter 292 provided onetime appropriations of \$126,000 from the General Fund and \$14,000 from the Environmental Fund to Minnesota Management and Budget (MMB) to implement the requirements related to changes in the rulemaking process contained in Chapter 238.

Chapter 292 also contained two small transfers to the General Fund from an energy savings fund and a recycling fund in the Department of Administration. These dollars are no longer needed as the programs are no longer operational.

Chapter 292 eliminated a requirement that the Minnesota Historical Society (MHS) deposit admission fees from historic sites at state parks in the state treasury. This change streamlines the process of how deposits are made and makes it consistent for admission fees from all historic sites. This change had no impact to the state as the revenues and expenditures will now flow directly to MHS.

Chapter 278 appropriated \$106,000 from the General Fund to the Legislative Coordinating Commission for staffing or professional contracting services. These dollars are included in the base and increase to \$139,000 each fiscal year in the next biennium. An additional \$616,000 appropriation was made from the State Government Special Revenue Fund to the health licensing boards to implement new reporting requirements recommended by the Sunset Review Commission and enacted in Chapter 278, and for the working group evaluating the Medical Practice Act. The Combative Sports Commission duties and existing appropriations were transferred to the Department of Labor and Industry as of July 1, 2012.

Modifications to the card club playing and pari-mutuel provisions in statute were enacted in Chapter 279, giving the Racing Commission authority to seek reimbursement for increased expenses related to the use of upgraded drug testing technology and procedures. The reimbursements are made from the card playing activities account in the Special Revenue Fund. Reimbursements are estimated to add \$290,000 to the Racing Commission budget for FY 2013.

Finally, \$750,000 was appropriated from federal funds deposited in an account in the Special Revenue Fund under Chapter 282, the Help America Vote Act. \$50,000 was for military voting overseas, \$120,000 was for support for local election officials, and \$580,000 was for the Minnesota Secretary of State.

TAX AIDS AND CREDITS

Chapter 294 contains changes to the Tax Aids and Credits budget, which total \$2.8 billion for the FY 2012-13 biennium. The Legislature increased the Tax Aids and Credits budget by 4.1 million from the spending projected by the February forecast. Chapter 294 was revenue neutral to the state General Fund. Chapter 294 included four tax expenditure changes and paid for those changes via a transfer of \$4.1 million from the Department of Revenue Special Service and Recovery Fund for Local Tax Administration in the Special Revenue Fund. The 2012 Legislature passed two additional tax bills that were both vetoed by the Governor. (See page 35 of Appendix A for the tables that outline the budget changes discussed below.)

Within Chapter 294, the Legislature enacted a onetime targeted property tax refund increase for FY 2013 only. Currently, the supplemental refund is available to homeowners if the increase in gross property taxes payable on a homestead is greater than 12 percent over the taxes payable in the previous year and over \$100. The refund is equal to 60 percent of the increase. The onetime increase raised the refund from 60 to 90 percent; the cost of that change was \$4.1 million in FY 2013. The Legislature also made modifications to Local Government Aid (LGA), first allowing a onetime payment of \$12,000 in FY 2013 to the city of Tamarack; second, freezing LGA for cities with a population of 5,000 or more at their calendar year 2012 levels and allowing cities with a population under 5,000 to receive the greater of their 2012 aid or current law 2013 aid, for a total cost of \$1 million in FY 2014, including interactions; and third, canceling the unpaid 2012 LGA appropriation of \$795,000 from those cities who did not submit their information in the required time period, thereby losing their LGA, and reappropriating it to those same cities that submit their information, instead, by May 31, 2012. Sixteen cities of the 18 cities eligible to receive their 2012 LGA allocation met this new deadline.

Appendix A; All Budget Areas
All Funds Biennial Spending by Agency & Fund
(dollars in thousands)

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
E-12 EDUCATION				
Department of Education				
General Fund	11,378,182	13,900,048	(2,610)	13,897,438
General Fund Transfer Out	(62)	-	-	-
Special Revenue Fund	24,762	21,447	-	21,447
Endowment & Permanent Schl Fd	45,691	48,142	-	48,142
Federal Fund	2,229,918	1,786,016	-	1,786,016
Max Effort School Loan Fund	-	-	-	-
Gift Fund	114	94	-	94
Arts & Cultural Heritage Fund	8,289	6,000	-	6,000
Env & Natural Resources Fund	30	131	-	131
Total Department of Education	13,686,924	15,761,878	(2,610)	15,759,268
Faribault Academies				
General Fund	23,882	23,206	-	23,206
Special Revenue Fund	4,717	5,958	-	5,958
Federal Fund	653	628	-	628
Gift Fund	65	58	-	58
Total Faribault Academies	29,317	29,850	-	29,850
Center for Arts Education				
General Fund	14,213	13,466	-	13,466
Special Revenue Fund	975	1,920	-	1,920
Federal Fund	58	-	-	-
Gift Fund	33	-	-	-
Arts & Cultural Heritage Fund	1,023	1,700	-	1,700
Total Center for Arts Education	16,302	17,086	-	17,086
Totals by Fund				
General Fund	11,416,277	13,936,720	(2,610)	13,934,110
General Fund Transfer Out	(62)	-	-	-
Special Revenue Fund	30,454	29,325	-	29,325
Endowment & Permanent Schl Fd	45,691	48,142	-	48,142
Federal Fund	2,230,629	1,786,644	-	1,786,644
Max Effort School Loan Fund	-	-	-	-
Gift Fund	212	152	-	152
Env & Natural Resource Fund	30	131	-	131
Arts & Cultural Heritage Fund	9,312	7,700	-	7,700
Total for Budget Area	13,732,543	15,808,814	(2,610)	15,806,204

