

Fiscal Review

Minnesota State Senate

2016 Session



A

Fiscal Review

of the

2016 Legislative Session

**Prepared by Minnesota State Senate
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Cover Photography

The Minnesota State Capitol is currently undergoing a multiyear, multiphase renovation. This renovation affected the operations of the House of Representatives and Senate, and the executive and judicial branches of Minnesota government, for several years. Typically, the cover of the annual *Fiscal Review* has featured picturesque photographs of the State Capitol made by David Oakes, Senate Photographer. During the renovation, the cover of the *Fiscal Review* has featured various changes and construction scenes at the State Capitol as the renovation progresses. This year's report shows a construction crane in front of the capitol dome which is surrounded by scaffolding and is shrouded to enable construction contractors to safely repair the exterior of the dome. The crane is used to lift heavy construction materials from a staging area to the roof of the capitol. The back cover of the report shows additional photographs of State Capitol scenes that have occurred in the past year. The Office of Senate Counsel, Research, and Fiscal Analysis acknowledges and appreciates David Oakes's efforts to document the changing face of the Minnesota State Capitol.

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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 and exclude some state funds not budgeted for operations, such as pension funds, trust funds, and enterprise funds. (The *2016 Fiscal Review* does highlight changes to the Unemployment Insurance Trust Fund because several important changes were enacted in 2016 that affect that fund.)

Minnesota operates on a 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, in some cases 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/tracking>

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, and may provide a specific time period for the appropriation.

Distinct from the various appropriation types, dedicated revenues and expenditures refer to sources of revenue that are dedicated to specific purposes. Amounts shown for authorized spending levels from dedicated revenues 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 in the Department of Administration or the Department of Management and Budget, are funded through charges to the other state agencies. In other words, money appropriated to an agency may be used to purchase services from another state agency whose mission 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 that receives an appropriation. Please note that some *Fiscal Review* chapters also discuss agency activities that are supported through charges to other state agencies.

Appropriations versus Spending

Amounts shown in the *Fiscal Review* for the current biennium (FY 2016-17) reflect

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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 2014-15), as well as to the February 2016 forecast “base.” The base referenced in this document is the spending for FY 2016-17 as it was projected by the February 2016 forecast.

Questions

For general or specific questions about the content of this report, please contact the Fiscal Analyst for the appropriate budget area.

CHAPTER 1 BUDGET OVERVIEW

The primary action of the 2016 legislative session was to enact a FY 2016-17 supplemental budget. The February 2016 forecast projected a positive General Fund balance of \$900.3 million in FY 2016-17. The enacted FY 2016-17 supplemental budget allocated \$171.7 million of the projected General Fund balance to most of the various budget areas. At the conclusion of the session, \$728.6 million of the projected General Fund balance was left unallocated and the General Fund was structurally balanced for the planning years of FY 2018-19 with a \$1.1 billion positive balance.

Sixteen separate chapters were enacted to supplement the FY 2016-17 budget during the 2016 session. Chapter 189, the Supplemental Finance Act, made the most significant changes to the existing budget. Chapter 189 enacted \$247.6 million in increased General Fund appropriations and \$67.1 million net revenues in FY 2016-17. Chapter 189 appropriated increases to most budget areas in FY 2016-17. Several policy-related chapters enacted in 2016 increased General Fund appropriations by \$3.7 million in FY 2016-17. A capital investment bill was not enacted in 2016 as of the date this report was published. The absence of a capital investment act reduced projected FY 2016-17 debt service appropriations in the General Fund by \$12.5 million compared to the February 2016 forecast because the forecast assumed the enactment of an \$800 million capital investment act, based on historic averages.

This chapter provides a general overview of all legislative actions with fiscal implications that were enacted during the 2016 session. Chapter 2 examines changes to state tax revenues. Chapter 3 outlines budget changes in E-12 Education; Higher Education; Health and Human Services; Environment and Energy; Natural Resources, Economic Development, and Agriculture; Judiciary and Public Safety; State Departments and Veterans; Transportation and Public Safety; Tax Aids and Credits; and Debt Service, Capital Projects, and Grants. Chapter 3 also includes detailed tables for General Fund changes that were enacted in each budget area. The report also includes several appendices that show different aspects of the FY 2016-17 budget.

- Appendix A presents a detailed display of the all funds budget and compares the enacted FY 2016-17 supplemental budget to the FY 2014-15 biennium and to the FY 2016-17 budget as forecasted in February 2016.
- Appendix B presents a General Fund analysis for FY 2014 through FY 2019.
- Appendix C itemizes nongeneral fund appropriation changes that were enacted in 2016.
- Appendix D itemizes the General Fund revenue changes that were enacted in 2016.

- Appendix E provides a complete list of session laws that were enacted in 2016 that affected the FY 2016-17 budget.

In addition to Chapter 189, a series of important fiscal policy changes were enacted or implemented during the past year, some of which occurred as a result of legislation enacted in prior years. Several sections in this report discuss these items.

- In the 2015 session, five separate appropriations were enacted but were made contingent upon certain budget circumstances. Three of these appropriations were made contingent upon the General Fund budgetary balance at the conclusion of the FY 2014-15 biennium. Two appropriations were contingent upon a projected General Fund balance of sufficient size in a future forecast. These conditions were met during the 2015 interim period and all five appropriations were allotted in FY 2016. (See page 8.)
- A significant increase to the state budget reserve was included in the November 2015 forecast based on a law enacted in 2014. (See page 8.)
- A provision was enacted during the 2016 session that permitted a school district with an outstanding maximum effort capital loan to repay the outstanding principal of its loan to satisfy the district's financial obligation and discharge the loan. (See page 19.)
- Chapters 172 and 186 enacted appropriations of the constitutionally dedicated Legacy funds and the Legislative-Citizen Commission on Minnesota Resources Finance Act. Together, these chapters appropriated

\$147 million in FY 2016-17 for various projects. (See page 35.)

- Several changes to Minnesota's unemployment insurance program were enacted that expanded benefits and eligibility for certain employees, and will potentially reduce unemployment insurance tax rates for certain employers. (See page 34.)
- Minnesota's drug laws were adjusted to alter many of the criteria that determine whether a controlled substance crime has been committed. Chapter 160 established new mandatory minimum prison sentences for crimes involving possession or sale of controlled substances and firearms, among other changes. (See page 36.)
- Three individuals who were exonerated of a crime for which they served a prison sentence received the first-ever compensation appropriation during the 2016 session based on a law enacted in 2014. (See page 40.)

STATE BUDGET OVERVIEW

Appropriations

When all funding sources are taken into account, the enacted FY 2016-17 supplemental budget totaled \$75.5 billion, as shown in Table 1. This includes the two-year budget for the General Fund and all other state funds from which operating budget appropriations are made. Total appropriations were \$7.8 billion (11.5 percent) greater than the spending in the previous biennium, and \$507.8 million (0.7 percent) greater than in the February 2016 forecast for FY 2016-17.

Total General Fund appropriations in FY 2016-17 were \$41.8 billion and represented 55.3 percent of the state's operating budget.

Table 1 - All Funds Biennial Budget -- FY 2016-17, By Fund
Comparison of Enacted FY 2016-17 Budget to FY 2014-15 and to Forecast
(dollars in millions)

	FY 2014-15	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - FY 2014-15	Change: Enacted - Fest Base
General Fund	39,641.1	41,523.9	41,762.7	2,121.5	238.7
General Fund Transfer Out	(4,038.3)	(3,483.6)	(3,334.6)	703.8	149.0
Health Care Access Fund	1,039.5	1,348.7	1,351.5	311.9	2.8
Federal Funds	18,612.3	22,872.6	22,919.2	4,306.9	46.5
Other Funds	12,442.2	12,705.4	12,776.1	333.9	70.7
All Funds Total	67,696.8	74,967.0	75,474.8	7,778.0	507.8

Federal funds, the largest category of non-General Fund resources, were budgeted at \$22.9 billion for FY 2016-17. This total was \$46.5 million greater than in the February 2016 forecast, and was \$4.3 billion greater than in the FY 2014-15 biennium.

Table 2 displays the state's all funds budget by major budget area. Appropriations in all budget areas were greater in FY 2016-17 than in the previous biennium. The enacted FY 2016-17 appropriations in most budget areas were also greater than in the February 2016 forecast due to appropriation increases made in the 2016 session. Only Debt Service, Capital Projects, and Grants appropriations were lower than in the February 2016 forecast and reflect the fact that the forecast included estimated debt service appropriations associated with a 2016 capital investment act that was not enacted. The enacted budget also included lower debt service appropriations associated with a new provision allowing early repayment of school

district maximum effort loans. (See page 19 for additional information on this provision.)

In percentage terms, the most noteworthy increases in appropriations were in the Natural Resources, Economic Development, and Agriculture budget area (7.0 percent). E-12 Education and Health and Human Services budget areas were increased by \$80.1 million and \$112.1 million respectively. In percentage terms, the appropriation increases to E-12 Education and Health and Human Services were less than one percent, but these increases represented over 37 percent of the supplemental budget appropriation increases.

Revenues

Total enacted FY 2016-17 revenues were estimated to be \$77.1 billion for the biennium for the all funds budget, an increase of \$90.8 million compared to the February 2016 forecast. FY 2016-17 General Fund revenue

Table 2 - All Funds Biennial Budget -- FY 2016-17, By Budget Area
Comparison of Enacted FY 2016-17 Budget to FY 2014-15 and to Forecast
(dollars in millions)

	FY 2014-15	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - FY 2014-15	Change: Enacted - Fcst Base
E-12 Education	18,193.6	19,022.7	19,102.8	909.2	80.1
Higher Education	2,924.7	3,139.5	3,161.7	237.0	22.2
Property Tax Aids and Credits	2,935.2	3,354.0	3,354.0	418.7	0.0
Health and Human Services	29,663.0	33,857.1	33,969.2	4,306.2	112.1
Environment and Energy	952.7	1,032.3	1,059.1	106.4	26.8
Nat Res, Econ Dev, and Agriculture	2,765.5	3,017.2	3,227.9	462.4	210.7
Judiciary and Public Safety	2,352.0	2,512.0	2,538.8	186.8	26.8
Transportation and Public Safety	6,646.6	7,307.3	7,323.5	676.9	16.1
State Departments and Veterans	1,633.1	1,869.5	1,890.4	257.3	20.9
Debt Service, Cap Projects and Grants	(369.543)	(144.643)	(152.525)	217.0	(7.9)
Total Spending	67,696.9	74,967.0	75,474.8	7,778.0	507.8

was estimated to be \$67.1 million above the February 2016 forecast (of which the non-dedicated revenue decreased by \$18.3 million), but General Fund dedicated revenue and transfers increased by \$85.4 million. Federal funds in the biennium, however, increased by \$46.5 million over forecast amounts. FY 2016-17 revenues in the enacted supplemental budget totaled \$6.3 billion higher than in FY 2014-15. Table 3 shows the total state revenue by fund, breaking out the General Fund and other state funds with noteworthy changes during the 2016 session. (The revenues discussion in chapter 2 excludes transfers from other funds and prior year adjustments. As a result, the totals and comparisons in that chapter are slightly lower.)

GENERAL FUND SUMMARY

At the conclusion of the 2016 session, the state's General Fund was balanced for FY

2016-17 with a projected \$2.7 billion balance before reserves. Revenues were projected to be \$44.5 billion for the biennium (including carryforward from FY 2014-15) and appropriations were projected to be \$41.8 billion. Of the \$2.7 billion balance, \$2.0 billion was included in the state's General Fund reserves (\$350 million in the cash flow account, \$1.6 billion in the budget reserve, and \$21.2 million in the stadium reserve).

Compared to the February 2016 forecast, there were no changes to the state's reserves during the 2016 session. (The breakout section on page 8 discusses the changes to the budget reserve that were included in the November 2015 forecast.) After allocating the \$2.0 billion to the state's reserves, the FY 2016-17 General Fund budgetary balance was \$728.6 million. Table 4 summarizes how the FY 2016-17 General Fund balance projected in the February 2016 forecast was allocated in the 2016 session.

Table 3 - All Funds Biennial Revenues -- FY 2016-17, By Fund
Comparison of Enacted FY 2016-17 Budget to FY 2014-15 and to Forecast
(dollars in millions)

	FY 2014-15	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - FY 2014-15	Change: Enacted - Fcst Base
General Fund					
Non-Dedicated Revenue	39,614.4	41,900.9	41,882.6	2,268.1	(18.3)
Dedicated, Transfers, Adjustments	<u>417.8</u>	<u>388.0</u>	<u>473.4</u>	<u>55.6</u>	<u>85.4</u>
Subtotal, General Fund	40,032.3	42,288.9	42,356.0	2,323.7	67.1
Nongeneral Funds					
Health Care Access Fund	1,298.0	1,496.4	1,496.4	198.4	0.0
Federal Funds	18,509.2	22,764.2	22,810.8	4,301.6	46.5
Maximum Effort School Loan Fund	0.8	2.9	55.3	54.5	52.3
Other	<u>10,936.2</u>	<u>10,410.3</u>	<u>10,335.1</u>	<u>(601.1)</u>	<u>(75.2)</u>
Subtotal, Nongeneral Funds	30,744.2	34,673.8	34,697.6	3,953.4	23.7
Total Revenues	70,776.4	76,962.7	77,053.5	6,277.1	90.8

FY 2016-17 General Fund Supplemental Budget

The \$900.3 million positive General Fund balance estimated in the February 2016 forecast was allocated in ways that both reduced taxes and increased appropriations (see Table 4). General Fund non-dedicated revenues in FY 2016-17 were reduced by \$18.3 million, but transfers from other funds increased General Fund revenue by \$85.4 million for a net total FY 2016-17 General Fund revenue increase of \$67.1 million. Total FY 2016-17 General Fund appropriations increased by a net \$238.7 million compared to the February 2016 forecast (see Table 5 on page 9). FY 2016-17 appropriations in the major budget areas increased by \$304.6 million; however, these increases were offset by debt service appropriations, which declined by \$65.9 million.

Net Appropriation Changes: The \$238.7 million General Fund increase in appropriations for FY 2016-17 was allocated across most budget areas. Most of the changes to the FY 2016-17 General Fund budget were enacted in Chapter 189, the Supplemental Finance Act. E-12 Education (\$78 million), Health and Human Services (\$81 million), and Natural Resources, Economic Development, and Agriculture (\$87.1 million) received the largest increases.

Table 4 - FY 2016-17 Supplemental Budget
(dollars in millions)

February 2016 Forecast Budgetary Balance	900.3
Revenue Changes *	(67.1)
Appropriation Changes	304.6
Debt Service, Capital Projects, Other	(65.9)
Balance, End of 2016 Session	728.6

* The revenue changes include \$74 million transfer to the GF from the HCAF.

General Fund Activity in the 2015 Interim

At the end of the 2015 special session, the General Fund was projected to have a \$46.9 million budgetary balance at the end of FY 2014-15 and an \$865.1 million balance at the end of FY 2016-17. The FY 2016-17 budget included five separate contingent appropriations that were enacted during the 2015 session. Collectively, these provisions committed the General Fund to \$93.2 million of additional one-time appropriations based on the General Fund's FY 2014-15 closing balance and the projected balance in FY 2016-17 in the November 2015 forecast. In addition, the November 2015 budgetary balance was sufficient to trigger a \$594 million transfer to the state's budget reserve under a law enacted in 2014.

The FY 2014-15 biennium closed with a positive General Fund budgetary balance of \$631.9 million, \$585 million more than was estimated at the end of the 2015 session. Laws 2015 Chapter 65, the Omnibus Judiciary and Public Safety Act, and 2015 First Special Session, Chapter 4, the Omnibus Environment and Agriculture Act, contained provisions that required three one-time appropriations that transferred money out of the General Fund if the closing FY 2014-15 General Fund balance exceeded projections by \$21.9 million or more. This condition was met and \$15 million was transferred to the disaster contingency account in the Special Revenue Fund, \$4.4 million was transferred to the disaster contingency account and set aside for avian flu outbreak costs, and \$2.5 million was transferred to the fire safety account in the Special Revenue Fund. These appropriations, totaling \$21.9 million, were allotted in FY 2016 and were first reflected in the November 2015 forecast.

2015 First Special Session, Chapter 4 also contained two provisions that required \$71.3 million of any positive General Fund balance in a future forecast to be appropriated for transfer to the Closed Landfill Investment Fund (\$63.2 million) and the metropolitan landfill contingency action trust account (\$8.1 million). These contingent transfers were enacted in 2015 as a mechanism to restore funds that were transferred to the General Fund from the Closed Landfill Investment Fund and the metropolitan landfill contingency action trust account in the FY 2016-17 budget. The November 2015 forecast projected an initial budgetary balance of \$1.9 billion. This balance was sufficient to trigger the transfers to the Closed Landfill Investment Fund and the metropolitan landfill contingency action trust account. The transfers were then reflected in the November 2015 forecast. (See page 8 of the *2015 Fiscal Review* for additional discussion about the contingent appropriations in the FY 2016-17 budget.)