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
HIGHER EDUCATION				
Office of Higher Education				
General Fund	373,291	381,396		381,396
General Fund Transfer Out	(274)	-	-	-
Federal Fund	11,013	13,350	-	13,350
Special Revenue Fund	1,634	1,286	-	1,286
Total Office of Higher Education	385,664	396,032	-	396,032
University of Minnesota				
General Fund	1,217,008	1,090,688	-	1,090,688
Clean Water Fund	1,055	-	1,800	1,800
Env & Natural Resources Fund	9,576	4,127	2,000	6,127
Federal Fund	89,308	-	-	-
Health Care Access Fund	4,314	4,314	-	4,314
Parks and Trails Fund	400	-	-	-
Special Revenue Fund	44,600	44,686	-	44,686
Total University of Minnesota	1,366,261	1,143,815	3,800	1,147,615
Minnesota State Colleges and Universities (MnSCU)				
General Fund	1,219,663	1,090,731	457	1,091,188
Env & Natural Resources Fund	23	120	-	120
Total MnSCU	1,219,686	1,090,851	457	1,091,308
Mayo Medical Foundation				
General Fund	2,651	2,702	-	2,702
Totals by Fund				
General Fund	2,812,613	2,565,517	457	2,565,974
General Fund Transfer Out	(274)	-	-	-
Clean Water Fund	1,055	-	1,800	1,800
Env & Natural Resources Fund	9,599	4,247	2,000	6,247
Federal Fund	100,321	13,350	-	13,350
Health Care Access Fund	4,314	4,314	-	4,314
Parks and Trails Fund	400	-	-	-
Special Revenue Fund	46,234	45,972	-	45,972
Total for Budget Area	2,974,262	2,633,400	4,257	2,637,657
TAXES - AIDS & CREDITS				
General Fund				
- Property Tax Refunds	938,957	1,053,210	4,100	1,057,310
- City Aid	907,824	850,583	12	850,595
- County Program Aid	359,818	322,212	-	322,212

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
- Market Value Homestead Credit	389,657	172,908	-	172,908
- Other Aids and Credits	419,346	433,415	-	433,415
Subtotal General Fund:	3,015,602	2,832,328	4,112	2,836,440
General Fund Transfer Out	(5,610)	(5,669)	-	(5,669)
Health Care Access Fund	942	630	-	630
Special Revenue Fund	760	1,220	-	1,220
Total for Budget Area	3,011,694	2,828,509	4,112	2,832,621
HEALTH & HUMAN SERVICES				
Department of Human Services				
General Fund	8,286,017	10,730,090	10,906	10,740,996
General Fund Transfers Out	(330,612)	(207,055)	-	(207,055)
State Govt Special Revenue Fund	1,109	7,130	-	7,130
Special Revenue Fund	964,795	661,329	3,262	664,591
Health Care Access Fund	1,019,685	664,954	3	664,957
Endowment Fund	-	2	-	2
Gift Fund	81	67	-	67
Federal Fund	12,480,736	12,768,207	500	12,768,707
Federal TANF Fund	431,371	358,737	7,450	366,187
Total Department of Human Services	22,853,182	24,983,461	22,121	25,005,582
Department of Health				
General Fund	130,112	143,231	364	143,595
General Fund Transfers Out	(5,245)	-	-	-
Medical Educ Endowment Fund	172,831	106,450	-	106,450
State Govt Special Revenue Fund	77,053	91,880	-	91,880
Special Revenue Fund	117,063	121,309	-	121,309
Env & Natural Resource Fund	206	-	-	-
Clean Water Fund	3,091	6,038	-	6,038
Health Care Access Fund	74,578	40,619	137	40,756
Gift Fund	44	292	-	292
Environmental Fund	166	114	-	114
Remediation Fund	349	504	-	504
Federal Fund	437,426	543,577	1,902	545,479
Federal TANF Fund	23,456	23,426	-	23,426
Total Department of Health	1,031,130	1,077,440	2,403	1,079,843
Disability Council				
General Fund	1,053	1,048	-	1,048
Special Revenue Fund	287	-	-	-
Gift Fund	12	-	-	-
Federal Fund	177	71	-	71

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Total Disability Council	1,529	1,119	-	1,119
Ombudsperson for MH/DD				
General Fund	3,090	3,530	-	3,530
Ombudsperson for Families				
General Fund	530	530	-	530
Special Revenue Fund	231	261	-	261
Total Ombudsperson for Families	761	791	-	791
Emergency Medical Services Board				
General Fund	5,951	5,484	-	5,484
State Govt Special Revenue Fund	1,397	-	-	-
Special Revenue Fund	4,761	3,672	-	3,672
Gift Fund	1	4	-	4
Federal Fund	424	484	-	484
Total Emergency Medical Services Board	12,534	9,644	-	9,644
Health Related Boards				
General Fund	-	-	10	10
State Govt Special Revenue Fund	25,113	35,790	616	36,406
Special Revenue Fund	489	428	-	428
Federal Fund	387	-	-	-
Total Health Related Boards	25,989	36,218	626	36,834
Totals by Fund				
General Fund	8,426,753	10,883,913	11,280	10,895,193
General Fund Transfers Out	(335,857)	(207,055)	-	(207,055)
Medical Educ Endowment Fund	172,831	106,450	-	106,450
State Govt Special Revenue Fund	104,672	134,800	616	135,416
Special Revenue Fund	1,087,626	786,999	3,262	790,261
Env & Natural Resource Fund	206	-	-	-
Clean Water Fund	3,091	6,038	-	6,038
Health Care Access Fund	1,094,263	705,573	140	705,713
Endowment Fund	-	2	-	2
Gift Fund	138	363	-	363
Environmental Fund	166	114	-	114
Remediation Fund	349	504	-	504
Federal Fund	12,919,150	13,312,339	2,402	13,314,741
Federal TANF Fund	454,827	382,163	7,450	389,613
Total for Budget Area	23,928,215	26,112,203	25,150	26,137,353