After the contingent appropriations were made, the November 2015 forecast projected a General Fund budgetary balance of \$1.8 billion. According to Minnesota Statutes, section 16A.152, subdivision 1b, 33 percent of any positive budgetary balance projected in a November forecast must be allocated to the state's budget reserve until the reserve reaches a target level estimated in a Department of Management and Budget report (\$2.0 billion based on the September 2015 budget reserve report). Therefore, the November 2015 forecast transferred \$594 million from the General Fund to the state's budget reserve. In combination with an \$8.1 million excess balance also transferred to the budget reserve from the worker's compensation assigned risk plan under a different statutory requirement, the November 2015 forecast raised the budget reserve from \$994.3 million to \$1.6 billion. (See page 13 of the *2014 Fiscal Review* for a discussion of the law governing transfers to the budget reserve.)

After the contingent transfer appropriations in the FY 2016-17 budget and the statutory transfer requirement to the budget reserve, the November 2015 forecast projected the General Fund budgetary balance in FY 2016-17 to be \$1.2 billion. However, citing a weaker U.S. economic outlook, the February 2016 forecast revised revenues downward and the FY 2016-17 budgetary balance was projected to be \$900.3 million.

**Table 5 - FY 2014-2015 General Fund Budget
Comparison of Enacted FY 2016-17 Budget to FY 2014-15 and to Forecast**
(dollars in millions)

	FY 2014-15	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - FY 2014-15	Change: Enacted - Fcst Base
Balance Forward (Including Reserves)	1,711.9	2,103.0	2,103.0	391.1	0.0
Current Revenues	40,032.3	42,288.9	42,356.0	2,323.7	67.1
Total Resources	41,744.2	44,391.9	44,459.0	2,714.8	67.1
Spending	39,641.2	41,523.9	41,762.7	2,121.5	238.7
Reserves	1,471.1	1,967.7	1,967.7	496.6	0.0
Budgetary Balance	631.9	900.3	728.6		

In percentage terms, the increase to the Natural Resources, Economic Development, and Agriculture budget was the largest (11.6 percent above February 2016 forecasted estimates). Debt service appropriations declined by \$65.9 million (4.4 percent). Table 6 displays the changes in the FY 2016-17 General Fund by budget area. Each budget area is examined in detail in chapter 3.

Net Revenue Changes: Net revenue to the General Fund in FY 2016-17 was \$67.1 million higher than was projected in the February 2016 forecast. Chapter 189 included several provisions that reduced tax revenues by \$24.4 million in FY 2016-17. Non-tax revenues increased by \$6.1 million and total transfers from other funds increased by \$85.4 million, including a \$74 million transfer from the Health Care Access Fund. Chapter 2 of this report examines state tax revenues in detail. Non-tax revenues and transfers are discussed in Chapter 3.

**GENERAL FUND BUDGET PLANNING
ESTIMATES – FY 2018-19 BIENNIUM**

A look ahead at the effect of the FY 2016-17 supplemental budget on the next biennium shows the projected General Fund balance to be substantially positive, although lower than was forecasted in February 2016. Current revenues for FY 2018-19 are projected to total \$45.8 billion, while appropriations are estimated at \$44.7 billion. The result is a structural General Fund balance of \$1.1 billion for the next biennium. If the carryforward and reserves are included, the projected budgetary balance for FY 2016-17 was projected to be \$1.8 billion (see Appendix D on page 70).

This positive structural balance was lower than the balance projected in the February 2016 forecast for the FY 2018-19 planning years. In the forecast, current revenues were projected to exceed FY 2018-19 appropriations by \$1.2 billion.

Table 6 - General Fund Biennial Budget by Budget Area
Comparison of Enacted FY 2016-17 Budget to 2014-15 and to Forecast
(dollars in thousands)

	FY 2014-15	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - FY 2014-15	Change: Enacted - Fcst Base
E-12 Education	16,618.3	17,320.1	17,398.2	779.9	78.0
Higher Education	2,833.7	3,066.9	3,073.8	240.2	6.9
Property Tax Aids and Credits	2,931.7	3,351.4	3,351.4	419.8	0.0
Health and Human Services	11,620.9	11,933.8	12,014.8	393.8	81.0
Environment and Energy	146.1	146.9	151.0	4.9	4.1
Nat Res, Econ Dev, and Agriculture	644.7	753.3	840.3	195.6	87.1
Judiciary and Public Safety	1,978.6	2,145.9	2,172.4	193.8	26.4
Transportation and Public Safety	270.4	277.6	277.9	7.5	0.3
State Departments and Veterans	930.1	1,023.7	1,044.5	114.5	20.8
Debt Service, Cap Projects and Grants	1,665.2	1,504.2	1,438.3	(226.9)	(65.9)
Total Spending	39,639.6	41,523.9	41,762.7	2,123.1	238.7

Table 7 displays a comparison of FY 2018-19 projected revenues and appropriations based on the FY 2016-17 enacted supplemental budget and on the February 2016 forecast. The FY 2016-17 supplemental budget increased projected revenues in FY 2018-19 by \$102 million. However, projected FY 2018-19 appropriations also increased by \$234.9 million. As a result, the structural balance between revenues and spending declined by \$132.9 million in FY 2018-19 compared to the February 2016 forecast.

General Fund revenue is projected to grow by \$3.4 billion in FY 2018-19 when compared to FY 2016-17, and appropriations are projected to grow by \$3.0 billion over the same period. Overall, this indicates that projected appropriations are growing at a slower pace than revenues over the four years of the projection period. Table 8 illustrates this comparison.

Table 7 - General Fund Biennial Budget -- FY 2018-19 Planning Estimates <i>(dollars in thousands)</i>			
	Feb 2016 Forecast Base	Enacted Budget	Change: Enacted - Fcst Base
Current Resources (excluding carryforward)	45,702.6	45,804.6	102.0
Total Projected Appropriations	44,518.7	44,753.6	234.9
Projected Structural Balance	1,183.9	1,051.0	(132.9)

Table 8 - General Fund Biennial Budget -- FY 2016-17
Comparison of Enacted FY 2016-17 Budget to FY 2018-19 Planning Estimates
(dollars in thousands)

	FY 2016-17 Enacted Budget	FY 2018-19 Planning Estimates	Change: FY 2018-19 FY 2016-17
Current Resources (excluding carryforward)	42,356.0	45,804.6	3,448.6
Total Projected Appropriations	41,762.7	44,753.6	2,990.9
Projected Structural Balance	593.3	1,051.0	457.7

**NONGENERAL FUND
APPROPRIATION CHANGES**

Nongeneral fund appropriations increased by \$211 million in FY 2016-17 during the 2016 session. Most of this increase was from

constitutionally dedicated funds contained in Chapters 172 and 186. Appendix C displays the nongeneral fund appropriation changes enacted during the 2016 session, including the legal chapter number for each item. See page 67 for Appendix C.

CHAPTER 2 STATE REVENUES

State revenues in FY 2016-17, excluding transfers from other funds and prior year adjustments, were estimated to total \$76.9 billion, an increase of \$81.1 million over the February 2016 forecast. Chapter 189, the Supplemental Finance Act, enacted a small number of revenue changes in the FY 2016-17 budget. These changes almost exclusively affected the General Fund.

Table 1 summarizes all funds revenue in FY 2016-17 and FY 2018-19. Table 2 shows the tax revenue changes specific to the General Fund.

GENERAL FUND REVENUE CHANGES

General Fund tax revenues were projected to be \$40.4 billion for the FY 2016-17 biennium, a decrease of \$24.4 million below the February 2016 forecast. The change to tax revenues was largely due to the enactment of an income tax subtraction for military pension income, which reduced General Fund revenue in FY 2017 by \$22.6 million.

Nontax General Fund revenues totaled \$1.5 billion in FY 2016-17, an increase of \$6.1 million over the February 2016 forecast. Transfers to the General Fund from other funds in FY 2017, excluded from Table 1, totaled \$402.3 million, an increase of \$85.4 million compared to forecast. Of this amount, \$74 million was transferred from the Health Care Access Fund. (See page 28 for additional discussion about this transfer.) Changes to nontax revenues and transfers in

each budget area are reviewed in chapter 3 of this report.

Individual Income Tax

Chapter 189 enacted three changes to the individual income tax, the largest of which was a subtraction of federal pension or other military retirement pay from federal taxable income. Military retirement and pension pay is included in the definition of federal taxable income, which is the starting point for calculating Minnesota taxable income. The new provision subtracts this income for the purpose of calculating Minnesota taxable income and reduces a taxpayer's liability. The subtraction is effective beginning in tax year 2016 and reduced income tax collections by \$22.6 million in FY 2017. This change is expected to reduce the tax liability of approximately 19,000 taxpayers per year.

Sales and Use Tax

Chapter 189 reduced sales and use tax revenue by redefining the tax base for modular and prefabricated homes. This change aligned the treatment of the sale of modular and prefabricated homes with that of the sale of manufactured homes by setting the tax base at 65 percent of the dealer's cost. Prior to this change, modular and prefabricated homes were subject to a 6.875 percent tax on three different cost bases. The new tax base for modular and prefabricated homes is effective for sales and purchases made after June 30, 2016. This change decreased revenue to the General Fund by \$1 million annually, beginning in FY 2017.

Table 1 - State Revenues
All Funds Revenue
(dollars in thousands)

Fund	FY 2014-15 Revenue	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - FY 2014-15	Change: Enacted - Fcst. Base
General Fund					
Tax Revenues:					
Individual Income	20,063,035	21,861,600	21,838,200	1,775,165	(23,400)
Sales	10,174,165	10,719,370	10,718,370	544,205	(1,000)
Other Tax Revenues	7,903,303	7,858,233	7,858,233	(45,070)	-
Nontax Revenues	<u>1,473,937</u>	<u>1,461,669</u>	<u>1,467,755</u>	<u>(6,182)</u>	<u>6,086</u>
Total General Fund Revenue*	39,614,440	41,900,872	41,882,558	2,268,118	(18,314)
Non-General Funds					
Arts & Cultural Heritage Fund	115,346	121,400	121,390	6,044	(10)
Clean Water Fund	193,711	204,057	204,041	10,330	(16)
Natural Resources Fund	143,082	132,974	132,980	(10,102)	6
Environmental Fund	184,813	188,517	188,477	3,664	(40)
Federal Fund	18,509,195	22,764,232	22,810,780	4,301,585	46,548
Game and Fish Fund	211,890	219,772	219,905	8,015	133
Maximum Effort School Loan Fund	766	2,905	55,254	54,488	52,349
Outdoor Heritage Fund	194,151	204,593	204,577	10,426	(16)
Parks and Trails Fund	83,340	87,776	87,768	4,428	(8)
Petroleum Tank Release Cleanup Fund	35,158	50,667	50,767	15,609	100
Special Revenue Fund	2,212,853	2,220,867	2,221,040	8,187	173
State Government Special Revenue Fund	332,968	342,676	342,854	9,886	178
Other Funds	<u>8,797,475</u>	<u>8,425,482</u>	<u>8,425,481</u>	<u>(371,994)</u>	-
Total Non-General Fund Revenue	31,014,748	34,965,918	35,065,314	4,050,566	99,396
Total All Revenues	70,629,188	76,866,790	76,947,872	6,318,684	81,082

* Does not include transfers from other funds and prior year adjustments.

Table 2 - General Fund Revenues
Tax and Nontax Revenue Changes Compared to Forecast
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
GENERAL FUND						
Individual Income Tax:						
Subtraction for Military Pension Income	-	(22,600)	(22,600)	(23,700)	(24,900)	(48,600)
Extend Angel Investment Credit to Tax Year 2017 Credit of \$2,000 Allowed to Parent of a Stillborn Child	-	-	-	(10,000)	-	(10,000)
	-	(800)	(800)	(800)	(800)	(1,600)
Sales and Use Tax:						
Modular and Prefabricated Homes Tax Base Change	-	(1,000)	(1,000)	(1,100)	(1,200)	(2,300)
Subtotal: Tax Revenue Changes	-	(24,400)	(24,400)	(35,600)	(26,900)	(62,500)
Nontax Revenues	<u>1,268</u>	<u>4,818</u>	<u>6,086</u>	<u>8,244</u>	<u>8,239</u>	<u>16,483</u>
Total General Fund Revenue Changes	<u>1,268</u>	<u>(19,582)</u>	<u>(18,314)</u>	<u>(27,356)</u>	<u>(18,661)</u>	<u>(46,017)</u>

Chapter 189 also extended the angel investment credit for an additional year, through tax year 2017. The credit is equal to 25 percent of the investment made in a qualifying small business, up to \$125,000 for individuals and \$250,000 for married taxpayers filing jointly. Prior to the enactment of Chapter 189, \$15 million in tax credits was available to allocate to qualified investors. The extension of the credit in Chapter 189 authorized an additional \$10 million in allocable credits for tax year 2017, and will reduce FY 2018 income tax revenue by \$10 million.

Finally, Chapter 189 established a \$2,000 income tax credit for parents of a stillborn child. This credit is effective beginning in tax

year 2016. Parents of a stillborn child can apply this credit to offset their tax liability in the tax year in which the stillbirth occurred. This credit reduced General Fund revenue by \$800,000 in FY 2017 and each year thereafter.

NONGENERAL FUND REVENUE CHANGES

Legacy Funds

As discussed above, Chapter 189 modified the tax base for modular and prefabricated homes. This change will also reduce sales tax revenues credited to the Legacy funds. This change was projected to decrease revenue in the Legacy funds by \$50,000 annually, beginning in FY 2017.

CHAPTER 3 HIGHLIGHTS BY BUDGET AREA

The February 2016 forecast projected a positive General Fund balance of \$900.3 million in FY 2016-17. As a result, the Legislature and Governor agreed to a series of changes to the FY 2016-17 budget. Most of the changes to the budget were contained in Chapter 189, the Supplemental Finance Act. A series of smaller acts also adjusted the FY 2016-17 budget in a variety of ways, including modifying the state's drug sentencing laws, establishing pari-mutuel horse racing, and appropriating money from the Legacy funds.

This chapter identifies noteworthy changes, by budget area, that were enacted to supplement the FY 2016-17 budget during the 2016 session. Each budget area section in this chapter includes a General Fund table that displays specific line item adjustments from the 2016 session. Appendix A contains the all funds table that details the overall budget changes.

E-12 EDUCATION

Chapter 189 increased FY 2016-17 appropriations for E-12 Education by \$78.1 million. Of that total, \$78.0 million was from the General Fund. With these changes, E-12 Education appropriations totaled \$19.1 billion in FY 2016-17. Of this amount, \$17.3 billion was from the General Fund (91 percent). Table 1 describes the General Fund changes for FY 2016-17.

In most cases, the E-12 education appropriation changes were made in FY

2017. Specifically, these appropriations included:

- \$25 million to establish an ongoing voluntary prekindergarten program for selected school districts and charter schools throughout the state with high student poverty and low access to high-quality child care providers. This amount included appropriations for prekindergarten general education aid, special education aid, offsetting equalization aid, and other categorical aids and agency costs. Table 1 displays these appropriation changes in separate line items.
- \$5.2 million ongoing to increase aid and reduced levies in the operating capital program. This additional equalization aid reduced levies in this program in FY 2017 and offset other levies in the E-12 jurisdiction that increased in Chapter 189. The operating capital equalization aid netted total statewide education property tax levy changes to zero.
- \$4.9 million ongoing for additional equity revenue for school districts headquartered outside of the seven-county metropolitan region. This revenue was paid entirely with state aid in FY 2017 and with a combination of state aid and local levy in FY 2018 and later.
- \$12.1 million for the Support Our Students grant program. A school district, charter school, intermediate district, or other cooperative unit may apply to the

Commissioner of Education for a six-year grant, matched with local funds, to hire a new licensed school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselor. This appropriation was one-time; however, the money remains available until June 30, 2022, the end of the six-year grant period.

- \$4.5 million for staff development grants to certain intermediate school districts or other cooperative units that provide special education to students with more intensive needs. The appropriation was one-time and was available for grants for three fiscal years beginning in FY 2017.
- \$3 million for a grant to the Northwest Regional Partnership to assist eligible teachers to acquire the graduate credits necessary to teach secondary school courses for postsecondary credit. The appropriation was one-time, but is available until June 30, 2019.
- \$2.8 million for transfer to the Commissioner of Higher Education for grants to student teachers in shortage areas. The appropriation was one-time, but is available until June 30, 2019.
- \$1.5 million for grants to first-class city school districts or other districts with at least 40 percent minority enrollment to provide tuition scholarships or stipends to nonlicensed employees to participate in a nonconventional teacher residency program. The base appropriation for FY 2018 and later is \$1 million. (First-class city school districts include Special School District No. 1, Minneapolis; Independent School District No. 535, Rochester; Independent School District No. 625, St. Paul; and Independent School District No. 709, Duluth.)
- \$1.5 million for a grant to the Sanneh Foundation to provide all-day, in-school, and after-school academic and behavioral interventions for low-performing and chronically absent students. The appropriation was one-time, but is available until June 30, 2019.
- \$1.5 million for a grant to the Girls In Action program to provide and expand metropolitan area school- and community-based programs that encourage and support low-income girls to graduate from high school on time, complete a postsecondary preparation program, become community leaders, and participate in service-learning opportunities. The appropriation was one-time, but is available until June 30, 2019.
- \$2.2 million for incentive grants for districts that repay the full outstanding original principal on a qualifying capital loan by November 30, 2016. This appropriation was established to offset some of the local levy increases that districts may temporarily experience by repaying an outstanding capital loan. This appropriation is included in the base through FY 2021. (See page 19 for additional detail.)
- \$2 million for transfer to the Commissioner of Human Services for the purpose of expanding the quality rating and improvement system, and to increase access and provide training assistance to child care providers who are located in underserved or low-income neighborhoods. This one-time appropriation was in addition to the \$2.3 million appropriated in the 2015 session. The base for FY 2018 and later remains at \$1.8 million annually.

Table 1 - E-12 Education
General Fund Changes Compared to Forecast
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Appropriation Changes						
Department of Education						
Voluntary Pre-K (general education only)	-	18,562	18,562	21,751	21,066	42,817
Operating Capital Levy Equalization	-	5,189	5,189	10,153	8,205	18,358
Non-Metro Equity Alignment	-	4,929	4,929	1,730	1,314	3,044
Graduation Incentives, Age 21	-	201	201	36	2	38
Glenville-Emmons Correction	-	50	50	6	0	6
Alternative Compensation	-	240	240	-	-	-
Achievement and Integration Aid	-	117	117	129	133	262
Early Childhood Literacy Programs (Reading Corps)	-	1,000	1,000	-	-	-
Support Our Students Grant	-	12,133	12,133	-	-	-
Staff Development Aid for Co-ops and Intermediates	-	4,500	4,500	-	-	-
Northwest Regional Partnership	-	3,000	3,000	-	-	-
Student Teachers in Shortage Areas	-	2,800	2,800	-	-	-
Collaborative Urban Educator	-	310	310	-	-	-
Grow Your Own (Tuition Scholarships and Stipends)	-	1,500	1,500	1,000	1,000	2,000
Sanneh Foundation (Mentoring Partnerships)	-	1,500	1,500	-	-	-
Girls in Action Grant	-	1,500	1,500	-	-	-
Full Service Community Schools	-	1,000	1,000	-	-	-
Certificate Incentive Program	-	1,000	1,000	-	-	-
Western MN Mobile Manufacturing Lab	-	900	900	-	-	-
Museums and Education Centers	-	50	50	50	50	100
American Indian Teacher Preparation Grants	-	270	270	270	270	540
Education Innovation Partners Cooperative Center	-	500	500	-	-	-
Teacher Governed Schools Grants	-	500	500	-	-	-
Student Success Grants	-	500	500	-	-	-
SMSU Special Ed Teacher Education Program	-	385	385	-	-	-
Race 2 Reduce Water Conservation Grants	-	150	150	238	238	476
Minnesota Council on Economic Education	-	250	250	-	-	-
Ag Educators	-	250	250	-	-	-
Vision Therapy Pilot Project	-	200	200	-	-	-
Singing Based Pilot Program	-	100	100	-	-	-
Charter School Building Lease Aid	-	171	171	189	175	364
Special Education	-	179	179	229	292	521
Long-term Maintenance Equalization Aid	-	289	289	323	284	607
Debt Service Equalization Aid	-	-	-	(551)	985	434
Early Repayment Aid Incentive	-	2,200	2,200	2,200	2,200	4,400
Broadband Innovation Grants	-	500	500	-	-	-
School Lunch & Food Storage Program	-	36	36	36	37	73
School Breakfast Aid	-	215	215	216	218	434
Statewide Early Childhood Rating System (transfer to HHS)	-	2,000	2,000	-	-	-
Parent - Child Home Grant	-	2,000	2,000	-	-	-
St. Cloud Early Learning Pilot	-	430	430	-	-	-

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Home Visiting Aid	-	-	-	533	585	1,118
Promise Neighborhood - Northside Achievement Zone	-	10	10	-	-	-
Promise Neighborhood - St. Paul	-	10	10	-	-	-
Greater MN Education Partnership Pilots	-	30	30	-	-	-
Adult Basic Education Grants	-	400	400	-	-	-
Adult Basic Education Aid	-	400	400	-	-	-
GED Tests	-	120	120	-	-	-
Operating Increase	-	775	775	350	350	700
Positive Behavioral Intervention Support	-	2,750	2,750	-	-	-
IT Enhancements & Security	-	1,000	1,000	-	-	-
Pre-K Administration	-	604	604	516	516	1,032
Board of Teaching Deficiency Funding	30	-	30	-	-	-
Board of Teaching Base Transfer	-	(718)	(718)	(718)	(718)	(1,436)
Agency Total	30	76,987	77,017	38,686	37,202	75,888
Board of Teaching						
Board of Teaching Base Transfer	-	718	718	718	718	1,436
Operating Increase	-	220	220	250	250	500
Statewide Educator Job Board	-	80	80	-	-	-
Agency Total	-	1,018	1,018	968	968	1,936
Total General Fund Appropriation Changes	30	78,005	78,035	39,654	38,170	77,824

- \$2 million for a grant to the Parent-Child Home program for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years. This appropriation was in addition to the \$350,000 appropriated during the 2015 session and the total FY 2017 appropriation was available until June 30, 2019. The base for FY 2018 and later remains \$350,000.

Although FY 2016-17 General Fund appropriations in E-12 Education increased by \$78.0 million, Chapter 189 also included an additional provision allowing school districts with an outstanding maximum effort loan to repay the outstanding principal on the loan by November 30, 2016. Several districts are expected to take advantage of this repayment provision, and the provision was estimated to reduce General Fund transfers to

the state Debt Service Fund by \$53.3 million in FY 2017. These reduced debt service transfers from the General Fund are not included in the E-12 budget jurisdiction, but are displayed in Table 11 on page 44, and in the debt service section of Appendix A. The details of this provision are discussed on page 19.

Board of Teaching

Chapter 189 increased General Fund appropriations to the Board of Teaching in FY 2016-17 for general operating expenses and other selected programs. The FY 2016-17 appropriation to the Board of Teaching increased by \$330,000. Of this amount, \$30,000 was appropriated to pay for a deficiency in FY 2016, and the FY 2017 base appropriation was increased by \$220,000. An additional \$80,000 in FY 2017 was one-time to pay for costs associated with a contract for a statewide educator job board. Beginning in FY

Early Repayment of Maximum Effort Capital Loans

Enacted in 1959, the Maximum Effort School Aid Law was designed to assist districts with a low tax base to finance local school facility construction projects. The state borrows money through the issue of general obligation bonds and lends money to qualifying districts. Since the program's inception, \$306 million in bonds have been authorized to assist districts through the program.

In some cases, a qualifying district may be in an area expecting rapid population growth and, within several years, will be better able to locally finance school facilities with an increasing tax base. In other cases, a district's land area may include significant nontaxable property—e.g. land owned by the state or federal government or a sovereign tribe—and the district will need long term state assistance.

Two types of loans are available: capital loans to help finance new construction, and debt service loans to offset required debt service levies on existing debt. A district may apply for one or both. Each capital loan is subject to the commissioner's review and comment of the proposed project and the approval of voters in the district. Each loan must be authorized by law.

A district that receives a loan must levy the greater of 29.39 percent of adjusted net tax capacity (ANTC) or the amount needed to pay annual principal and interest on the district's bond issue. If a levy of 29.39 percent of ANTC exceeds the actual costs of servicing the local bond in that year, the difference is repaid to the state and applied to the loan. Any loan remaining unpaid after 50 years is forgiven.

Some districts have regularly issued "one day bonds" in amounts less than \$500,000 and repaid those bonds immediately with excess money that otherwise would have been required to be repaid to the state and applied to the district's outstanding capital loan. Chapter 189 included a provision that makes any maximum effort levy excess unavailable for the purpose of servicing local district bonds, including "one day bonds," after the later of November 1, 2016, or three years after the date of a district's receipt of a capital loan from the state.

Chapter 189 authorized districts with outstanding maximum effort loans to repay the outstanding principal on the capital loan to fully satisfy the district's obligation and discharge the loan. A district that exercises this option can avoid accumulated interest charges and pay only the principal to discharge the loan. Several districts are expected to take advantage of this repayment provision by November 30, 2016, resulting in an estimated \$53.3 million in early repayment of capital loan balances to the Maximum Effort School Loan Fund. By law, the early repayments from school districts are credited to the Maximum Effort School Loan Fund and are then transferred to the state Debt Service Fund to discharge the loan. This transfer reduced the state debt service appropriations required to be transferred from the General Fund to the Debt Service Fund in FY 2017 by \$53.3 million. Table 2 shows the appropriations and revenue changes for these funds as a result of this provision.

Table 2 shows that the General Fund debt service appropriation in FY 2016-17 was lower than the forecast by \$65.9 million. This reduced appropriation resulted from the \$53.3 million early repayment of maximum effort capital loans, as well as \$12.5 million in reduced debt service appropriations that had been included in the February 2016 forecast to service the debt on a projected 2016 capital investment act that was not enacted.

Table 2 - Debt Service
All Funds Biennial Appropriations and Revenue
(dollars in thousands)

	FY 2016-17 Forecast Base	FY 2016-17 Enacted Budget	Change: Enacted - Fcst. Base
Debt Service -- Revenues by Fund			
Maximum Effort School Loan	2,905	55,254	52,349
Debt Service	89,139	89,139	-
Debt Service, (Transfer in from GF) *	1,239,580	1,173,691	(65,889)
Debt Service, (Transfer in from Max Effort School Loan)	2,293	57,504	55,211
Debt Service, Other Transfers	<u>467,968</u>	<u>467,968</u>	-
Subtotal, Revenues, Debt Service	1,801,885	1,843,556	41,671
Debt Service -- Appropriations by Fund			
General Fund	1,523,975	1,458,086	(65,889)
General Fund Transfers Out	(3,483,557)	(3,425,550)	58,007
Maximum Effort School Loan (Txfr to DS Fund)	2,293	55,642	53,349
Debt Service	<u>1,774,379</u>	<u>1,774,379</u>	-
Subtotal for Appropriations, Debt Service	(182,910)	(137,443)	-
* The General Fund transfer to the Debt Service Fund declines by \$65.9 million due to the \$12.5 million decrease in projected debt service resulting from the absence of a bonding bill and a \$53.3 million reduction in payments associated with the maximum effort capital loan early repayments.			

2018, \$250,000 was annually added to the existing base of \$718,000 that was established in the 2015 session. Chapter 189 also eliminated the Board of Teaching's allocation of money within the Department of Education appropriation. Instead, Chapter 189 appropriated the money directly to the Board of Teaching. This change enacted a recommendation from the Office of the Legislative Auditor's March 2016 report on Minnesota teacher licensure.

General Fund Revenues

Chapter 189 increased General Fund revenues in FY 2016 by cancelling \$1.7 million from the Information and Telecommunications Technology System and Services account in the Special Revenue Fund to the General Fund. This amount had been previously transferred to the account from the General Fund for a system to reduce special education paperwork, but the money was unspent.

See Appendix D on page 70 for a display of all General Fund revenue changes.

HIGHER EDUCATION

Two chapters enacted during the 2016 session made changes to the FY 2016-17 Higher Education budget. FY 2016-17 appropriations increased by \$24.2 million for a total of \$3.2 billion. Chapter 186 appropriated \$15.3 million from the Environment and Natural Resources Trust Fund for a number of projects, primarily at the University of Minnesota. A list of nongeneral fund appropriations is included in Appendix C on page 67. Chapter 189 increased FY 2016-17 General Fund appropriations by \$6.9 million and Special Revenue Fund appropriations by \$2.0 million.

Office of Higher Education

General Fund appropriations to the Office of Higher Education increased by \$5.2 million in FY 2016-17.

- \$2 million was appropriated in FY 2017 as a one-time increase to the state grant program. This increase offsets a reduction in the amount a family is required to pay for dependent students. The “assigned family responsibility” component of the state grant program was reduced from 96 percent to 94 percent. The appropriation increase was made in FY 2017 only, but the statutory assigned family responsibility change is ongoing, and will continue to affect the state grant calculations in future years.
- \$500,000 was appropriated one-time in FY 2017 to provide grants to improve postsecondary student attendance, retention, and degree completion. The Office of Higher Education is required to award these grants to Minnesota State Colleges and Universities institutions and private programs to help increase the number of Minnesota residents between ages 25 and 44 years old who have earned a postsecondary degree to meet the goal of 70 percent by 2025.
- \$500,000 was appropriated in FY 2017 for a grant to the Saint Paul Foundation to create a web-based job and internship computer software tool to match students who are seeking employment opportunities with the needs of prospective employers. The base increase for this purpose was set at \$405,000 per year beginning in FY 2018.
- \$210,000 was appropriated in FY 2017 to support up to four physicians enrolled in an addiction medicine fellowship program. The appropriation will be used to train physicians to diagnose and treat addiction. This appropriation will be part of the FY 2018 base, but will not continue into FY 2019 and later.
- \$2 million was appropriated in FY 2017 for the teacher loan forgiveness program for licensed teachers in shortage areas. This amount was one-time and was in addition to the \$200,000 appropriated in the 2015 session. Chapter 189 also made the total appropriation available until June 30, 2019.
- Chapter 189 also made adjustments to the dual training program enacted during the 2015 session to enhance the skills and capacity of employees with specific training while the employee continues working. Chapter 189 established a new dual training account in the Special Revenue Fund and required that any appropriations made for dual training must be transferred to this account. As a result, the \$2 million appropriation made in the 2015 session for FY 2017 (Laws 2015, Chapter 69, article 1, section 3, subdivision 23) was transferred to the new account. This appropriation from the Special Revenue Fund is shown in Appendix A on page 46.

Table 3 - Higher Education						
General Fund Changes Compared to Forecast						
<i>(dollars in thousands)</i>						
	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Appropriation Changes</u>						
Office of Higher Education						
State Grant	-	2,000	2,000	-	-	-
Equity in Postsecondary Education Grants	-	500	500	-	-	-
Student & Employer Connection Info System	-	500	500	405	405	810
Addiction Fellows at HCMC		210	210	210		210
Teacher Loan Forgiveness	-	2,000	2,000	-	-	-
Occupational Scholarship Pilot	<u>225</u>	<u>(225)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency Total	225	4,985	5,210	615	405	1,020
University of Minnesota						
Health Training Restoration	-	800	800	800	800	1,600
Collegiate Recovery Program, Rochester	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency Total	-	900	900	800	800	1,600
Minnesota State Colleges and Universities						
Operating Support	-	570	570	570	570	1,140
Open Textbooks	-	100	100	-	-	-
Open Textbook Libraries	-	100	100	-	-	-
Cook County Higher Education	<u>-</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>40</u>
Agency Total	-	790	790	590	590	1,180
Total General Fund Appropriation Changes	225	6,675	6,900	2,005	1,795	3,800

University of Minnesota

General Fund appropriations to the University of Minnesota increased by \$900,000 in FY 2016-17. The increase provided \$800,000 in FY 2017 to support a health training restoration program and \$100,000 for a collegiate recovery program at the Rochester campus. The health training restoration appropriation provides ongoing funding to support medical resident and student training programs, the university's mobile dental clinic, and the expansion of

geriatric medical education and family programs. The collegiate recovery appropriation was a one-time appropriation to provide a program that supports students who are recovering from addictive behaviors, including alcohol and chemical dependencies.

Minnesota State Colleges and Universities

General Fund appropriations to the Minnesota State Colleges and Universities (MNSCU) system increased by \$790,000 in FY 2016-17. Of this amount, \$570,000 was appropriated in

FY 2017 for increased MNSCU operating expenses. This operating appropriation will continue in the FY 2018-19 base. \$200,000 was appropriated one-time to promote the adoption of open textbooks on the MNSCU campuses, and to promote the open textbook library to MNSCU faculty across the state. \$20,000 was appropriated in FY 2017 to the Cook County Higher Education Board to provide educational programming and academic support services in northeastern Minnesota. This appropriation will continue in the FY 2018-19 base.

HEALTH AND HUMAN SERVICES

Three chapters enacted changes to the FY 2016-17 Health and Human Services (HHS) budget during the 2016 legislative session. Most of the changes were enacted in Chapter 189. Overall, the FY 2016-17 HHS budget increased by \$112.1 million (see Appendix A on page 45), and totaled \$33.9 billion. The FY 2016-17 General Fund net increase totaled \$547,000, reflecting additional appropriations of \$80.9 million (see Table 4 on page 25) and increased revenue of \$80.4 million (see Table 5 on page 27). Chapter 179, the Department of Health Policy Act, appropriated an additional \$24,000 from the General Fund in FY 2017 to the Department of Health for the Medical Cannabis Task Force. Chapter 172 cancelled \$100,000 of a FY 2015 Clean Water Fund appropriation to the Department of Health, originally made in the 2013 session, that was unspent (see page 35 for a detailed discussion on Legacy funds changes).

Department of Human Services

Supplemental funding for Direct Care and Treatment (DCT). Chapter 189 increased Direct Care and Treatment services at DHS by \$64.4 million. This ongoing appropriation included \$9.6 million in FY 2016-17 for an operating adjustment for the mental health

and forensic services program, and an additional \$8.1 million in FY 2016-17 for an operating adjustment for the Minnesota Sex Offender Program (MSOP). This appropriation also included \$23.7 million in FY 2017 for additional staffing at DCT facilities, primarily to increase staffing at Community Behavioral Health Hospitals. In addition, the appropriation included \$6.8 million for a new competency restoration program located on the St. Peter campus and \$1.4 million for a “nursing float pool” for weekend staffing and increased clinical oversight at Anoka Metro Regional Treatment Center.