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
PUBLIC SAFETY				
Supreme Court				
General Fund	84,999	83,249	-	83,249
General Fund Transfers Out	(46)	-	-	-
Special Revenue Fund	6,425	5,069	-	5,069
Gift Fund	128	-	-	-
Federal Funds	12,406	11,908	-	11,908
Total Supreme Court	103,912	100,226	-	100,226
Court of Appeals				
General Fund	20,088	20,334	-	20,334
Federal Funds	17	-	-	-
Total Court of Appeals	20,105	20,334	-	20,334
District Courts				
General Fund	478,464	470,339	-	470,339
General Fund Transfers Out	(2,961)	-	-	-
Special Revenue Fund	1,297	1,470	-	1,470
Federal Fund	4,307	4,356	-	4,356
Gift Fund	84	143	-	143
Total District Courts	481,191	476,308	-	476,308
Legal Professions Board				
Special Revenue Fund	10,569	13,375	-	13,375
Guardian ad litem				
General Fund	12,324	24,134	-	24,134
Special Revenue Fund	10	2,315	-	2,315
Total Guardian ad litem	12,334	26,449	-	26,449
Tax Court				
General Fund	1,634	1,650	-	1,650
Uniform Laws Commission				
General Fund	100	98	-	98
Judicial Standards Board				
General Fund	915	1,202	-	1,202
POST Board				
Special Revenue Fund	8,932	8,344	-	8,344
Board of Public Defense				
General Fund	130,163	132,160	-	132,160

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Special Revenue Fund	830	408	-	408
Federal Fund	1,370	-	-	-
Gift Fund	266	-	-	-
Total Board of Public Defense	132,629	132,568	-	132,568
Private Detective Board				
General Fund	185	240	-	240
Department of Public Safety (Criminal)				
General Fund	176,139	160,253	235	160,488
General Fund Transfer Out	(538)	-	-	-
State Govt Special Revenue Fund	63,077	154,770	-	154,770
Special Revenue Fund	41,748	54,457	4,750	59,207
Federal Fund	204,036	136,839	-	136,839
Gift Fund	53	40	-	40
Total Public Safety (Criminal)	484,515	506,359	4,985	511,344
Department of Human Rights				
General Fund	6,685	6,342	-	6,342
Special Revenue Fund	372	658	-	658
Federal Fund	-	6	-	6
Total Department of Human Rights	7,057	7,006	-	7,006
Department of Corrections				
General Fund	889,191	913,337	24	913,361
General Fund Transfer Out	(61)	-	-	-
Special Revenue Fund	31,412	36,053	-	36,053
Federal Fund	44,755	7,797	-	7,797
Gift Fund	8	12	-	12
Total Department of Corrections	965,305	957,199	24	957,223
Sentencing Guidelines Commission				
General Fund	1,078	1,172	-	1,172
Totals by Fund				
General Fund	1,801,965	1,814,510	259	1,814,769
General Fund Transfers Out	(3,606)	-	-	-
State Government Special Revenue	63,077	154,770	-	154,770
Special Revenue Fund	101,595	122,149	4,750	126,899
Gift Fund	539	195	-	195
Federal Funds	266,891	160,906	-	160,906
Total for Budget Area	2,230,461	2,252,530	5,009	2,257,539

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
TRANSPORTATION				
Transportation Department				
General Fund	30,542	31,674	-	31,674
County State Aid Highway Fund	1,086,444	1,139,418	(22)	1,139,396
Highway User Tax Dist Fund	215	388	-	388
Municipal State Aid Street Fund	290,105	306,384	-	306,384
State Airports Fund	42,557	42,411	-	42,411
Transit Assistance Fund	40,887	57,836	(1)	57,835
Trunk Highway Fund	2,636,620	2,650,257	17,530	2,667,787
Special Revenue Fund	78,846	60,104	-	60,104
State Government Special Revenue	12,799	-	-	-
Federal Fund	738,527	900,592	-	900,592
Total Transportation Department	4,957,542	5,189,064	17,507	5,206,571
Metropolitan Council				
General Fund	119,723	78,076	-	78,076
Transit Assistance Fund	319,098	414,461	(11)	414,450
Total Metropolitan Council	438,821	492,537	(11)	492,526
Dept of Public Safety (Transportation)				
General Fund	16,193	15,908	472	16,380
General Fund Transfer Out	(2,372)	(1,584)	-	(1,584)
Environmental Fund	137	138	-	138
Highway User Tax Dist Fund	16,508	19,592	-	19,592
Trunk Highway Fund	175,210	175,632	-	175,632
Special Revenue Fund	123,678	138,429	-	138,429
State Govt Special Rev	2,895	3,174	-	3,174
Gift Fund	173	122	-	122
Federal Fund	69,781	102,604	378	102,982
Total Public Safety (Transportation)	402,203	454,015	850	454,865
Totals by Fund				
General Fund	166,458	125,658	472	126,130
General Fund Transfer Out	(2,372)	(1,584)	-	(1,584)
Environmental Fund	137	138	-	138
County State Aid Highway Fund	1,086,444	1,139,418	(22)	1,139,396
Highway User Tax Dist Fund	16,723	19,980	-	19,980
Municipal State Aid Street Fund	290,105	306,384	-	306,384
State Airports Fund	42,557	42,411	-	42,411
Transit Assistance Fund	359,985	472,297	(12)	472,285
Trunk Highway Fund	2,811,830	2,825,889	17,530	2,843,419
Special Revenue Fund	202,524	198,533	-	198,533

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
State Government Special Revenue	15,694	3,174	-	3,174
Gift Fund	173	122	-	122
Federal Fund	808,308	1,003,196	378	1,003,574
Total for Budget Area	5,798,566	6,135,616	18,346	6,153,962
ENVIRONMENT & ENERGY				
Pollution Control Agency				
General Fund	18,218	10,138	-	10,138
General Fund Transfer Out	(14)	-	-	-
State Govt Special Revenue Fund	99	154	-	154
Special Revenue Fund	41,511	43,513	-	43,513
Environmental Fund	124,982	130,309	-	130,309
Remediation Fund	78,796	64,026	-	64,026
Gift Fund	2,297	-	-	-
Federal Funds	55,193	53,895	511	54,406
Env & Natural Res Trust Fund	1,110	-	-	-
Clean Water Fund	45,748	49,170	-	49,170
Total Pollution Control Agency	367,940	351,205	511	351,716
Department of Natural Resources				
General Fund	181,108	147,793	50	147,843
General Fund Transfer Out	(47)	-	-	-
Natural Resources Fund	154,853	183,906	1,000	184,906
Game & Fish Fund	192,564	199,010	232	199,242
Special Revenue Fund	52,172	48,673	-	48,673
Remediation Fund	1,200	700	-	700
Gift Fund	3,042	3,196	-	3,196
Permanent School Fund	177	408	-	408
Federal Funds	44,093	64,398	966	65,364
Env & Natural Res Trust Fund	33,454	44,600	(2,000)	42,600
Minnesota Future Resources	9	124	-	124
Outdoor Heritage Fund	114,382	82,287	83,540	165,827
Parks & Trails Fund	31,539	51,633	-	51,633
Clean Water Fund	14,929	25,098	-	25,098
Total Department of Natural Resources	823,475	851,826	83,788	935,614
Board of Water and Soil Resources				
General Fund	31,559	26,329	-	26,329
Special Revenue Fund	8,726	13,714	-	13,714
Federal Funds	5,605	1,624	-	1,624
Env & Natural Res Trust Fund	5,659	3,857	-	3,857

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Outdoor Heritage Fund	9,644	21,686	16,380	38,066
Clean Water Fund	37,366	55,208	4,200	59,408
Total Board of Water and Soil Resources	98,559	122,418	20,580	142,998
Minnesota Conservation Corps				
General Fund	910	612	-	612
Natural Resources Fund	980	980	-	980
Total MN Conservation Corps	1,890	1,592	-	1,592
Metropolitan Council Parks				
General Fund	7,208	5,740	-	5,740
Natural Resources Fund	10,440	11,340	-	11,340
Env & Natural Res Trust Fund	1,290	2,250	-	2,250
Parks & Trails Fund	27,781	31,904	-	31,904
Clean Water Fund	800	1,000	-	1,000
Total Metropolitan Council Parks	47,519	52,234	-	52,234
Minnesota Zoological Board				
General Fund	12,674	10,862	-	10,862
Natural Resources Fund	320	320	-	320
Special Revenue Fund	25,693	28,814	-	28,814
Gift Fund	4,892	4,512	-	4,512
Arts & Cultural Heritage Fund	270	3,000	-	3,000
Total Minnesota Zoological Board	43,849	47,508	-	47,508
Legislative Commission on MN Resources				
Env & Natural Res Trust Fund	1,048	1,353	-	1,353
Department of Commerce				
General Fund	40,419	43,930	-	43,930
General Fund Transfer Out	(71)	-	-	-
State Govt Special Revenue Fund	-	232	-	232
Special Revenue Fund	53,922	62,890	-	62,890
Petro Tank Release Cleanup Fund	15,525	24,776	-	24,776
Worker's Compensation Fund	1,168	1,502	-	1,502
Federal Funds	506,198	420,533	-	420,533
Env & Natural Res Trust Fund	1,794	-	-	-
Total Department of Commerce	618,955	553,863	-	553,863
Public Utilities Commission				
General Fund	10,108	12,364	-	12,364
Special Revenue Fund	3,537	3,791	-	3,791

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Federal Funds	321	256	-	256
Total Public Utilities Commission	13,966	16,411	-	16,411
Totals by Fund				
General Fund	302,204	257,768	50	257,818
General Fund Transfer Out	(132)	-	-	-
State Govt Special Revenue Fund	99	386	-	386
Special Revenue Fund	185,561	201,395	-	201,395
Environmental Fund	124,982	130,309	-	130,309
Remediation Fund	79,996	64,726	-	64,726
Natural Resources Fund	166,593	196,546	1,000	197,546
Game & Fish Fund	192,564	199,010	232	199,242
Gift Fund	10,231	7,708	-	7,708
Permanent School Fund	177	408	-	408
Petroleum Tank Release Cleanup Fund	15,525	24,776	-	24,776
Workers' Compensation Fund	1,168	1,502	-	1,502
Federal Funds	611,410	540,706	1,477	542,183
Env & Natural Resources Trust Fund	44,355	52,060	(2,000)	50,060
Minnesota Future Resources	9	124	-	124
Outdoor Heritage Fund	124,026	103,973	99,920	203,893
Clean Water Fund	98,843	130,476	4,200	134,676
Parks & Trails Fund	59,320	83,537	-	83,537
Arts & Cultural Heritage Fund	270	3,000	-	3,000
Total for Budget Area	2,017,201	1,998,410	104,879	2,103,289
AGRICULTURE				
Department of Agriculture				
General Fund	67,229	64,862	(285)	64,577
General Fund Transfer Out	(608)	-	-	-
Agricultural Fund	38,933	48,620	16	48,636
Special Revenue Fund	5,221	9,994	-	9,994
Remediation Fund	3,378	4,776	-	4,776
Gift Fund	116	66	-	66
Federal Funds	16,123	17,643	938	18,581
Env & Natural Res Trust Fund	-	500	-	500
Outdoor Heritage Fund	1,979	63	-	63
Arts & Cultural Heritage Fund	-	2,800	-	2,800
Clean Water Fund	7,199	15,616	-	15,616
Total Dept of Agriculture	139,570	164,940	669	165,609
Board of Animal Health				
General Fund	10,256	9,728	-	9,728

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Special Revenue Fund	405	90	-	90
Federal Funds	2,242	2,084	-	2,084
Total Board of Animal Health	12,903	11,902	-	11,902
Agriculture Utilization Research Inst.				
General Fund	5,566	5,286	-	5,286
Totals by Fund				
General Fund	83,051	79,876	(285)	79,591
General Fund Transfer Out	(608)	-	-	-
Agricultural Fund	38,933	48,620	16	48,636
Special Revenue Fund	5,626	10,084	-	10,084
Remediation Fund	3,378	4,776	-	4,776
Gift Fund	116	66	-	66
Federal Funds	18,365	19,727	938	20,665
Env & Natural Res Trust Fund	-	500	-	500
Outdoor Heritage Fund	1,979	63	-	63
Clean Water Fund	7,199	15,616	-	15,616
Arts & Cultural Heritage Fund	-	2,800	-	2,800
Total for Budget Area	158,039	182,128	669	182,797
ECONOMIC DEVELOPMENT				
Employment and Economic Development				
General Fund	97,333	89,514	-	89,514
General Fund Transfers Out	(92)	-	-	-
Workforce Development Fund	92,538	90,051	-	90,051
Special Revenue Fund	46,620	55,104	100	55,204
Petro Tank Release Cleanup Fund	5,362	22,694	-	22,694
Remediation Fund	2,668	1,543	-	1,543
Health Care Access Fund	2	-	-	-
Gift Fund	1,062	344	-	344
Federal Funds	619,984	613,848	6,344	620,192
Total Employment and Economic Development	865,477	873,098	6,444	879,54
MN Science and Technology Authority				
General Fund	358	214	-	214
Special Revenue Fund	-	500	-	500
Federal Funds	-	55	-	55
Total MN Science & Technology	358	769	-	769