To address a major unanticipated budget shortfall due to cost increases in the Minnesota State Operated Community Services (MSOCS) program, Chapter 189 increased the General Fund appropriation for MSOCS with a one-time \$28 million appropriation in FY 2017. Historically, MSOCS has been a program self-financed with revenue paid on behalf of individuals served by the program, but in recent years the revenue generated has been significantly less than the projected expenses associated with MSOCS. The imbalance between current year revenue collections and current year spending was identified during the 2016 session and was addressed in FY 2016-17 with a one-time appropriation. MSOCS primarily provides services to developmentally disabled individuals in small group homes. Since the one-time appropriation enacted in 2016 only provided funding for FY 2017 and no fundamental changes to the MSOCS program were enacted, there may be a need in future years to appropriate continuing funding from the General Fund or another source.

Certified Community Behavioral Health Clinics (CCBHCs). Chapter 189 appropriated \$188,000 in FY 2017 from the General Fund to continue the process of preparing and submitting a proposal to the federal

government to establish CCBHCs. If Minnesota is selected to participate in the federal demonstration program, CCBHCs will provide integrated and coordinated mental health and substance use disorder treatment and services beginning July 1, 2017.

Decrease county share for services provided by an Institution for Mental Disease (IMD). Chapter 189 appropriated \$2 million one-time in FY 2017 from the General Fund to reduce the county share for chemical dependency treatment services provided by facilities that were recently determined to meet the federal definition of an IMD and, were, therefore, no longer eligible for federal funding. This appropriation increased the share of costs paid by the state and prevented an increase in county costs for services provided in IMDs.

Rate Increases. Chapter 189 enacted several separate rate increases that became effective in FY 2017. Chapter 189 appropriated \$105,000 ongoing from the General Fund in FY 2017 to increase the rate paid for chemical dependency services for special populations. This change corrected an unintended result of a previously enacted change in the definition of a special population. Ambulance provider rates for services in rural areas were increased by five percent, with a new ongoing General Fund appropriation of \$205,000 in FY 2017. Also, Chapter 189 modified a previously enacted rate increase to rural dental providers with an additional ongoing General Fund appropriation of \$15,000 in FY 2017. Finally, Chapter 189 included a 15 percent increase in Northstar Care rates beginning in FY 2018,

with General Fund planning estimates in FY 2018-19 increased by \$26 million.

Treatment of spousal assets for Medical Assistance (MA) eligibility. In 2014 the federal government implemented new spousal impoverishment requirements that required states to apply these requirements to a larger population of long term care services recipients than Minnesota's laws required at that time. The state requested a waiver from the federal government to allow it to continue to use existing Minnesota law, which applied spousal asset tests to fewer MA services. The federal government did not approve the waiver request and Minnesota was required to comply with federal spousal impoverishment requirements in its MA program. Chapter 189 included policy changes to implement the federal requirements and also contained provisions to mitigate the effect of the changes by raising the maximum amount of some assets that are excluded in the calculation to determine eligibility for long term care services under MA. Chapter 189 appropriated \$4.8 million from the General Fund in FY 2017 for these changes, and the planning estimates for FY 2018-19 were \$28.5 million.

Medical Assistance estate recoveries modifications. Chapter 189 enacted changes to the MA estate recovery requirements and appropriated \$207,000 from the General Fund in FY 2017 to implement the changes. (The base for FY 2018 and later is increased by \$11,000 per year.) The main effect of these changes was a reduction in ongoing General Fund revenue in FY 2017 by \$2.2 million. The new requirements limit the services an individual can receive and subsequently be required to repay through estate recoveries.

Table 4 - Health and Human Services
General Fund Changes Compared to Forecast
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Appropriation Changes</u>						
Department of Human Services						
Federal Alignment for Foster Care	-	12	12	2	2	4
Chemical Dependency Peer Specialist Grants	-	34	34	725	725	1,450
Decrease County Share for IMDs	-	2,000	2,000	-	-	-
Increase Northstar Basic Rates 15 percent	-	-	-	11,542	14,441	25,983
Child Support Parenting Expense Adjustment	-	149	149	-	-	-
Child Support Task Force	-	85	85	43	41	84
School Linked Mental Health Grants	-	33	33	1,450	1,450	2,900
Homeless Youth Act	-	33	33	1,450	1,450	2,900
Safe Harbor for Sexually Exploited Youth	-	33	33	750	750	1,500
Certified Behavior Health Clinics	-	188	188	5,126	3,307	8,433
Special Populations Chemical Dependency Rate	-	105	105	142	145	287
DCT Operating Adjustment	3,456	6,190	9,646	8,228	8,228	16,456
MSOP Operating Adjustment	3,395	4,669	8,064	5,457	5,457	10,914
Additional Staffing-DCT	-	23,696	23,696	30,999	30,999	61,998
MSOCS Shortfall	-	28,000	28,000	-	-	-
Treatment of Spousal Assets for MA Eligibility	-	4,834	4,834	13,784	14,675	28,459
Nursing Facility Moratorium Exceptions	-	-	-	50	200	250
Certified Nursing Assistant Training Program	-	1	1	2	4	6
Integrated Behavioral Health Care Coordination Demonstration Project	-	200	200	-	-	-
Critical Access Dental Changes	-	185	185	96	86	182
Rural Dental Providers Rate Increase	-	15	15	31	32	63
MA Coverage for Community Emergency Medical Technician	-	1	1	4	4	8
Rural Ambulance Provider Rate Increase	-	205	205	424	445	869
MA Estate Recoveries Modification	-	207	207	11	11	22
American Indian Initiatives	-	<u>2,845</u>	<u>2,845</u>	<u>1,900</u>	<u>1,900</u>	<u>3,800</u>
Agency Total	6,851	73,720	80,571	82,216	84,352	166,568
Department of Health						
Safe Harbor for Sexually Exploited Youth	-	33	33	750	750	1,500
Medical Cannabis Task Force	-	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>48</u>
Agency Total	-	57	57	774	774	1,548

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Ombudsman for Mental Health and Developmental Disabilities						
Jensen/Olmstead Staffing	-	250	250	250	250	500
UofM Drug Trial Monitoring	-	100	100	100	100	200
Agency Total	-	350	350	350	350	700
Total General Fund Appropriation Changes	6,851	74,127	80,978	83,340	85,476	168,816

Health Related Boards

Board of Podiatric Medicine. Chapter 189 appropriated \$75,000 in FY 2017 from the State Government Special Revenue Fund to the Board of Podiatric Medicine to administer new licensure requirements for orthotists, pedorthists, and prosthetists. New revenue to this fund associated with this licensing requirement was projected to be \$175,000 in FY 2017.

Board of Medical Practice. New licensure requirements for genetic counselors were enacted in Chapter 189. The Board of Medical Practice received a \$22,000

appropriation in FY 2017 from the State Government Special Revenue Fund to administer the genetic counselor licensing requirements. There will be \$39,000 of increased revenue to this fund associated with the new licensing requirements in FY 2018.

Ombudsman for Mental Health and Developmental Disabilities

Additional Staffing. Chapter 189 appropriated \$250,000 ongoing from the General Fund in FY 2017 for staff related to the activities of the Ombudsman for the Olmstead decision and the Jensen settlement.

Background on the Olmstead Plan and the Jensen Settlement

States are required to develop an Olmstead Plan in response to a recent U.S. Supreme Court decision. The plan outlines key activities that each state must accomplish to ensure people with disabilities are living, learning, working, and enjoying life in the most integrated setting. The court-approved plan is designed to help Minnesotans with disabilities have the opportunity to live close to their family and friends, live independently, engage in productive employment, and participate in community life.

The Jensen settlement agreement is the result of a lawsuit filed against DHS in 2009 alleging that residents of the former Minnesota extended treatment options (METO) program were unlawfully and unconstitutionally secluded and restrained. The Jensen settlement agreement included a comprehensive plan of action. This plan requires DHS to close the Minnesota Specialty Health System (MSHS)-Cambridge facility, where the METO program was located, and replace it with community homes and services. The settlement also requires DHS to modernize Rule 40, which relates to the use of aversive and deprivation procedures in licensed facilities that serve persons with developmental disabilities. The new rule will apply to the use of positive support in these settings. The Jensen settlement agreement also requires the state's Olmstead Plan to include additional requirements related to measurable outcomes and reporting.

Table 5 - Health and Human Services
Revenue Changes Compared to Forecast
(dollars in thousands)

		FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Revenue Changes by Agency	Fund						
Department of Human Services							
Transfer from CCDTF	General Fund	-	2,000	2,000	-	-	-
Cost of Care Recoveries, Mental Health and Forensic Programs	General Fund	534	1,052	1,586	1,438	1,438	2,876
Cost of Care Recoveries, MSOP	General Fund	509	700	1,209	819	819	1,638
Cost of Care Recoveries, DCT	General Fund	-	3,881	3,881	7,056	7,056	14,112
MA Estate Recoveries Modifications	General Fund	-	(2,245)	(2,245)	(2,369)	(2,369)	(4,738)
Adjust Statutory Transfer from Health Care Access Fund	General Fund	-	74,000	74,000	74,000	74,000	148,000
Agency Total		1,043	79,388	80,431	80,944	80,944	161,888
Department of Health							
Residential Hospice Definition	SGSR	-	5	5	5	5	10
Radon Systems Licensure Modifications	SGSR	-	-	-	(42)	82	40
Recreational Camping Definition	SGSR	-	(2)	(2)	(2)	(2)	(4)
Agency Total		-	3	3	(39)	85	46
Health Related Boards							
Board of Podiatric Medicine	SGSR	-	175	175	27	181	208
Board of Medical Practice	SGSR	-	-	-	39	20	59
Agency Total		-	175	175	66	201	267
Total Revenue Changes by Fund							
General Fund		1,043	75,507	76,550	73,888	73,888	147,776
State Government Special Revenue Fund		-	178	178	27	286	313
Total Revenue Changes for Budget Area		1,043	75,685	76,728	73,915	74,174	148,089

University of Minnesota Drug Trials Monitoring. Chapter 189 appropriated \$100,000 from the General Fund for monitoring activities related to drug trials at the University of Minnesota.

Revenue Changes

Statutory transfer from Health Care Access Fund to General Fund. Beginning in FY 2017, Chapter 189 increased a statutory transfer from the Health Care Access Fund to the General Fund by \$74 million annually (Minnesota Statutes, section 16A.724, subdivision 2). The original transfer was enacted in 2003 and was set by statute in 2005 at \$48 million per year. The amount of the transfer reflected the value of a rate increase for medical providers and managed care organizations in 2003 related to removal of an exemption for these providers from provider and premium taxes. The amount of the transfer had not been updated to reflect increased MA spending for services and managed care payments since it was set in law in 2005. Chapter 189 set the transfer at an amount that reflected the 2016 value of the 2003 rate increases for medical providers and managed care organizations.

Cost of care recoveries. Chapter 189 increased cost of care recoveries, which are directly related to the spending for DCT programs because they are a specified share of the cost of the program that is paid by counties. The ongoing additional cost of care recoveries in FY 2017 were \$1.6 million for mental health and forensic services programs, \$1.2 million for the Minnesota Sex Offender Program, and \$3.9 million related to additional spending for DCT facilities.

Transfer from Consolidated Chemical Dependency Treatment Fund (CCDTF). Chapter 189 transferred \$2 million from the CCDTF to the General Fund in FY 2017

only. This transfer was from the administrative account in the CCDTF.

ENVIRONMENT AND ENERGY

FY 2016-17 appropriations in the Environment and Energy budget area increased by \$26.8 million and totaled \$1.1 billion. \$23 million of the increase was contained in Chapters 172 and 186, and were appropriated from constitutionally dedicated funds. (The constitutionally dedicated appropriations are shown in Appendix C on page 67). Chapter 189 increased General Fund appropriations by \$4.1 million (see Table 6 on page 29).

Pollution Control Agency (PCA)

Total FY 2016-17 appropriations to the PCA increased by \$3 million, of which \$1.9 million was from the General Fund. Chapter 189 increased appropriations for the PCA by \$2.6 million in FY 2016-17 for additional staffing needs associated with water-related initiatives at the agency. \$653,000 of this appropriation was from the General Fund. Chapter 189 also appropriated \$500,000 one-time from the General Fund in FY 2017 to the existing grant program that helps counties offset local costs of their recycling programs.

Board of Water & Soil Resources (BWSR)

Chapter 189 appropriated \$479,000 one-time in FY 2017 to BWSR from the General Fund for a study and a plan to implement a working lands watershed restoration program that was enacted in 2015.

Commerce Department – Energy Division

Chapter 189 appropriated \$832,000 in FY 2017 from the General Fund to the Department of Commerce’s energy regulation and planning unit for additional staff to improve timely public interest advocacy in utility and energy proceedings before the Minnesota Public Utilities Commission.

**Table 6 - Environment and Energy
General Fund Changes Compared to Forecast**
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Appropriation Changes</u>						
Pollution Control Agency						
Review of Water Infrastructure Projects	-	437	437	-	-	-
St. Louis River Area Cleanup	-	216	216	216	216	432
Working Lands Initiative	-	115	115	-	-	-
Recycling Grants	-	500	500	-	-	-
Andover Landfill Cleanup	-	650	650	-	-	-
Agency Total	-	1,918	1,918	216	216	432
Board of Water & Soil Resources						
Working Lands Initiative	-	479	479	-	-	-
Commerce Department - Energy Division						
Utility Rate Analysis	-	832	832	832	832	1,664
Public Utilities Commission						
Increase Staffing	225	657	882	535	535	1,070
Total General Fund Appropriation Changes	225	3,886	4,111	1,583	1,583	3,166

Public Utilities Commission

Chapter 189 appropriated \$882,000 in FY 2016-17 from the General Fund to the Public Utilities Commission for increased staffing requirements associated with implementing utility regulations enacted in previous years. The base increase for this purpose was set at \$535,000 per year beginning in FY 2018.

NATURAL RESOURCES, ECONOMIC DEVELOPMENT, AND AGRICULTURE

Three chapters enacted in the 2016 session made changes to the FY 2016-17 Natural Resources, Economic Development, and

Agriculture budget. FY 2016-17 appropriations increased by \$210.7 million, and total \$3.2 billion.

- Chapter 189 increased FY 2016-17 General Fund appropriations by \$87.1 million and appropriations from other funds by \$6.3 million. Most of the General Fund increases were appropriated to the Department of Employment and Economic Development (DEED) for broadband development grants (\$35 million) and a package of “equity” provisions (\$35 million);

- Chapter 186 appropriated \$46.7 million in FY 2017 from the Environment and Natural Resources Trust Fund. Of this amount, \$21.8 million was appropriated to agencies in the Natural Resources, Economic Development, and Agriculture budget area; and
- Chapter 172 appropriated \$109.1 million in FY 2016-17 from the Outdoor Heritage Fund and the Clean Water Fund. Of this amount, \$87.8 million was appropriated to agencies in the Natural Resources, Economic Development, and Agriculture budget area.

Chapter 189 enacted a series of initiatives to expand economic opportunities and eliminate workforce and educational barriers faced by certain Minnesota racial and ethnic demographic groups. This equity package appropriated \$34.3 million in FY 2017 to DEED for grant programs and \$750,000 to the Minnesota Housing Finance Agency for family stabilization programs and a landlord assistance pilot project. Of the total appropriation to both agencies, \$17.5 million was one-time.

Department of Agriculture

Chapter 189 increased General Fund appropriations in FY 2017 to the Department of Agriculture by \$4.4 million, mostly for research grants and upgrades to the veterinary diagnostic lab at the University of Minnesota.

Chapter 189 also cancelled \$10.8 million of the \$15.5 million appropriated for FY 2016 during the 2015 session from the General Fund for avian influenza response after it was determined that these funds were not going to be spent in FY 2016-17. This \$10.8 million

cancellation consisted of a \$3.1 million appropriation reduction to the Department of Agriculture (shown in Table 7 on page 31) and a \$7.7 million transfer to the General Fund from the Rural Finance Authority revolving loan program (shown in Appendix D on page 70). Chapter 189 appropriated \$1 million of the cancelled money to create a new account that would allow the Commissioner of Agriculture access to funds for future emergency response and preparedness activities for agricultural emergencies affecting producers of livestock, poultry, crops, or other agricultural products.

Department of Natural Resources

Chapter 189 appropriated \$5.1 million in FY 2017 for state parks operations. Of this amount, \$2.8 million was appropriated from the General Fund and was one-time, and \$2.3 million was appropriated from the Natural Resources Fund from revenue largely collected from state park users. The base increase for state park operations from the Natural Resources Fund was set at \$1 million per year beginning in FY 2018.

Chapter 189 also increased the General Fund appropriation for forest management on private lands by \$2.5 million in FY 2017. Of this appropriation for forest management, \$2 million annually was added to the base budget for this purpose. Chapter 189 also appropriated \$4.4 million one-time in FY 2017 from the General Fund for legal support costs related to the Department of Natural Resource's environmental review and permitting decisions for the NorthMet mining project. Up to \$1.3 million from this appropriation may be transferred to the Pollution Control Agency (PCA) to help pay the legal costs associated with the NorthMet project incurred by the PCA.