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Housing Finance Agency				
General Fund	88,356	76,096	-	76,096
General Fund Transfer Out	(88,356)	(76,096)	-	(76,096)
Federal Funds	-	1,815	-	1,815
Total Housing Finance Agency	-	1,815	-	1,815
Accountancy Board				
General Fund	795	960	-	960
Architecture, Engineering Board				
General Fund	1,204	1,548	-	1548
Barbers Board				
General Fund	410	514	-	514
Combative Sports Commission				
General Fund	160	-	-	-
Special Revenue	147	98	-	98
Total Combative Sports Commission	307	98	-	98
Cosmetologists Board				
General Fund	1,738	2,092	-	2,092
Labor and Industry				
General Fund	1,581	1,634	-	1,634
Workforce Development Fund	1,702	2,058	-	2,058
Workers' Comp Special Fund	173,292	189,656	-	189,656
State Government Special Revenue	45,650	45,150	30	45,180
Special Revenue	11,846	12,962	-	12,962
Federal Funds	10,977	10,690	-	10,690
Total Labor and Industry	245,048	262,150	30	262,180
Workers Compensation Court of Appeals				
Workers Compensation Special Fund	3,102	3,406	-	3,406
Mediation Services				
General Fund	3,207	3,168	-	3,168
Iron Range Resources and Rehabilitation				
Iron Range Res and Rehab Fund	49,748	48,201	-	48,201
Economic Protection Trust Fund	17,292	7,178	-	7,178

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Total Iron Range Resources & Rehab	67,040	55,379	-	55,379
Region 3, Occupation Tax				
General Fund	724	892	-	892
General Fund Transfers Out	(724)	(892)	-	(892)
Total Region 3, Occupation Tax	-	-	-	-
Totals by Fund				
General Fund	195,866	176,632	-	176,632
General Fund Transfers Out	(89,172)	(76,988)	-	(76,988)
State Government Special Revenue	45,650	45,150	30	45,180
Workforce Development Fund	94,240	92,109	-	92,109
Workers Comp Special Fund	176,394	193,062	-	193,062
Special Revenue Fund	58,613	68,664	100	68,764
Remediation Fund	2,668	1,543	-	1,543
Petro Tank Release Cleanup Fund	5,362	22,694	-	22,694
Health Care Access Fund	2	-	-	-
Iron Range Res and Rehab Fund	49,748	48,201	-	48,201
Economic Protection Trust Fund	17,292	7,178	-	7,178
Gift Fund	1,062	344	-	344
Federal Funds	630,961	626,408	6,344	632,752
Total for Budget Area	1,188,686	1,204,997	6,474	1,211,471
STATE GOVERNMENT				
Legislature				
General Fund	132,745	135,068	106	135,174
General Fund Transfer Out	(7)	-	-	-
Health Care Access Fund	356	256	-	256
Special Revenue Fund	211	300	-	300
Federal Fund	7	-	-	-
Outdoor Heritage Fund	911	1,558	-	1,558
Arts & Cultural Heritage Fund	20	8	35	43
Clean Water Fund	25	13	-	13
Parks & Trails Fund	15	7	-	7
Gift Fund	4	-	-	-
Total Legislature	134,287	137,210	141	137,351
Governor's Office				
General Fund	6,359	6,390	-	6,390
Special Revenue Fund	889	1,340	-	1,340
Total Governor's Office	7,248	7,730	-	7,730

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
State Auditor				
General Fund	19,214	17,294	-	17,294
General Fund Transfer Out	(2,023)	-	-	-
Special Revenue Fund	91	88	-	88
Total State Auditor	17,282	17,382	-	17,382
Attorney General				
General Fund	42,631	42,191	-	42,191
General Fund Transfer Out	(14)	-	-	-
State Govt Special Revenue Fund	3,881	3,768	-	3,768
Special Revenue Fund	8,957	12,782	-	12,782
Federal Fund	2,093	2,574	-	2,574
Environmental Fund	-	290	-	290
Remediation Fund	208	500	-	500
Total for Attorney General	57,756	62,105	-	62,105
Secretary of State				
General Fund	11,938	10,948	-	10,948
General Fund Transfer Out	(62)	-	-	-
Special Revenue Fund	13,348	5,961	750	6,711
Federal Fund	83	226	-	226
Gift Fund	57	-	-	-
Total Secretary of State	25,364	17,135	750	17,885
Campaign Finance & Public Disclosure Board				
General Fund	1,441	1,378	-	1,378
Special Revenue Fund	4,201	2,705	-	2,705
Total Campaign Fin & Public Disclosure Board	5,642	4,083	-	4,083
Campaign Financing Checkoff Subsidy				
General Fund	3,087	3,420	-	3,420
General Fund Transfer Out	(3,087)	(3,420)	-	(3,420)
Total Campaign Finance Checkoff Subsidy	-	-	-	-
Investment Board				
General Fund	295	278	-	278
Special Revenue Fund	6,197	6,254	-	6,254
Total Investment Board	6,492	6,532	-	6,532
Office of Administrative Hearings				

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
General Fund	652	638	-	638
Workers Comp Special Fund	13,816	14,500	-	14,500
Total Office of Administrative Hearings	14,468	15,138	-	15,138
Office of Enterprise Technology (OET)				
General Fund	10,738	10,362	-	10,362
General Fund Transfer Out	(20)	-	-	-
Special Revenue Fund	12,285	11,937	-	11,937
Federal Fund	200	510	-	510
Total Office of Enterprise Technology	23,203	22,809	-	22,809
Dept of Administration				
General Fund	41,781	40,200	450	40,650
General Fund Transfer Out	(392)	-	-	-
Special Revenue Fund	77,520	86,443	-	86,443
State Govt Special Revenue Fund	-	3	-	3
Arts & Cultural Heritage Fund	2,405	4,682	600	5,282
Clean Water Fund	26	-	-	-
Federal Fund	7,223	7,595	-	7,595
Gift Fund	203	-	-	-
Total Dept of Administration	128,766	138,923	1,050	139,973
Capitol Area Architect & Planning Board				
General Fund	647	663	-	663
Special Revenue Fund	12	12	-	12
Total Cap Area Architect & Planning Board	659	675	-	675
MN Management & Budget (MMB)				
General Fund	46,091	47,863	126	47,989
General Fund Transfer Out (MAPS Replacement/SWIFT)	(5,910)	(11,349)	-	(11,349)
Environmental	-	-	14	14
Special Revenue Fund	11,714	23,798	-	23,798
Total MN Management & Budget	51,895	60,312	140	60,452
MMB Nonoperating				
General Fund	8,589	7,057	-	7,057
General Fund Transfer Out	(8,569)	(8,732)	-	(8,732)
Special Revenue Fund	844	-	-	-

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Federal Fund	18,556	18,616	-	18,616
Total MMB Nonoperating	19,420	16,941	-	16,941
Indirect Costs				
General Fund	(33,072)	(36,457)	-	(36,457)
Revenue Dept				
General Fund	251,311	281,399	-	281,399
General Fund Transfer Out	(1,458)	(3,452)	-	(3,452)
Health Care Access Fund	3,285	3,498	-	3,498
Special Revenue Fund	8,298	7,192	-	7,192
State Airports Fund	-	2	-	2
Highway Users Tax Dist Fund	4,076	4,366	-	4,366
Environmental Fund	540	606	-	606
Total Revenue Dept	266,052	293,611	-	293,611
Amateur Sports Commission				
General Fund	524	496	-	496
Special Revenue Fund	215	130	-	130
Gift Fund	16	-	-	-
Total Amateur Sports Commission	755	626	-	626
Council on Black Minnesotans				
General Fund	615	584	-	584
Special Revenue Fund	679	150	-	150
Gift Fund	42	39	-	39
Total Council on Black Minnesotans	1,336	773	-	773
Chicano Latino Affairs Council				
General Fund	562	550	-	550
Special Revenue Fund	26	-	-	-
Total Chicano Latino Affairs Council	588	550	-	550
Asian-Pacific Council				
General Fund	519	508	-	508
Special Revenue Fund	81	18	-	18
Gift Fund	8	26	-	26
Total Asian-Pacific Council	608	552	-	552
Indian Affairs Council				
General Fund	943	924	-	924

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Special Revenue Fund	120	-	-	-
Arts & Cultural Heritage Fund	2,385	1,750	-	1,750
Federal Fund	207	140	-	140
Total Indian Affairs Council	3,655	2,814	-	2,814
Gambling Control Board				
Special Revenue Fund	5,390	5,480	1,219	6,699
Racing Commission				
Special Revenue Fund	3,630	4,050	290	4,340
Science Museum				
General Fund	2,374	2,136	-	2,136
Environmental & Natural Resources Fund	259	-	-	-
Total Science Museum	2,633	2,136	-	2,136
Public Facilities Authority				
General Fund	170	-	-	-
Special Revenue Fund	124	108	-	108
Clean Water Fund	10,147	52,458	-	52,458
Total Public Facilities Authority	10,441	52,566	-	52,566
Explore Minnesota Tourism				
General Fund	20,964	18,225	-	18,225
Special Revenue Fund	2,792	2,628	-	2,628
Federal Fund	36	-	-	-
Total Explore Minnesota Tourism	23,792	20,853	-	20,853
Historical Society				
General Fund	45,022	53,975	-	53,975
Special Revenue Fund	2,024	1,912	(925)	987
Federal Fund	-	796	-	796
Arts & Cultural Heritage Fund	22,000	24,100	900	25,000
Total Historical Society	69,046	80,783	(25)	80,758
Public Broadcasting				
General Fund	3,881	3,586	-	3,586
Arts & Cultural Heritage Fund	11,484	12,700	80	12,780
Total Public Broadcasting	15,365	16,286	80	16,366
Humanities Center				
General Fund	500	474	-	474

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Arts & Cultural Heritage Fund	2,100	3,150	-	3,150
Total Humanities Center	2,600	3,624	-	3,624
Arts Board				
General Fund	16,697	15,012	-	15,012
Special Revenue Fund	4	8	-	8
Federal Fund	1,986	1,786	-	1,786
Arts & Cultural Heritage Fund	43,277	45,481	-	45,481
Gift Fund	80	80	-	80
Total Arts Board	62,044	62,367	-	62,367
Military Affairs Dept				
General Fund	42,712	44,729	-	44,729
General Fund Transfer Out	(14)	-	-	-
Special Revenue Fund	2,412	5,066	-	5,066
Federal Fund	99,753	208,230	-	208,230
Total Military Affairs Dept	144,863	258,025	-	258,025
Veterans Affairs Dept				
General Fund	116,392	118,948	610	119,558
General Fund Transfer Out	(85,956)	(88,732)	-	(88,732)
Special Revenue Fund	151,699	161,591	-	161,591
Federal Fund	55,887	24,748	2,100	26,848
Gift Fund	1,032	1,271	-	1,271
Total Veterans Affairs Dept	239,054	217,826	2,710	220,536
Contingent Accounts				
General Fund	-	500	-	500
State Gov Special Revenue Fund	-	800	-	800
Workers' Comp Special Fund	-	200	-	200
Total Contingent Accounts	-	1,500	-	1,500
Tort Claims				
General Fund	-	322	-	322
Trunk Highway Fund	323	1,200	-	1,200
Total Tort Claims	323	1,522	-	1,522
MN State Retirement System				
General Fund	5,719	6,654	-	6,654
Local Pension Aids				
General Fund	55,254	82,754	-	82,754
Totals by Fund				