Table 7 - Natural Resources, Economic Development, and Agriculture
General Fund Changes Compared to Forecast
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Appropriation Changes</u>						
Department of Agriculture						
Tractor Rollover Protection Grants	-	250	250	-	-	-
Industrial Hemp Pilot Program	-	250	250	-	-	-
Forever Green Initiative (Univ of MN)	-	1,000	1,000	-	-	-
Veterinary Diagnostic Software	-	600	600	600	600	1,200
Veterinary Diagnostic Lab Equipment	-	283	283	-	-	-
Cultivated Wild Rice Research	-	450	450	450	450	900
Potato Breeding Research	-	350	350	350	350	700
Good Foods Access Program	-	250	250	-	-	-
Agriculture Emergency Account	-	1,000	1,000	-	-	-
Avian Influenza Protection Cancellation	(3,100)	-	(3,100)	-	-	-
Forestry Products Incentive Program	-	-	-	<u>3,000</u>	<u>3,000</u>	<u>6,000</u>
Agency Total	(3,100)	4,433	1,333	4,400	4,400	8,800
Department of Natural Resources						
Evaluating School Trust Lands	-	200	200	-	-	-
Flood Modeling Matching Grant	-	187	187	-	-	-
Aquatic Invasive Species Grant	-	200	200	-	-	-
Private Forest Management Assistance	-	2,500	2,500	2,000	2,000	4,000
Parks and Trails Management Increase	-	2,800	2,800	-	-	-
Legal Costs	1,599	2,801	4,400	-	-	-
Wolf Ridge Learning Center	-	750	750	-	-	-
Other Changes	-	<u>129</u>	<u>129</u>	-	-	-
Agency Total	1,599	9,567	11,166	2,000	2,000	4,000
Department of Employment, and Economic Development						
Redevelopment Grants	-	2,000	2,000	-	-	-
Duluth North Shore Sanitary District	-	1,220	1,220	-	-	-
Initiative Foundations	-	2,500	2,500	-	-	-
Film and TV Board Production Program	-	4,500	4,500	-	-	-
21st Century Fund Investment	-	10,000	10,000	-	-	-
Mining Industry Technology Research	-	2,600	2,600	-	-	-
Child Care Business Manual and Grants	-	600	600	-	-	-

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
City Grants	-	700	700	-	-	-
Lake Mille Lacs Area Economic Relief	-	3,651	3,651	-	-	-
MN Investment Fund Reduction	-	(9,000)	(9,000)	(4,000)	(4,000)	(8,000)
MN Job Creation Fund Reduction	-	(11,500)	(11,500)	(6,000)	(6,000)	(12,000)
Broadband Infrastructure Grants	-	35,000	35,000	-	-	-
<u>Equity Provisions:</u>						
Neighborhood Development Center	-	1,500	1,500	750	750	1,500
Self-Sufficiency Grants	-	2,000	2,000	1,500	1,500	3,000
YWCA St Paul	-	1,000	1,000	250	250	500
YWCA Minneapolis	-	750	750	375	375	750
EMERGE Community Development	-	4,250	4,250	1,000	1,000	2,000
Business Development Grants	-	2,500	2,500	1,175	1,175	2,350
Minneapolis Foundation-North At Work	-	1,000	1,000	1,000	1,000	2,000
Twin Cities Rise Training	-	1,200	1,200	600	600	1,200
Career Connections-Hennepin County	-	2,500	2,500	-	-	-
Women Nontraditional Jobs Grants	-	1,500	1,500	1,000	1,000	2,000
Youth At Work Grant Program	-	1,000	1,000	1,000	1,000	2,000
Grants for SE Asian Communities	-	2,000	2,000	1,000	1,000	2,000
Grants for Latino Community	-	1,500	1,500	750	750	1,500
Grants for American Indian Communities	-	880	880	250	250	500
White Earth Nation Business Development	-	500	500	125	125	250
Emerging Entrepreneurs Fund	-	500	500	750	750	1,500
Pathway to Prosperity Program	-	1,000	1,000	1,000	1,000	2,000
Capacity Building Grants Program	-	320	320	1,000	1,000	2,000
Grants for Somali Youth	-	2,000	2,000	-	-	-
Ujamaa Place	-	600	600	600	600	1,200
Enterprise Minnesota	-	1,750	1,750	875	875	1,750
MN Centers for Independent Living	-	1,000	1,000	500	500	1,000
Services of the Blind	-	1,000	1,000	500	500	1,000
Construction Careers Foundation	-	2,000	2,000	1,000	1,000	2,000
<u>Subtotal Equity Provisions</u>	-	<u>34,250</u>	<u>34,250</u>	<u>17,000</u>	<u>17,000</u>	<u>34,000</u>
Agency Total	-	76,521	76,521	7,000	7,000	14,000
Housing Finance Agency						
Exploited Women and Children Rental Assist	-	500	500	-	-	-
Housing Grants/Training Centers	-	500	500	-	-	-
Workforce and Affordable Housing Grants	-	750	750	-	-	-

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Equity Provisions:</u>						
Family Stabilization Program	-	500	500	500	500	1,000
Landlord Guarantee Pilot Program	-	250	250	-	-	-
Agency Total	-	2,500	2,500	500	500	1,000
Department of Labor and Industry						
Small Business ADA Compliance	-	100	100	-	-	-
Workers' Comp System Reform	(6,082)	-	(6,082)	-	-	-
Agency Total	(6,082)	100	(5,982)	-	-	-
Explore MN Tourism						
Mille Lacs Area Promotions	-	300	300	-	-	-
Promotion Pilot Project	-	773	773	-	-	-
Agency Total	-	1,073	1,073	-	-	-
Commerce Department						
Principal-Based Actuarial Services	-	500	500	-	-	-
Health Insurance Waiver Cancellation	(210)	(213)	(423)	(213)	(213)	(426)
Agency Total	(210)	287	77	(213)	(213)	(426)
Bureau of Mediation Services						
Database Project	-	250	250	-	-	-
Office of Collaboration and Dispute Resolution	-	138	138	-	-	-
Agency Total	-	388	388	-	-	-
Total General Fund Appropriation Changes	(7,793)	94,869	87,076	13,687	13,687	27,374

Department of Employment and Economic Development

Total FY 2017 General Fund appropriations to DEED increased by \$76.5 million. These increases include:

- \$4.5 million one-time to the Film and TV Board for production incentive grants;
- \$10 million one-time to the 21st Century Fund for an unspecified new forestry-related project in the Iron Range area;
- \$3.7 million one-time for an economic relief program for the area around Lake Mille Lacs;
- \$35 million one-time for broadband development grants; and
- \$34.3 million for job training and business development grants targeting minority communities and other under-represented demographic groups. \$4.5 million of these grants are one-time.

Unemployment Insurance

Three chapters were enacted in 2016 that made changes to the unemployment insurance program in Minnesota. These changes expanded unemployment insurance benefits for certain laid-off workers and will potentially reduce the future unemployment insurance tax rates. The changes were estimated to reduce the Unemployment Insurance Trust Fund balance by approximately \$200 million in calendar year (CY) 2016 and another \$58 million in CY 2017. The Unemployment Insurance Trust Fund contains the unemployment insurance taxes collected from employers for benefit payments to laid-off workers. Chapter 81 reduced the unemployment insurance tax rate paid by certain employers. Chapter 82 extended unemployment benefits for certain workers for an additional 26 weeks. Chapter 189 adjusted the unemployment insurance benefits for eligible recipients to exclude a former employee's vacation pay from being used to determine unemployment insurance eligibility.

Iron Ore Mining Benefits Extension

As a result of market conditions in the global steel industry, several iron ore mining companies in Minnesota suspended operations at their facilities in Minnesota's Iron Range region in early 2015. Consequently, thousands of workers were laid off and became eligible for unemployment insurance benefits. Under state law, most laid-off workers are limited to 26 weeks of regular unemployment insurance benefits. However, by late 2015, many of those laid-off workers – both mining company employees and employees of companies related to the mining industry – reached the end of their 26 week unemployment benefit eligibility. Chapter 82 extended unemployment benefits for an additional 26 weeks for unemployed workers from the iron ore industry and for those laid off from businesses that provided goods or services to the iron ore industry. The cost to the Unemployment Insurance Trust Fund from the benefits extension was estimated to be \$29 million in CY 2016.

Unemployment Insurance Tax Rate Reduction

Chapter 81 reduced the unemployment insurance tax rate in future years if the balance in the Unemployment Insurance Trust Fund exceeds the federal standard for the solvency of unemployment insurance benefits in the states. Based on the current balance of the Unemployment Insurance Trust Fund, the tax reduction in Chapter 81 is expected to reduce unemployment insurance taxes by \$258 million over a two year period (CY 2016 and CY 2017). This will bring the expected balance in the trust fund at the end of CY 2016 to \$1.6 billion instead of the anticipated \$1.8 billion.

Vacation Pay Eligibility

Chapter 189 extended a special unemployment benefit enacted during the 2015 session that eliminated vacation pay from determining unemployment benefit eligibility. Chapter 189 extended the existing benefit by six months, which was projected to reduce the CY 2016 balance in the trust fund by less than \$300,000.

Chapter 189 also reduced FY 2017 General Fund appropriations to the Job Creation Fund program by \$11.5 million, and the Minnesota Investment Fund program by \$9 million. Beginning in FY 2018, the General Fund

base appropriation to the Job Creation Fund was reduced by \$6 million annually, and the base appropriation to the Minnesota Investment Fund was reduced by \$4 million annually.

Constitutionally Dedicated Funds

Chapter 172 appropriated a total of \$109.8 million one-time in FY 2017 from the Outdoor Heritage Fund for several preservation and restoration projects as recommended by the Lessard-Sams Outdoor Heritage Commission.

Chapter 172 also changed several Clean Water Fund appropriations enacted in previous years by:

- Appropriating \$2.5 million in FY 2017 to the Department of Agriculture for its water quality certification program;
- Appropriating \$750,000 in FY 2017 to the PCA for water assessment programs;
- Appropriating \$150,000 in FY 2017 to the Department of Natural Resources for plans aimed at restoring higher water levels for White Bear Lake; and
- Cancelling and reducing various appropriations from previous years by a total of \$4.2 million.

These Clean Water Fund appropriation changes in Chapter 172 restored a positive fund balance to the fund for FY 2017. Without these changes, the February 2016 forecast projected a negative budgetary balance at the end of FY 2017.

Chapter 186 appropriated \$37.9 million from the Environment and Natural Resources Trust Fund for various conservation and outdoor recreation projects as recommended by the Legislative-Citizens Commission on Minnesota Resources. See Appendix C on page 67 for more detail by agency.

JUDICIARY AND PUBLIC SAFETY

Three chapters enacted during the 2016 session made changes to the FY 2016-17 Judiciary and Public Safety budget. FY 2016-17 appropriations increased by \$26.8 million, for a total of \$2.5 billion. Chapter 189 increased Judiciary and Public Safety appropriations by \$25 million, all of which was from the General Fund. Chapter 160, the Controlled Substance Crimes Thresholds Act, increased the General Fund appropriations total by \$1.9 million. Chapter 148, the Exoneration Remedies and Claims Act, appropriated \$1.8 million from the General Fund. Of this amount, \$12,000 was appropriated to the Department of Corrections to pay for claims against the state, and \$1.8 million was appropriated to the Department of Management and Budget to compensate individuals exonerated of a crime. (The exoneration component of Chapter 148 is part of the State Department and Veterans budget and is discussed on page 40.)

Judiciary

Chapter 189 appropriated \$1 million from the General Fund in FY 2016-17 to the Supreme Court for safe and secure courthouse grants and \$1.5 million to the District Courts to increase juror per diem and mileage reimbursements. In addition, Chapter 189 also increased the ongoing General Fund appropriation to the Guardian ad litem Board in FY 2017 by \$878,000 for additional staff to meet state and federal mandates regarding the representation of children. Chapter 176 eliminated the court filing fee for respondents to orders for protection, resulting in a General Fund revenue decrease of \$28,000 in FY 2017. See Appendix D on page 70.

Department of Corrections

FY 2016-17 General Fund appropriations to the Department of Corrections increased by \$20.8 million. Of this amount, Chapter 189

Controlled Substance Crimes Thresholds Act

Chapter 160, the Controlled Substance Crimes Thresholds Act, changed several aspects of the state's drug laws. Chapter 160 increased the drug threshold amounts for certain cocaine and methamphetamine crimes, lowered the threshold for certain marijuana crimes, created several new possession crimes for specified amounts of marijuana plants, created a new high-level drug offense crime, established several new mandatory minimum prison sentences for certain crimes involving possession of controlled substances and firearms, created a lower-level penalty crime for fifth degree controlled substance possession cases involving first-time offenders who possess trace amounts, and expanded the stay of adjudication law. The expanded stay of adjudication will make a stay of adjudication mandatory for certain controlled substance offenders.

Chapter 160 increased General Fund appropriations by \$1.9 million in FY 2017. The changes are anticipated to reduce incarcerations beginning in FY 2018, and are estimated to decrease the Department of Corrections General Fund base by \$3.1 million in FY 2018 and \$5.9 million in FY 2019.

The specific changes included:

- In anticipation of savings to the Department of Corrections as a result of the sentencing changes, Chapter 160 created a new account in the Special Revenue Fund known as the Community Justice Reinvestment Account. Chapter 160 transferred \$488,000 from the General Fund to the Community Justice Reinvestment Account in FY 2017, and appropriated the money to the Commissioner of Public Safety to make grants to local units of government and non-profit organizations to establish chemical dependency and mental health treatment programs, programs to improve offender supervision in the community, and programs to reduce recidivism of controlled substance offenders.
- \$1 million was appropriated from the General Fund in FY 2017 to the Department of Corrections. Of this amount, \$750,000 was for 70 chemical dependency and mental health beds system-wide and \$250,000 was for chemical dependency release planners at the Shakopee and Stillwater prisons.
- \$325,000 was appropriated from the General Fund in FY 2017 to the Department of Public Safety. Of this amount, \$250,000 was for two controlled substance forensic scientists at the Bureau of Criminal Apprehension and \$75,000 was for lab supplies and equipment.
- \$37,000 was appropriated from the General Fund in FY 2017 to the Sentencing Guidelines Commission for a half-time research analyst to assist in the implementation of the act.

increased General Fund appropriations by \$19.8 million, and Chapter 160, the Controlled Substances Crimes Threshold Act, increased General Fund appropriations by \$1 million. These additional appropriations were allocated as follows:

- \$10.4 million to support ongoing operational increases for correctional institutions, community services, and operation support;

Table 8 - Judiciary and Public Safety Budget
General Fund Changes Compared to Forecast
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Appropriation Changes</u>						
Supreme Court						
Safe and Secure Courthouse Grants	-	<u>1,000</u>	<u>1,000</u>	-	-	-
Court Total	-	1,000	1,000	-	-	-
District Courts						
Juror Per Diem Increase (\$10 to \$20)	-	953	953	953	953	1,906
Juror Mileage Increase (\$0.27 to \$0.54)	-	<u>594</u>	<u>594</u>	<u>594</u>	<u>594</u>	<u>1,188</u>
Courts Total	-	1,547	1,547	1,547	1,547	3,094
Guardian ad litem Board						
Additional Staff	-	<u>878</u>	<u>878</u>	<u>878</u>	<u>878</u>	<u>1,756</u>
Agency Total	-	878	878	878	878	1,756
Department of Human Rights						
St. Cloud Regional Office	-	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>	<u>360</u>
Agency Total	-	180	180	180	180	360
Department of Corrections						
Employee Compensation	1,731	8,711	10,442	8,711	8,711	17,422
Challenge Incarceration Conversion	2,610	3,163	5,773	3,669	4,029	7,698
24-Hour Nursing Services at MCF-Shakopee	-	375	375	375	375	750
Re-entry and Halfway House Grants	-	300	300	300	300	600
High-Risk Revocation Reduction Program	-	1,000	1,000	1,000	1,000	2,000
Identity Theft Statute of Limitations Ext.	-	27	27	82	159	241
Information Technology Critical Updates	-	1,850	1,850	-	-	-
Chemical Dependency / Mental Health Beds	-	750	750	750	750	1,500
Chemical Dependency Release Planners	-	250	250	250	250	500
Corrections Bed Savings	-	-	-	(3,086)	(5,909)	(8,995)
Corrections Claims Bill	-	12	12	-	-	-
Criminal Vehicular Homicide Exp.	-	-	-	-	<u>13</u>	<u>13</u>
Agency Total	4,341	16,438	20,779	12,051	9,678	21,729
Sentencing Guidelines						
Research Analyst	-	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>74</u>
Agency Total	-	37	37	37	37	74

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Department of Public Safety						
DNA Lab Forensic Scientists	-	630	630	1,000	1,000	2,000
Drug Lab Forensic Scientists	-	250	250	250	250	500
Drug Lab Supplies and Equipment	-	75	75	35	35	70
CHIPS / Foster Care Service Grants	-	150	150	150	150	300
Sex Trafficking Investigation Grants	-	820	820	820	820	1,640
Study on Jails NE Minnesota	-	88	88	-	-	-
Tnf: Comm. Justice Restoration Acct.	-	488	488	461	461	922
Agency Total	-	2,501	2,501	2,716	2,716	5,432
Total General Fund Appropriation Changes	4,341	22,581	26,922	17,409	15,036	32,445

- \$5.8 million for the conversion and expansion of the challenge incarceration program;
- \$375,000 for 24-hour nursing services at Minnesota Correctional Facility (MCF) - Shakopee;
- \$1 million for a high risk probation reduction program in the Twin Cities;
- \$300,000 for inmate re-entry and halfway house grants;
- \$1 million for mental health beds and release planners at the department (see discussion on page 36); and
- \$1.9 million for information technology upgrades for the department.

Finally, Chapter 109, which expanded the criminal vehicular homicide felony penalty, increased the General Fund base to the Department of Corrections by \$13,000 beginning in FY 2019.

Department of Public Safety

FY 2016-17 General Fund appropriations to the Department of Public Safety's criminal sections increased by \$2.5 million. Of this amount, Chapter 189 increased General Fund appropriations by \$1.7 million and Chapter 160 increased appropriations by \$813,000. These additional appropriations were allocated as follows:

- \$630,000 for six DNA lab forensic scientists. The base appropriation in FY 2018 and later is increased by \$1 million annually compared to the February 2016 forecast. The increase in FY 2018 will fund two additional scientists;
- \$150,000 for a legal services grant that will provide Child in Need of Protection (CHIPS) and foster care services for children in Ramsey County;
- \$820,000 for sex trafficking investigation grants;
- \$325,000 for drug laboratory forensic scientists and equipment; and

- \$488,000 was transferred from the General Fund to the Community Justice Reinvestment Account in the Special Revenue Fund. (see the discussion on page 36.)

Department of Human Rights

Chapter 189 increased the ongoing General Fund appropriation to the Department of Human Rights in FY 2017 by \$180,000 for a regional human rights office in St. Cloud.

STATE DEPARTMENTS AND VETERANS

Several chapters made appropriation changes to the FY 2016-17 State Departments and Veterans budget area during the 2016 session. Most changes were made in Chapter 189. Overall, the changes enacted during the 2016 session increased total appropriations by \$20.9 million, of which \$20.4 million was from the General Fund. Table 9 outlines the enacted General Fund changes to the FY 2016-17.

Legislative Coordinating Commission

Chapter 179 cancelled a FY 2017 \$24,000 General Fund appropriation to the Legislative Coordinating Commission (LCC) to support the administration of the task force on medical cannabis therapeutic research. Chapter 179 transferred the responsibility for administering this task force to the Department of Health, so the LCC appropriation was transferred as well.

Secretary of State

Chapter 162 established a presidential nomination primary beginning in 2020. To accommodate the computer programming preparatory work in the statewide voter registration system and elections reporting system associated with a presidential primary, \$111,000 in one-time funding from the General Fund was added to the FY 2019 base

budget of the Secretary of State. Chapter 162 also established a program to reimburse municipalities and counties for the actual costs of administering this primary. A presidential nomination primary elections account in the Special Revenue Fund was established in this act. The Commissioner of Management and Budget will transfer money from the General Fund to the account, based upon a certification made by the Secretary of State, equal to the estimated costs of implementing the presidential nomination primary at the state and local level. The expenses associated with running the primary will then be paid from this account.

Department of Administration

Chapter 189 appropriated \$1.2 million from the General Fund to the Department of Administration in FY 2017. Of this amount, \$148,000 in ongoing funds was allocated to meet the staffing costs to assist state agencies and the Governor’s Council on Developmental Disabilities with implementation of the state’s Olmstead Plan. (See page 26 for additional discussion on the Olmstead Plan.) \$1 million in one-time funding was appropriated for accounting and procurement software to assist businesses that are majority-owned and operated by women, persons with a substantial disability, or specific minorities, and are eligible for preferences under state contracting law. The remaining \$50,000 was appropriated for a one-time grant to the Association of Minnesota Public Educational Radio Stations (AMPRES) for statewide programming to promote the Veterans’ Voices program.

Department of Management and Budget (MMB)

Chapter 189 appropriated \$2 million in one-time funding in FY 2017 from the General Fund to MMB to enhance security and disaster recovery for statewide information technology systems. An additional \$18,000 was

Exoneration Remedies and Claims Act

In the 2014 session, Chapter 269 established a process to compensate persons who have been determined to be innocent of a crime for which they served a prison sentence. The Imprisonment and Exoneration Remedies Act permits a person to obtain a determination by the court that the individual is eligible for compensation, based on exoneration from a crime. Chapter 269 requires a compensation panel established by the Supreme Court to review an exonerated person's eligibility for compensation. If the panel determines that an individual is eligible for an award, the panel must recommend an amount of compensation that the individual is eligible to receive, based on statutory guidelines. The panel forwards the recommendation to the Commissioner of Management and Budget, who is required to submit the amount of the final award to the Legislature. If the recommended award is enacted into law, any future damages awarded to the claimant resulting from the false imprisonment must be offset by the damage award received under Chapter 269.

In 2016, the Legislature received the first recommendations made after the enactment of the 2014 law. The Supreme Court panel made three recommendations for exoneration compensation totaling \$1.8 million. The Legislature approved all three recommendations and appropriated the money from the General Fund to Minnesota Management and Budget in Chapter 148, the Exoneration Remedies and Claims Act. In addition, Chapter 148 appropriated \$12,000 to the Department of Corrections in FY 2017 for individuals who had other claims against the state. (This appropriation was made in the Judiciary and Public Safety budget and is discussed on page 35.)

appropriated for the office of economic analysis to prepare a report on uncertainty in Minnesota's General Fund revenue projections. Chapter 189 established the base for this appropriation at \$9,000 each year beginning in FY 2018. The report is due to the Legislature within 14 days of a budget forecast.

Department of Revenue (DOR)

Chapter 189 appropriated \$1.3 million to the DOR in FY 2017 from the General Fund for tax refund fraud protection. Of this amount \$500,000 was allocated for one-time software and services. The remaining amount, which increased from \$833,000 in FY 2017 to \$1.5 million per year in FY 2018-19, was for communication, outreach, and staffing related to technology, audit and fraud programs.

Other Spending Changes

Chapter 189 appropriated \$10 million one-time in FY 2017 from the General Fund to the Minnesota Amateur Sports Commission for the Mighty Ducks grant program to replace the R-22 refrigerant in the cooling systems of ice arenas throughout the state. R-22 refrigerant is being phased out under federal rule. Chapter 189 honored former Senator James P. Metzen by renaming the program the James P. Metzen Mighty Ducks Ice Center Development Act.

The Humanities Center received a one-time \$95,000 appropriation in FY 2017 from the General Fund for the Veterans' Voices program. The appropriation also supports education efforts related to the program.

Chapter 189 also changed several Board of Barber Examiners requirements by eliminating the apprenticeship requirements

Table 9 - State Departments and Veterans Budget
General Fund Changes Compared to Forecast
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
<u>Appropriation Changes</u>						
Legislature						
Medical Cannabis Research Cancellation	-	(24)	(24)	(24)	(24)	(48)
Secretary of State						
Presidential Primary	-	-	-	-	111	111
Department of Administration						
Olmstead Plan Increased Capacity	-	148	148	148	148	296
Accounting Procurement Software	-	1,000	1,000	-	-	-
AMPERS Veterans Voice Grant	-	<u>50</u>	<u>50</u>	-	-	-
Agency Total	-	1,198	1,198	148	148	296
Department of Management and Budget (MMB)						
IT Security	-	2,000	2,000	-	-	-
Revenue Uncertainty Report	-	<u>18</u>	<u>18</u>	<u>9</u>	<u>9</u>	<u>18</u>
Agency Total	-	2,018	2,018	9	9	18
Department of Revenue						
Tax Refund Fraud Protection	-	1,333	1,333	1,506	1,506	3,012
MN Amateur Sports Commission (MASC)						
Mighty Ducks Ice Arena Air Quality Grants	-	10,000	10,000	-	-	-
Humanities Center						
Veterans Voices	-	95	95	-	-	-
Tort Claims						
Claims Bill, Exoneration Payments	-	1,787	1,787	-	-	-
MN State Retirement System (MSRS)						
Judges Plan Direct Appropriation	-	3,000	3,000	6,000	6,000	12,000
Military Affairs						
National Guard Security Improvements	-	248	248	248	248	496

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Veterans Affairs						
Cottages of Anoka - Rent Subsidies Grant	-	100	100	-	-	-
State Soliders Housing & Health Grants	-	200	200	-	-	-
Veterans Mental Health Study	-	150	150	-	-	-
Disabled Veterans Interim Housing Study	-	250	250	-	-	-
Agency Total	-	700	700	-	-	-
Total General Fund Appropriation Changes	-	20,355	20,355	7,887	7,998	15,885

and fees, in addition to adjusting the fee schedule. These changes resulted in one-time revenue to the General Fund from an anticipated increase in graduating barber students who will take the registered barber examination. New revenue was estimated to be \$7,000 in FY 2017 and \$5,000 in FY 2018.

Chapter 183 changed the deposit of civil fine revenue by the Racing Commission from the General Fund to the racing and card-playing regulation account in the Special Revenue Fund. Chapter 183 also specified that the revenue must be used to support the efforts of organizations dedicated to the repurposing and retirement of racehorses. The loss of revenue to the General Fund was estimated to be \$27,000 per fiscal year beginning in FY 2017.

Chapter 183 also made changes to financially support the operations of the Racing Commission and forgo the need for future General Fund appropriations. Chapter 183 legalized Advance Deposit Wagering (ADW) on horseracing and gave the Racing Commission regulatory authority over ADW. ADW is a form of gambling in which bettors must prefund a betting account before being allowed to submit a bet. Chapter 183 created a new license application fee and two wagering fees that are administered by the

Racing Commission. These new revenue sources total \$145,000 in FY 2017 and are as follows:

- An annual Class C license that ADW providers must obtain to be permitted to accept ADW betting on horseracing. The initial Class C license application fee is \$10,000, and \$2,500 in each subsequent year. The revenue from this license fee is deposited in the Special Revenue Fund racing and card-playing regulation account. In FY 2017, the Class C license fee was projected to generate \$20,000.
- A one percent regulatory fee on all amounts wagered by Minnesota residents with a licensed ADW provider. The revenue from this fee is deposited in the racing and card-playing regulation account and appropriated to the Racing Commission to pay for costs associated with regulating horseracing and pari-mutuel wagering in Minnesota. In FY 2017, this regulatory fee revenue was estimated at \$100,000.
- A 0.25 percent Breeders Fund fee on all amounts wagered by Minnesota residents with a licensed ADW provider. The revenue from this fee is deposited in the racing and card-playing regulation account and appropriated to the Racing

**Table 10 - Transportation and Public Safety
General Fund Changes Compared to Forecast**
(dollars in thousands)

	FY 2016	FY 2017	FY 2016-17	FY 2018	FY 2019	FY 2018-19
Appropriation Changes						
Department of Public Safety						
Public Safety Officers Survivor Benefits	-	260	260	260	260	520
Total Appropriation Changes	-	260	260	260	260	520

Commission to pay the costs of administering the Breeders Fund, which supports the activities of Minnesota's horseracing industry. The resources from this fee may also be used by the Racing Commission to promote horse breeding in Minnesota. The projected Breeders Fund fee revenue is \$25,000 in FY 2017.

Chapter 189 appropriated \$3 million from the General Fund in FY 2017 and added \$6 million per fiscal year to the base beginning in FY 2018 to the Minnesota State Retirement System for funding the Judges Retirement Plan. Currently the plan is only 53.3 percent funded and is projected to decline over time.

The Department of Military Affairs received an ongoing appropriation of \$248,000 from the General Fund in FY 2017. This funding, contained in Chapter 189, was for payroll and contracted testing costs related to arming the security guard force at Camp Ripley and the army aviation support facilities.

Chapter 189 appropriated \$700,000 from the General Fund to the Department of Veterans Affairs for grants related to housing subsidies and health assistance, studies on veterans'

mental health, and support for disabled veterans' interim housing.

TRANSPORTATION AND PUBLIC SAFETY

Chapter 189 increased the FY 2016-17 Transportation and Public Safety budget by \$4.8 million, of which \$260,000 was from the General Fund. The only changes in this budget area were made to the Department of Public Safety.

Department of Public Safety

Chapter 189 increased the FY 2017 General Fund appropriation for public safety officer survivor benefit payments by \$260,000 to accommodate a projected increase in benefit payout requests resulting from expanded eligibility criteria also contained in Chapter 189. This base increase raised the annual benefit payment appropriation to \$640,000. In addition, Chapter 189 increased the base appropriation from the Trunk Highway Fund to the Minnesota State Patrol by \$4.5 million, beginning in FY 2017. This increase was for an annual State Patrol Academy, including the costs of recruiting, hiring, training, and equipping new State Patrol officers.

Table 11 - Debt Service, Capital Projects, and Grants
General Fund Changes Compared to Forecast
(dollars in thousands)

	<u>FY</u> <u>2016</u>	<u>FY</u> <u>2017</u>	<u>FY</u> <u>2016-17</u>	<u>FY</u> <u>2018</u>	<u>FY</u> <u>2019</u>	<u>FY</u> <u>2018-19</u>
Appropriation Changes						
Debt Service, Capital Projects, and Grants						
Capital Investment Debt Service Assumption	- (12,540)	(12,540)	(12,540)	(35,666)	(61,580)	(97,246)
Maximum Effort Capital Loans - Early Repayment	- (53,349)	(53,349)	(53,349)	439	737	1,176
Total General Fund Appropriation Changes	- (65,889)	(65,889)	(65,889)	(35,227)	(60,843)	(96,070)

TAX AIDS AND CREDITS

There were no changes to the Tax Aids and Credits budget during the 2016 session. The budget totaled \$3.4 billion, of which 99 percent was from the General Fund.

DEBT SERVICE, CAPITAL PROJECTS, AND GRANTS

The enacted FY 2016-17 General Fund budget appropriated \$1.4 billion for the Debt Service, Capital Projects, and Grants budget area, and was \$65.9 million lower than the February 2016 forecast. Table 11 displays the General Fund changes in this budget area. Debt service appropriations from the General Fund decreased for two reasons. First, based on historic averages in even year numbered

legislative sessions, the February 2016 forecast assumed that an \$800 million capital investment act would be enacted during the 2016 session. When this did not occur, the FY 2017 debt service appropriation associated with this assumption declined by \$12.5 million.

Second, Chapter 189 included a provision to allow school districts with a maximum effort capital loan to repay the outstanding principal on the capital loan to fully satisfy the district's obligation and discharge the loan. It is anticipated that several districts will take advantage of this opportunity, which will reduce debt service appropriations from the General Fund by \$53.3 million in FY 2017. See page 19 for a detailed discussion of this provision.

APPENDICES

Appendix A				
All Budget Areas				
All Funds Biennial Spending by Agency and Fund				
<i>(dollars in thousands)</i>				
<u>Budget Area/Agency/Fund</u>	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
E-12 EDUCATION				
Department of Education				
General Fund	16,580,968	17,280,600	77,017	17,357,617
Special Revenue Fund	26,866	29,051	-	29,051
Endowment & Permanent School Fund	49,380	55,375	-	55,375
Federal Fund	1,489,270	1,610,471	32	1,610,503
Gift Fund	125	184	-	184
Arts & Cultural Heritage Fund	6,000	4,334	-	4,334
Expenses in Multiple Funds	(10,134)	(11,609)	-	(11,609)
Total Department of Education	18,142,475	18,968,407	77,049	19,045,456
Board of Teaching				
General Fund	-	-	1,018	1,018
Faribault Academies				
General Fund	23,713	25,672	-	25,672
Special Revenue Fund	5,123	6,936	-	6,936
Federal Fund	513	567	-	567
Gift Fund	71	48	-	48
Total Faribault Academies	29,419	33,222	-	33,222
Center for Arts Education				
General Fund	13,576	13,845	-	13,845
Special Revenue Fund	5,652	5,221	-	5,221
Gift Fund	6	-	-	-
Federal Fund	204	660	20	680

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Arts & Cultural Heritage Fund	2,257	1,376	-	1,376
Total Center for Arts Education	21,695	21,102	20	21,122
Totals by Fund				
General Fund	16,618,257	17,320,117	78,035	17,398,152
Special Revenue Fund	37,642	41,208	-	41,208
Endowment & Permanent School Fund	49,380	55,375	-	55,375
Federal Fund	1,489,987	1,611,698	52	1,611,750
Gift Fund	202	232	-	232
Arts & Cultural Heritage Fund	8,257	5,710	-	5,710
Expenses in Multiple Funds	(10,134)	(11,609)	-	(11,609)
Total for Budget Area	18,193,590	19,022,731	78,087	19,100,818
HIGHER EDUCATION				
Office of Higher Education				
General Fund	444,102	467,473	5,210	472,683
Federal Fund	9,954	7,935	-	7,935
Special Revenue Fund	1,375	1,769	2,000	3,769
Expenses in Multiple Funds	(564)	(464)	-	(464)
Total Office of Higher Education	454,867	476,713	7,210	483,923
University of Minnesota				
General Fund	1,176,798	1,251,098	900	1,251,998
Special Revenue Fund	44,742	44,720	-	44,720
Health Care Access Fund	4,314	4,314	-	4,314
Clean Water Fund	1,230	-	-	-
Outdoor Heritage Fund	1,000	-	-	-
Parks and Trails Fund	250	-	-	-
Environment and Natural Resources Fund	28,707	13,447	14,778	28,225
Total University of Minnesota	1,257,041	1,313,579	15,678	1,329,257
Minnesota State Colleges and Universities (MnSCU)				
General Fund	1,210,058	1,345,651	790	1,346,441
Environment and Natural Resources Fund	62	891	493	1,384
Total MnSCU	1,210,120	1,346,542	1,283	1,347,825