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
General Fund	857,295	919,069	1,292	920,361
General Fund Transfers Out	(107,512)	(115,685)	-	(115,685)
Special Revenue Fund	313,763	339,953	1,334	341,287
Health Care Access Fund	3,641	3,754	-	3,754
Environmental Fund	540	896	14	910
Remediation Fund	208	500	-	500
State Government Special Revenue	3,881	4,571	-	4,571
Worker's Compensation Fund	13,816	14,700	-	14,700
Highway User Tax Dist Fund	4,076	4,366	-	4,366
Trunk Highway Fund	323	1,200	-	1,200
State Airports Fund	-	2	-	2
Gift Fund	1,442	1,416	-	1,416
Env & Natural Res Trust Fund	259	-	-	-
Outdoor Heritage Fund	911	1,558	-	1,558
Clean Water Fund	10,198	52,471	-	52,471
Parks & Trails Fund	15	7	-	7
Arts & Cultural Heritage Fund	83,671	91,871	1,615	93,486
Federal Funds	186,031	265,221	2,100	267,321
Total for Budget Area	1,372,558	1,585,870	6,355	1,592,225
<i>Nonconsolidated Fund Statement</i>				
<i>Administrative Hearings</i>	4,631	4,530	-	4,530
<i>Internal Service Funds / Enterprise Funds</i>	366,200	395,902	-	395,902
<i>State Employees Insurance Fund</i>	1,415,173	1,662,888	-	1,662,888
<i>Management Analysis</i>	4,748	5,302	-	5,302
<i>Lottery Prize Fund</i>	450	450	-	450
Total for Budget Area	1,791,202	2,069,072	-	2,069,072
DEBT SERVICE/OTHER				
Debt Service				
General Fund	830,241	455,600	(1,622)	453,978
General Fund Transfer Out	(827,922)	(454,330)	1,622	(452,708)
Debt Service Fund	2,669,313	1,556,949	(12,973)	1,543,976
Total Debt Service:	2,671,632	1,558,219	(12,973)	1,545,246
Capital Projects & Grants				
General Fund	22,898	45,219	-	45,219

Budget Area/Agency/Fund	FY 2010-11 Spending	FY 2012-13 February Forecast*	2012 Legislative Changes	Current FY2012-13 Budget
Cancellations & Other				
General Fund	30,469	(18,473)	-	(18,473)
Special Revenue Fund	204	-	-	-
Total Cancellations & Other:	30,673	(18,473)	-	(18,473)
Totals by Fund				
General Fund	883,608	482,346	(1,622)	480,724
General Fund Transfer Out	(827,922)	(454,330)	1,622	(452,708)
Special Revenue Fund	204	-	-	-
Debt Service Fund	2,669,313	1,556,949	(12,973)	1,543,976
Total for Budget Area	2,725,203	1,584,965	(12,973)	1,571,992
GRAND TOTAL	59,137,428	62,327,442	159,668	62,487,110

*Note: February Forecast figures contain some adjustments and corrections to Federal Fund amounts published by Minnesota Management and Budget

APPENDIX B
CAPITAL INVESTMENT DETAIL
(dollars in thousands)

AGENCY AND PROJECT	Fund	Chapter 293
ADMINISTRATION		
Asset Preservation		500
Capitol Restoration Program		44,000
Capital Asset Preservation and Replacement Account		1,000
Hennepin County Washburn Center for Children		5,000
Peace Officers Memorial		55
Administration Total	Bond	50,555
AGRICULTURE		
Building Emergency Power System		706
Agriculture Total	Bond	706
AMATEUR SPORTS COMMISSION		
Replace Heating and Cooling Units – National Sports Center		375
Amateur Sports Total	Bond	375
BOARD OF WATER AND SOIL RESOURCES (BWSR)		
RIM Conservation Reserve – Acquire Easements		6,000
Wetland Replacement Due to Public Road Projects		6,000
BWSR Total	Bond	12,000
CORRECTIONS		
Department-wide Asset Preservation		5,000
Stillwater Well and Treatment Facility		3,391
Northeast Regional Correctional Center		737
Corrections Total	Bond	9,128
EDUCATION		
Library Accessibility and Improvement Grants		1,000
Education Total	Bond	1,000
EMPLOYMENT AND ECONOMIC DEVELOPMENT		
Greater Minnesota Business Development Program		6,000
Redevelopment Account		3,000
Transportation Economic Development Program		3,000
Business Development Through Capital Project Grants		47,500
Austin Port Authority Hormel Research and Technology Center		13,500

Bemidji Regional Public Television Station	3,000	
South St. Paul Floodwall Extension	500	
Employment and Economic Development Total		Bond 76,500
HISTORICAL SOCIETY		
Historic Sites Asset Preservation	2,500	
County and Local Preservation Grants	750	
Historical Society Total		Bond 3,250
HOUSING FINANCE AGENCY		
Rehabilitation of Public Housing	5,500	
Housing Finance Agency Bonds \$30 million – the State’s General Fund pays the Debt Service		
Housing Finance Total		Bond 5,500
HUMAN SERVICES		
Systemwide Asset Preservation	2,000	
Maplewood Harriet Tubman Center Renovations	2,000	
St. Peter Regional Treatment Center Design Improvements	3,683	
Human Services Total		Bond 7,683
METROPOLITAN COUNCIL		
Metropolitan Regional Parks and Trails	4,586	
Metro Cities Wastewater Abatement	4,000	
Minneapolis Philips Community Center	1,750	
Hennepin County Minneapolis Interchange Facility	2,500	
Metropolitan Council Total		Bond 12,836
MILITARY AFFAIRS		
Asset Preservation	4,000	
Camp Ripley State Education Complex Addition	19,500	
Military Affairs Total		Bond 23,500
MINNESOTA STATE COLLEGES AND UNIVERSITIES		
Higher Education Asset Preservation and Replacement(HEAPR)	20,000	
Anoka Ramsey CC – Bioscience and Allied Health Addition and Renovation	980	
Bemidji State University Business Building Addition, Renovations	3,303	
Century College Classroom Addition	5,000	
Dakota County TC Transportation and Technology Lab Renovations	7,230	
Minnesota State University Mankato Clinical Science Building	2,065	
Minneapolis CTC Workforce Program Renovation	13,389	
North Hennepin CC Bioscience and Health Careers Addition	26,292	
Northland CTC Aviation Maintenance Facility Expansion	300	
Ridgewater College, Willmar Technical Instruction Lab Renovation	13,851	
St. Cloud TC Medium Heavy Duty Truck and Auto-Body Program	4,000	