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Mayo Medical Foundation				
General Fund	2,702	2,702	-	2,702
Totals by Fund				
General Fund	2,833,660	3,066,924	6,900	3,073,824
Special Revenue Fund	46,117	46,489	2,000	48,489
Health Care Access Fund	4,314	4,314	-	4,314
Clean Water Fund	1,230	-	-	-
Outdoor Heritage Fund	1,000	-	-	-
Parks and Trails Fund	250	-	-	-
Environment and Natural Resources Fund	28,769	14,338	15,271	29,609
Federal Fund	9,954	7,935	-	7,935
Expenses in Multiple Funds	(564)	(464)	-	(464)
Total for Budget Area	2,924,730	3,139,536	24,171	3,163,707
TAXES - AIDS AND CREDITS				
<u>General Fund</u>				
- Property Tax Refunds	1,106,488	1,308,024	-	1,308,024
- City Aid	934,955	1,036,324	-	1,036,324
- Police/Fire/Insurance State Aid	183,508	201,644	-	201,644
- Other Aids and Credits	708,227	805,423	-	805,423
Subtotal General Fund:	2,933,178	3,351,415	-	3,351,415
Highway User Tax Distribution Fund	18	40	-	40
Health Care Access Fund	522	875	-	875
Environmental Fund	0	2	-	2
Special Revenue Fund	1,510	1,642	-	1,642
Total for Budget Area	2,935,229	3,353,974	-	3,353,974
HEALTH AND HUMAN SERVICES				
Department of Human Services				
General Fund	10,941,888	11,739,934	80,571	11,820,505
State Government Special Revenue Fund	8,568	8,788	-	8,788

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Special Revenue Fund	1,034,480	966,746	-	966,746
Health Care Access Fund	968,867	1,269,644	737	1,270,381
Gift Fund	57	136	-	136
Federal Fund	14,728,822	18,342,478	8,435	18,350,913
Federal TANF Fund	326,266	359,182	-	359,182
Expenses in Multiple Funds	(28,475)	-	-	-
Total Department of Human Services	27,980,472	32,686,909	89,743	32,776,652
Department of Health				
General Fund	162,991	181,665	57	181,722
Medical Education & Research Fund	159,402	152,107	-	152,107
State Government Special Revenue Fund	90,216	106,139	146	106,285
Special Revenue Fund	110,392	111,178	94	111,272
Health Care Access Fund	62,210	69,905	2,035	71,940
Clean Water Fund	8,960	10,231	(100)	10,131
Gift Fund	36	0	-	0
Environmental Fund	1,840	1,468	-	1,468
Remediation Fund	499	503	-	503
Federal Fund	506,358	506,413	19,222	525,635
Federal TANF Fund	23,679	23,426	-	23,426
Expenses in Multiple Funds	(55,972)	(50,000)	-	(50,000)
Total Department of Health	1,070,612	1,113,035	21,454	1,134,489
Disability Council				
General Fund	1,229	1,251	-	1,251
Special Revenue Fund	322	78	-	78
Gift Fund	17	-	-	-
Federal Fund	27	-	-	-
Total Disability Council	1,596	1,329	-	1,329
Ombudsperson for MH/DD				
General Fund	3,473	4,142	350	4,492
Ombudsperson for Families				
General Fund	667	845	-	845
Special Revenue Fund	161	300	-	300
Total Ombudsperson for Families	828	1,145	-	1,145

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
MNSure				
Federal Fund	58,499	-	-	-
Health Related Boards				
General Fund	5,684	5,941	-	5,941
State Government Special Revenue Fund	33,188	39,820	547	40,367
Special Revenue Fund	3,210	4,235	-	4,235
Gift Fund	-	4	-	4
Federal Fund	394	526	-	526
Total Health Related Boards	42,476	50,526	547	51,073
Transfer to Health Care Access Fund				
General Fund	505,000	-	-	-
Totals by Fund				
General Fund	11,620,932	11,933,778	80,978	12,014,756
Medical Education Endowment Fund	159,402	152,107	-	152,107
State Government Special Revenue Fund	131,972	154,747	693	155,440
Special Revenue Fund	1,148,564	1,082,537	94	1,082,631
Health Care Access Fund	1,031,077	1,339,549	2,772	1,342,321
Clean Water Fund	8,960	10,231	(100)	10,131
Gift Fund	109	140	-	140
Environmental Fund	1,840	1,468	-	1,468
Remediation Fund	499	503	-	503
Federal Fund	15,294,101	18,849,417	27,657	18,877,075
Federal TANF Fund	349,945	382,608	-	382,608
Expenses in Multiple Funds	(84,447)	(50,000)	-	(50,000)
Total for Budget Area	29,662,955	33,857,086	112,094	33,969,180
JUDICIARY AND PUBLIC SAFETY				
Supreme Court				
General Fund	89,736	94,807	1,000	95,807
Special Revenue Fund	7,070	8,184	-	8,184
Gift Fund	2	-	-	-
Federal Funds	7,324	8,067	-	8,067
Total Supreme Court	104,132	111,058	1,000	112,058

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Court of Appeals				
General Fund	21,710	23,496	-	23,496
District Courts				
General Fund	504,636	543,792	1,547	545,339
Special Revenue Fund	2,642	3,309	-	3,309
Gift Fund	267	561	-	561
Federal Fund	23,691	34,788	-	34,788
Total District Courts	531,236	582,450	1,547	583,997
Legal Professions Board				
Special Revenue Fund	12,615	14,142	-	14,142
Guardian ad litem				
General Fund	25,227	28,474	878	29,352
Special Revenue Fund	2,970	3,070	-	3,070
Total Guardian ad litem	28,197	31,544	878	32,422
Tax Court				
General Fund	2,055	3,925	-	3,925
Uniform Laws Commission				
General Fund	226	181	-	181
Judicial Standards Board				
General Fund	970	1,067	-	1,067
Peace Officer Standards & Training Board				
General Fund	50	-	-	-
Special Revenue Fund	8,090	8,742	-	8,742
Total POST Board	8,140	8,742	-	8,742
Board of Public Defense				
General Fund	144,946	160,258	-	160,258
Special Revenue Fund	1,922	-	-	-
Federal Fund	477	-	-	-
Gift Fund	131	-	-	-
Total Board of Public Defense	147,475	160,258	-	160,258

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Private Detective Board				
General Fund	240	376	-	376
Department of Human Rights				
General Fund	6,947	7,909	180	8,089
Special Revenue Fund	339	116	-	116
Total Department of Human Rights	7,286	8,025	180	8,205
Department of Corrections				
General Fund	999,166	1,065,621	20,779	1,086,400
Special Revenue Fund	31,076	37,520	-	37,520
Gift Fund	23	17	-	17
Federal Fund	8,223	11,776	-	11,776
Expenses in Multiple Funds	(4,063)	(4,200)	-	(4,200)
Total Department of Corrections	1,034,425	1,110,734	20,779	1,131,513
Sentencing Guidelines Commission				
General Fund	1,169	1,199	37	1,236
Department of Public Safety (Criminal)				
General Fund	181,540	192,939	2,013	194,952
State Government Special Revenue Fund	59,895	87,171	-	87,171
Special Revenue Fund	58,370	64,694	(94)	64,600
Gift Fund	40	107	-	107
Trunk Highway Fund	4,527	4,620	-	4,620
Environmental Fund	137	138	-	138
Federal Fund	147,662	83,222	-	83,222
Total Public Safety (Criminal)	452,170	432,891	1,919	434,810
Transfers to Other Funds				
General Fund	-	21,900	488	22,388
Totals by Fund				
General Fund	1,978,618	2,145,944	26,922	2,172,866
State Government Special Revenue Fund	59,895	87,171	-	87,171
Special Revenue Fund	125,093	139,776	(94)	139,682
Gift Fund	462	685	-	685

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Trunk Highway Fund	4,527	4,620	-	4,620
Environmental Fund	137	138	-	138
Federal Funds	187,377	137,853	-	137,853
Expenses in Multiple Funds	(4,063)	(4,200)	-	(4,200)
Total for Budget Area	2,352,046	2,511,987	26,828	2,538,815
TRANSPORTATION AND PUBLIC SAFETY				
Department of Transportation				
General Fund	44,389	67,673	-	67,673
County State Aid Highway Fund	1,220,754	1,418,945	-	1,418,945
Highway User Tax Distribution Fund	278	283	-	283
Municipal State Aid Street Fund	347,956	360,377	-	360,377
State Airports Fund	44,838	51,948	-	51,948
Transit Assistance Fund	76,433	140,441	-	140,441
Trunk Highway Fund	3,025,568	2,874,778	-	2,874,778
Special Revenue Fund	221,454	285,927	-	285,927
Endowment Fund	-	100	-	100
State Government Special Revenue	18,912	19,301	-	19,301
Federal Fund	518,841	841,443	11,353	852,796
Expenses in Multiple Funds	(293)	-	-	-
Total Department of Transportation	5,519,130	6,061,216	11,353	6,072,569
Metropolitan Council				
General Fund	187,693	182,752	-	182,752
Transit Assistance Fund	487,846	535,004	-	535,004
Total Metropolitan Council	675,539	717,756	-	717,756
Dept. of Public Safety (Transportation)				
General Fund	23,308	27,214	260	27,474
Highway User Tax Distribution Fund	18,145	4,405	-	4,405
Trunk Highway Fund	180,674	194,410	4,500	198,910
Special Revenue Fund	141,858	193,720	-	193,720
State Government Special Revenue	2,600	2,734	-	2,734
Gift Fund	171	134	-	134
Federal Fund	73,058	108,581	-	108,581

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Expenses in Multiple Funds	(2,915)	(2,834)	-	(2,834)
Total Public Safety (Transportation)	436,899	528,365	4,760	533,125
Repay State Airports Fund				
General Fund	15,000	-	-	-
Totals by Fund				
General Fund	270,390	277,639	260	277,899
County State Aid Highway Fund	1,220,754	1,418,945	-	1,418,945
Highway User Tax Distribution Fund	18,423	4,688	-	4,688
Municipal State Aid Street Fund	347,956	360,377	-	360,377
State Airports Fund	44,838	51,948	-	51,948
Transit Assistance Fund	564,279	675,445	-	675,445
Trunk Highway Fund	3,206,242	3,069,188	4,500	3,073,688
Special Revenue Fund	363,312	479,647	-	479,647
State Government Special Revenue	21,513	22,035	-	22,035
Endowment Fund	-	100	-	100
Gift Fund	171	134	-	134
Federal Fund	591,899	950,024	11,353	961,378
Expenses in Multiple Funds	(3,208)	(2,834)	-	(2,834)
Total for Budget Area	6,646,568	7,307,337	16,113	7,323,450
ENVIRONMENT AND ENERGY				
Pollution Control Agency				
General Fund	9,335	16,903	1,918	18,821
State Govt Special Revenue Fund	153	152	-	152
Special Revenue Fund	56,157	64,995	-	64,995
Environmental Fund	145,691	153,018	702	153,720
Remediation Fund	68,307	63,684	-	63,684
Federal Funds	46,715	51,595	30	51,625
Env & Natural Resources Trust Fund	574	169	180	349
Clean Water Fund	57,565	54,698	192	54,890
Expenses in Multiple Funds	(47,371)	(50,764)	-	(50,764)
Total Pollution Control Agency	337,126	354,450	3,022	357,473

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Board of Water and Soil Resources				
General Fund	33,222	27,112	479	27,591
Special Revenue Fund	13,820	12,084	-	12,084
Federal Funds	6,643	2,424	575	2,999
Env & Natural Resources Trust Fund	4,376	2,964	543	3,507
Outdoor Heritage Fund	76,358	27,390	22,016	49,406
Clean Water Fund	69,858	121,430	(1,665)	119,765
Total Board of Water and Soil Resources	204,277	193,404	21,948	215,352
Transfer to Closed Landfill Inv. Fund				
General Fund	61,276	71,315	-	71,315
Energy - Department of Commerce				
General Fund	29,477	17,693	832	18,525
Special Revenue Fund	35,312	46,480	-	46,480
Petroleum Tank Release Cleanup Fund	9,945	20,796	100	20,896
Federal Funds	258,825	310,314	-	310,314
Total Energy - Dept. of Commerce	333,559	395,283	932	396,215
Public Utilities Commission				
General Fund	12,797	13,896	882	14,778
Special Revenue Fund	3,646	3,964	-	3,964
Total Public Utilities Commission	16,443	17,860	882	18,742
Totals by Fund				
General Fund	146,107	146,919	4,111	151,030
State Govt Special Revenue Fund	153	152	-	152
Special Revenue Fund	108,935	127,523	-	127,523
Environmental Fund	145,691	153,018	702	153,720
Remediation Fund	68,307	63,684	-	63,684
Petroleum Tank Release Cleanup Fund	9,945	20,796	100	20,896
Federal Funds	312,183	364,333	605	364,938
Env & Natural Resources Trust Fund	4,950	3,133	723	3,856
Outdoor Heritage Fund	76,358	27,390	22,016	49,406
Clean Water Fund	127,423	176,128	(1,473)	174,655
Expenses in Multiple Funds	(47,371)	(50,764)	-	(50,764)
Total for Budget Area	952,682	1,032,312	26,784	1,059,097

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
NATURAL RESOURCES, ECONOMIC DEVELOPMENT AND AGRICULTURE				
Department of Natural Resources				
General Fund	185,466	199,847	11,166	211,013
Natural Resources Fund	171,852	185,452	4,755	190,207
Game & Fish Fund	205,075	229,650	780	230,430
Special Revenue Fund	245,314	274,993	-	274,993
Remediation Fund	538	2,302	-	2,302
Gift Fund	2,690	3,470	-	3,470
Permanent School Fund	428	407	-	407
Federal Funds	29,075	42,998	375	43,373
Env & Natural Resources Trust Fund	31,764	32,005	20,082	52,087
Outdoor Heritage Fund	173,718	120,253	87,831	208,084
Parks & Trails Fund	53,452	61,634	-	61,634
Clean Water Fund	20,434	26,858	(1,042)	25,816
Expenses in Multiple Funds	(86,014)	(180,668)	-	(180,668)
Total Department of Natural Resources	1,033,792	999,200	123,947	1,123,147
Minnesota Conservation Corps				
General Fund	910	910	-	910
Natural Resources Fund	980	980	-	980
Total MN Conservation Corps	1,890	1,890	-	1,890
Metropolitan Council Parks				
General Fund	5,815	6,140	-	6,140
Natural Resources Fund	11,790	11,340	-	11,340
Env & Natural Resources Trust Fund	3,126	1,125	-	1,125
Parks & Trails Fund	33,774	35,304	-	35,304
Clean Water Fund	4,087	2,450	-	2,450
Total Metropolitan Council Parks	58,592	56,359	-	56,359
Minnesota Zoological Board				
General Fund	12,200	16,500	-	16,500
Natural Resources Fund	320	320	-	320
Special Revenue Fund	29,087	21,550	-	21,550
Gift Fund	6,645	4,914	-	4,914
Federal Funds	8	52	14	66
Env & Natural Resources Trust Fund	164	432	568	1,000

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Arts & Cultural Heritage Fund	4,039	3,694	-	3,694
Expenses in Multiple Funds	(399)	(900)	-	(900)
Total Minnesota Zoological Board	52,064	46,562	582	47,144
Department of Agriculture				
General Fund	67,205	99,657	1,333	100,990
Agricultural Fund	51,944	57,021	750	57,771
Special Revenue Fund	13,355	15,457	-	15,457
Remediation Fund	2,847	3,896	-	3,896
Gift Fund	174	41	-	41
Federal Funds	14,775	26,979	5,087	32,066
Env & Natural Resources Trust Fund	843	926	511	1,437
Clean Water Fund	13,743	17,421	1,849	19,270
Expenses in Multiple Funds	(9,099)	(9,123)	-	(9,123)
Total Dept. of Agriculture	155,786	212,276	9,530	221,806
Animal Health Board				
General Fund	10,058	12,871	-	12,871
Special Revenue Fund	160	189	-	189
Federal Funds	1,364	2,054	350	2,404
Total Animal Health Board	11,582	15,115	350	15,465
Agriculture Utilization Research Inst.				
General Fund	7,286	7,286	-	7,286
Special Revenue Fund	1,000	-	-	-
Total AURI	8,286	7,286	-	7,286
Science Museum				
General Fund	2,158	2,158	-	2,158
Env & Natural Resources Trust Fund	210	1,380	679	2,059
Total Science Museum	2,368	3,538	679	4,217
Department of Commerce				
General Fund	39,736	44,720	77	44,797
Special Revenue Fund	23,432	43,033	-	43,033
Worker's Compensation Fund	1,355	1,502	-	1,502
Expenses in Multiple Funds	(2,101)	(1,960)	-	(1,960)
Total Department of Commerce	62,422	87,295	77	87,372