St. Paul College Health and Science Alliance Center Renovations		1,500
Minnesota West CTC, Worthington Facilities Renovations		4,606
North East Higher Education District, Itasca CC Renovations		4,549
Rochester CTC Workforce Center Colocation		8,746
South Central College, Faribault Classroom Renovation and Addition		13,315
Southwest Minnesota State University, Marshall Buildings Renovations		500
Statewide Science, Technology, Engineering and Math Initiatives		2,500
Minnesota State Colleges and Universities Total	Bond	132,126
MINNESOTA STATE ACADEMIES		
Asset Preservation		1,000
Minnesota State Academies Total	Bond	1,000
NATURAL RESOURCES		
Flood Hazard Mitigation Grants		30,000
Dam Repair, Reconstruction, and Removal		3,000
Roads and Bridges		2,000
State Forest Land Restoration		2,500
State Parks and Trails Renewal and Development		4,000
Lake Vermillion State Park Development		2,000
Lake Zumbro Reclamation		3,000
Natural Resources Total	Bond	46,500
PERPICH CENTER FOR ARTS EDUCATION		
Loading Dock Repair		64
Road Repair		99
Storm Drainage		100
Perpich Center For Arts Education Total	Bond	263
POLLUTION CONTROL AGENCY		
Closed Landfill Bonding		2,000
Pollution Control Agency Total	Bond	2,000
PUBLIC FACILITIES AUTHORITY		
State Match for Federal Grants – Clean Water Program		8,500
Wastewater Infrastructure Funding Program		15,000
Public Facilities Authority Total	Bond	23,500
RURAL FINANCE AUTHORITY		
Agriculture Industry Loans		33,000
Rural Finance Authority Total	Bond	33,000
TRANSPORTATION		
Local Bridge Replacement	TF	30,000
Greater Minnesota Transit Assistance		6,400

Railroad Grade Warning Devices Replacement		2,000
Port Development Assistance		1,000
Local Road Improvement Fund Grants	TF	10,000
Transportation Total	Bond	49,400
UNIVERSITY OF MINNESOTA		
Higher Education Asset Preservation and Replacement(HEAPR)		50,000
Twin Cities Campus Combined Heat and Power Plant		10,000
Itasca Biological Station Facility Improvements		4,060
University of Minnesota Total	Bond	64,060
VETERANS AFFAIRS		
Asset Preservation		3,000
Minneapolis Veterans Home Building 17 South		3,050
Minneapolis Veterans Home Centralized Pharmacy		1,366
Veterans Affairs Total	Bond	7,416
ZOOLOGICAL GARDENS		
Asset Preservation and Exhibit Renewal		4,000
Zoological Gardens Total	Bond	4,000
MANAGEMENT AND BUDGET		
Bond Sale Expense		560
Management and Budget Total	Bond	560
SUMMARY, CHAPTER 293, 2012 Regular Session		
Total Projects Authorized		566,858
General Obligation Bonds		456,483
General Obligation Bonds - User Financed		70,375
State Transportation Fund Bonds		40,000
Chapter 293 Total		566,858

Appendix C: Chapter 264, Dedicated Funding
All Funds; by Agency & Fund
(dollars in thousands)

Fund/Agency	FY 2013
Outdoor Heritage Fund	
Department of Natural Resources	
Prairie Acquisition & Restoration	22,550
Forest Acquisition & Protection	2,780
Crow Wing Co./Upper Miss. Land Acquisition	11,040
LaSalle Lake Recreation Area Acquisition	1,000
Wetland Acquisition & Restoration	17,330
Fish, Game & Wildlife Habitat	21,120
Protection from Invasive Species	7,500
Administration	220
Total Department of Natural Resources:	83,540
Board of Water and Soil Resources	
Prairie Acquisition & Restoration	2,090
Forest Acquisition & Protection	480
Reinvest in Minnesota Reserve	13,810
Total Board of Water and Soil Resources:	16,380
Total Outdoor Heritage Fund:	99,920
Clean Water Fund	
Board of Water and Soil Resources	
Surface & Drinking Water Grants	1,600
Targeted Resource Protection Grants	600
Measures, Results & Accountability	300
Targeted Nonpoint Restoration Tech Assistance	700
Wellhead Protection Areas	1,000
Total Board of Water and Soil Resources:	4,200
University of Minnesota	
Aquatic Invasive Species Research Center	1,800
Total Clean Water Fund:	6,000

Arts & Cultural Heritage Fund	
MN Historical Society	
Programs, Grants & Partnerships	800
American Civil War & the Dakota Conflict 150yr	100
Total MN Historical Society:	900
Dept of Administration	
Public Broadcasting Grants; Sesquicentennial	80
Film Production Incentive Program	600
Total Dept of Administration:	680
Legislature; Revisor of Statutes	
Searchable Website for Rulemaking	35
Total Arts & Cultural Heritage Fund:	1,615
Environment & Natural Resources Trust Fund	
Department of Natural Resources	
LaSalle Lake Recreation Area Acquisition	(1,000)
Aquatic Invasive Species Programs	(1,000)
Total Department of Natural Resources:	(2,000)
University of Minnesota	
Aquatic Invasive Species Research Center	2,000
Total Environment & Natural Resources Trust Fund:	0
Totals by Fund	
Outdoor Heritage Fund:	99,920
Clean Water Fund:	6,000
Arts & Cultural Heritage Fund:	1,615
Environment & Natural Resources Trust Fund:	0
Totals Dedicated Funds:	107,535