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Employment and Economic Development				
General Fund	171,268	211,770	76,521	288,291
Workforce Development Fund	109,406	123,382	(250)	123,132
Special Revenue Fund	69,669	70,921	7	70,928
Petroleum Tank Release Cleanup Fund	13,008	19,448	-	19,448
Remediation Fund	2,524	1,400	-	1,400
Gift Fund	1,358	707	-	707
Federal Funds	495,229	620,284	-	620,284
Expenses in Multiple Funds	(32,169)	(31,828)	-	(31,828)
Total Employment and Economic Dev	830,293	1,016,084	76,278	1,092,362
Housing Finance Agency				
General Fund	103,946	104,596	2,500	107,096
Federal Funds	-	-	1,054	1,054
Total Housing Finance Agency	103,946	104,596	3,554	108,150
Labor and Industry				
General Fund	2,369	8,568	(5,982)	2,586
Workforce Development Fund	2,025	2,110	250	2,360
Worker's Compensation Fund	152,135	179,854	-	179,854
State Government Special Revenue	52,694	55,532	-	55,532
Special Revenue	10,187	13,236	-	13,236
Federal Funds	10,595	10,240	-	10,240
Expenses in Multiple Funds	(7,227)	(7,558)	-	(7,558)
Total Labor and Industry	222,779	261,982	(5,732)	256,250
Board of Mediation Services				
General Fund	4,310	4,442	388	4,830
Workers Compensation Court of Appeals				
Worker's Compensation Fund	3,347	3,406	-	3,406
Iron Range Resources and Rehabilitation				
General Fund	3,552	5,440	-	5,440
Iron Range Resources and Rehab Fund	127,652	96,578	-	96,578
Economic Protection Trust Fund	36,675	10,177	-	10,177
Total Iron Range Resources and Rehab	167,879	112,194	-	112,194

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Public Facilities Authority				
Special Revenue Fund	97	139	-	139
Clean Water Fund	15,167	54,061	-	54,061
Total Public Facilities Authority	15,264	54,199	-	54,199
Explore Minnesota Tourism				
General Fund	28,461	28,366	1,073	29,439
Special Revenue Fund	2,456	2,370	-	2,370
Total Explore Minnesota Tourism	30,917	30,736	1,073	31,809
Totals by Fund				
General Fund	644,740	753,273	87,076	840,349
State Govt Special Revenue Fund	52,694	55,532	-	55,532
Special Revenue Fund	394,758	441,887	7	441,894
Remediation Fund	5,909	7,598	-	7,598
Natural Resources Fund	184,942	198,092	4,755	202,847
Game & Fish Fund	205,075	229,650	780	230,430
Agricultural Fund	51,944	57,021	750	57,771
Gift Fund	10,867	9,132	-	9,132
Permanent School Fund	428	407	-	407
Petroleum Tank Release Cleanup Fund	13,008	19,448	-	19,448
Worker's Compensation Fund	156,838	184,762	-	184,762
Workforce Development Fund	111,430	125,492	-	125,492
Iron Range Resources and Rehab Fund	127,652	96,578	-	96,578
Economic Protection Trust Fund	36,675	10,177	-	10,177
Federal Funds	551,047	702,607	6,880	709,487
Env & Natural Resources Trust Fund	36,107	35,868	21,840	57,708
Outdoor Heritage Fund	173,718	120,253	87,831	208,084
Clean Water Fund	53,431	100,789	807	101,596
Parks & Trails Fund	87,226	96,938	-	96,938
Arts & Cultural Heritage Fund	4,039	3,694	-	3,694
Expenses in Multiple Funds	(137,009)	(232,037)	-	(232,037)
Total for Budget Area	2,765,518	3,017,160	210,726	3,227,886

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
STATE DEPARTMENTS AND VETERANS				
Legislature				
General Fund	134,220	174,237	(24)	174,213
Health Care Access Fund	168	447	-	447
Special Revenue Fund	373	800	-	800
Env & Natural Resources Trust Fund	942	2,194	75	2,269
Minnesota Future Resources	-	-	25	25
Outdoor Heritage Fund	965	1,445	-	1,445
Arts & Cultural Heritage Fund	19	-	-	-
Clean Water Fund	20	-	-	-
Parks & Trails Fund	9	-	-	-
Gift Fund	3	-	-	-
Federal Fund	674	1	-	1
Total Legislature	137,394	179,124	76	179,200
Governors Office				
General Fund	6,703	7,231	-	7,231
Special Revenue Fund	2,240	2,374	-	2,374
Total Governors Office	8,943	9,605	-	9,605
State Auditor				
General Fund	3,816	4,420	-	4,420
Special Revenue Fund	1,626	1,475	-	1,475
Total State Auditor	5,442	5,895	-	5,895
Attorney General				
General Fund	38,350	44,250	-	44,250
State Government Special Revenue Fund	4,421	3,645	-	3,645
Special Revenue Fund	19,741	19,338	-	19,338
Environmental Fund	-	290	-	290
Remediation Fund	-	500	-	500
Federal Fund	2,356	2,750	-	2,750
Expenses in Multiple Funds	(343)	(388)	-	(388)
Total for Attorney General	64,523	70,384	-	70,384
Secretary of State				
General Fund	12,371	13,262	-	13,262

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Special Revenue Fund	6,733	7,304	-	7,304
Federal Fund	9	-	-	-
Total Secretary of State	19,113	20,566	-	20,566
Campaign Finance and Public Discl Bd				
General Fund	5,013	4,995	-	4,995
Special Revenue Fund	2,580	2,798	-	2,798
Total Campaign Fin and Public Discl Bd	7,593	7,793	-	7,793
Investment Board				
General Fund	278	278	-	278
Special Revenue Fund	7,818	10,516	-	10,516
Total Investment Board	8,096	10,794	-	10,794
Administrative Hearings				
General Fund	739	763	-	763
Environmental Fund	48	100	-	100
Workers Compensation Special Fund	13,554	14,500	-	14,500
Total Administrative Hearings	14,341	15,363	-	15,363
MN.IT Services				
General Fund	16,232	9,944	-	9,944
Special Revenue Fund	31,134	55,564	-	55,564
Federal Fund	85	-	-	-
Total MN.IT Services	47,451	65,508	-	65,508
Administration Dept.				
General Fund	48,482	48,428	1,198	49,626
Special Revenue Fund	78,888	90,858	-	90,858
Arts & Cultural Heritage Fund	19,547	21,226	-	21,226
Permanent School Fund	-	600	250	850
Gift Fund	975	34	-	34
Federal Fund	2,980	2,890	-	2,890
Total Administration Dept.	150,872	164,036	1,448	165,484
Capitol Area Architect and Planning Bd				
General Fund	615	698	-	698

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Department of Management & Budget (MMB)				
General Fund	60,963	64,423	2,018	66,441
Special Revenue Fund	21,933	26,908	-	26,908
Total Dept of Management and Budget	82,896	91,331	2,018	93,349
MMB Non-Operating				
General Fund	92,005	64,240	4,787	69,027
State Government Special Revenue Fund	-	800	-	800
Trunk Highway Fund	14	-	-	-
Workers Compensation Fund	-	200	-	200
Federal Fund	15,740	16,200	-	16,200
Total MMB Non-Operating	107,759	81,440	4,787	86,227
Department of Revenue				
General Fund	277,938	285,930	1,333	287,263
Special Revenue Fund	9,608	11,048	-	11,048
Health Care Access Fund	3,462	3,499	-	3,499
Highway Users Tax Distribution Fund	4,313	4,366	-	4,366
Environmental Fund	569	606	-	606
Total Department of Revenue	295,890	305,449	1,333	306,782
Amateur Sports Commission				
General Fund	532	650	10,000	10,650
Special Revenue Fund	161	100	-	100
Total Amateur Sports Commission	693	750	10,000	10,750
Black Minnesotans Council				
General Fund	725	797	-	797
Special Revenue Fund	73	11	-	11
Total Black Minnesotans Council	798	808	-	808
Chicano Latino Affairs Council				
General Fund	747	767	-	767
Special Revenue Fund	4	-	-	-
Total Chicano Latino Affairs Council	751	767	-	767
Asian-Pacific Council				
General Fund	681	723	-	723

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Special Revenue Fund	31	26	-	26
Gift Fund	-	4	-	4
Total Asian-Pacific Council	712	753	-	753
Indian Affairs Council				
General Fund	1,116	1,145	-	1,145
Special Revenue Fund	120	160	-	160
Arts & Cultural Heritage Fund	1,888	2,618	-	2,618
Federal Fund	15	180	-	180
Total Indian Affairs Council	3,139	4,103	-	4,103
Gambling Control Board				
Special Revenue Fund	5,822	6,584	-	6,584
Racing Commission				
General Fund	-	341	-	341
Special Revenue Fund	4,421	5,548	172	5,720
Total Racing Commission	4,421	5,889	172	6,061
Historical Society				
General Fund	43,906	48,964	-	48,964
Special Revenue Fund	141	200	-	200
Arts & Cultural Heritage Fund	33,790	28,550	-	28,550
Total Historical Society	77,837	77,714	-	77,714
Humanities Center				
General Fund	542	1,350	95	1,445
Arts & Cultural Heritage Fund	3,475	4,478	-	4,478
Total Humanities Center	4,017	5,828	95	5,923
Arts Board				
General Fund	15,023	15,052	-	15,052
Special Revenue Fund	7	-	-	-
Arts & Cultural Heritage Fund	53,648	57,413	-	57,413
Gift Fund	86	82	-	82
Federal Fund	1,460	1,471	-	1,471
Total Arts Board	70,225	74,018	-	74,018

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Department of Military Affairs				
General Fund	32,652	60,522	248	60,770
Special Revenue Fund	2,643	2,508	-	2,508
Federal Fund	124,606	174,139	-	174,139
Total Department of Military Affairs	159,901	237,169	248	237,417
Department of Veterans Affairs				
General Fund	122,883	147,838	700	148,538
Special Revenue Fund	188,734	204,783	-	204,783
Gift Fund	894	1,011	-	1,011
Federal Fund	27,807	51,108	-	51,108
Total Department of Veterans Affairs	340,318	404,740	700	405,440
Accountancy Board				
General Fund	1,088	1,280	-	1,280
Architecture, Engineering Board				
General Fund	1,392	1,578	-	1,578
Barbers Board				
General Fund	550	646	-	646
Cosmetologists Board				
General Fund	2,628	5,149	-	5,149
Minn State Retirement System-Pensions				
General Fund	7,855	13,782	-	13,782
Totals by Fund				
General Fund	930,045	1,023,683	20,355	1,044,038
Special Revenue Fund	384,831	448,902	172	449,074
Health Care Access Fund	3,630	3,946	-	3,946
Environmental Fund	617	996	-	996
Remediation Fund	-	500	-	500
State Government Special Revenue	4,421	4,445	-	4,445
Worker's Compensation Fund	13,554	14,700	-	14,700
Highway User Tax Distribution Fund	4,313	4,366	-	4,366
Trunk Highway Fund	14	-	-	-

Budget Area/Agency/Fund	FY 2014-15 Spending	FY 2016-17 February Forecast	2016 Legislative Changes*	Current FY 2016-17 Budget
Permanent School Fund	-	600	250	850
Gift Fund	1,958	1,131	-	1,131
Env & Natural Resources Trust Fund	942	2,194	75	2,269
Minnesota Future Resources	-	-	25	25
Outdoor Heritage Fund	965	1,445	-	1,445
Clean Water Fund	20	-	-	-
Parks & Trails Fund	9	-	-	-
Arts & Cultural Heritage Fund	112,367	114,285	-	114,285
Federal Funds	175,732	248,738	-	248,738
Expenses in Multiple Funds	(343)	(388)	-	(388)
Total for Budget Area	1,633,075	1,869,543	20,877	1,890,420
DEBT SERVICE/OTHER				
Debt Service				
General Fund	1,654,206	1,523,975	(65,889)	1,458,086
Debt Service Fund	1,995,629	1,834,691	-	1,834,691
Total Debt Service:	3,649,835	3,358,666	(65,889)	3,292,777
Capital Projects and Grants				
Trunk Highway Fund	7,947	-	-	-
Cancellations and Other				
General Fund	11,016	(19,752)	-	(19,752)
General Fund Transfer Out	(4,038,340)	(3,483,557)	58,007	(3,425,550)
Total Cancellations and Other:	(4,027,324)	(3,503,309)	58,007	(3,445,302)
Totals by Fund				
General Fund	1,665,222	1,504,223	(65,889)	1,438,334
General Fund Transfer Out	(4,038,340)	(3,483,557)	58,007	(3,425,550)
Trunk Highway Fund	7,947	-	-	-
Debt Service Fund	1,995,629	1,834,691	-	1,834,691
Total for Budget Area	(369,543)	(144,643)	(7,882)	(152,525)
GRAND TOTAL ALL BUDGET AREAS	67,696,848	74,967,023	507,799	75,474,822

* The 2016 Legislative Changes column also contains Federal Funds changes that have been approved by the Legislative Advisory Commission.

Appendix B
General Fund Summary Fund Balance Analysis, FY 2014-2019
(dollars in thousands)

	<u>FY</u> 2014	<u>FY</u> 2015	<u>FY</u> 2014-15	<u>FY</u> 2016	<u>FY</u> 2017	<u>FY</u> 2016-17	<u>FY</u> 2018	<u>FY</u> 2019	<u>FY</u> 2018-19
February Forecast									
<u>Actual & Estimated Resources</u>									
Balance Forward	1,711,915	1,885,866	1,711,915	2,103,017	2,592,235	2,103,017	2,867,970	3,222,418	2,867,970
Current Resources	19,522,258	20,509,994	40,032,252	20,889,927	21,398,940	42,288,867	22,376,281	23,326,318	45,702,599
Total Resources	21,234,173	22,395,860	41,744,167	22,992,944	23,991,175	44,391,884	25,244,251	26,548,736	48,570,569
<u>Actual & Estimated Expenditures</u>									
Total Net Spending	19,348,307	20,292,843	39,641,150	20,400,709	21,123,205	41,523,914	22,021,833	22,496,915	44,518,748
Balance Before Reserves	1,885,866	2,103,017	2,103,017	2,592,235	2,867,970	2,867,970	3,222,418	4,051,821	4,051,821
<u>Reserves</u>									
Total Reserves	1,229,523	1,471,110	1,471,110	1,967,718	1,967,718	1,967,718	1,968,633	1,970,822	1,970,822
Budgetary Balance	656,343	631,907	631,907	624,517	900,252	900,252	1,253,785	2,080,999	2,080,999
Enacted Budget									
<u>Actual & Estimated Resources</u>									
Balance Forward	1,711,915	1,885,866	1,711,915	2,103,017	2,598,803	2,103,017	2,696,307	2,966,251	2,696,307
Current Resources	19,522,258	20,509,994	40,032,252	20,900,594	21,455,358	42,355,952	22,422,925	23,381,657	45,804,582
Total Resources	21,234,173	22,395,860	41,744,167	23,003,611	24,054,161	44,458,969	25,119,232	26,347,908	48,500,889
<u>Actual & Estimated Expenditures</u>									
Total Net Spending	19,348,307	20,292,843	39,641,150	20,404,808	21,357,854	41,762,662	22,152,981	22,600,627	44,753,608
Balance Before Reserves	1,885,866	2,103,017	2,103,017	2,598,803	2,696,307	2,696,307	2,966,251	3,747,281	3,747,281
<u>Reserves</u>									
Total Reserves	1,229,523	1,471,110	1,471,110	1,967,718	1,967,718	1,967,718	1,968,633	1,970,822	1,970,822
Budgetary Balance	656,343	631,907	631,907	631,085	728,589	728,589	997,618	1,776,459	1,776,459

	<u>FY</u> <u>2014</u>	<u>FY</u> <u>2015</u>	<u>FY</u> <u>2014-15</u>	<u>FY</u> <u>2016</u>	<u>FY</u> <u>2017</u>	<u>FY</u> <u>2016-17</u>	<u>FY</u> <u>2018</u>	<u>FY</u> <u>2019</u>	<u>FY</u> <u>2018-19</u>
<u>Difference</u>									
<u>Actual & Estimated Resources</u>									
Balance Forward	-	-	-	-	6,568	-	(171,663)	(256,167)	(171,663)
Current Resources	-	-	-	10,667	56,418	67,085	46,644	55,339	101,983
Total Resources	-	-	-	10,667	62,986	67,085	(125,019)	(200,828)	(69,680)
<u>Actual & Estimated Expenditures</u>									
Total Net Spending	-	-	-	4,099	234,649	238,748	131,148	103,712	234,860
Balance Before Reserves	-	-	-	6,568	(171,663)	(171,663)	(256,167)	(304,540)	(304,540)
<u>Reserves</u>									
Total Reserves	-	-	-	-	-	-	-	-	-
Budgetary Balance	-	-	-	6,568	(171,663)	(171,663)	(256,167)	(304,540)	(304,540)

Appendix C
Nongeneral Fund Appropriation Changes
2016 Legislative Session
(dollars in thousands)

Appropriation Changes by Fund, by Chapter (Agency)	FY2016-17
Special Revenue Fund	
Chapter 189 - Supplemental Budget Bill (Dept of Employment & Economic Development)	7
Chapter 189 - Supplemental Budget Bill (Department of Health)	94
Chapter 189 - Supplemental Budget Bill (Office of Higher Education)	2,000
Chapter 189 - Supplemental Budget Bill (Department of Public Safety)	(94)
Chapter 183 - Pari-Mutual Horse Racing (Racing Commission)	<u>172</u>
Subtotal Special Revenue Fund	2,179
Health Care Access Fund	
Chapter 189 - Supplemental Budget Bill (Department of Human Services)	737
Chapter 189 - Supplemental Budget Bill (Department of Health)	<u>2,035</u>
Subtotal Health Care Access Fund	2,772
State Government Special Revenue Fund	
Chapter 189 - Supplemental Budget Bill (Department of Health)	146
Chapter 189 - Supplemental Budget Bill (Board of Dentistry)	(1,714)
Chapter 189 - Supplemental Budget Bill (Board of Medical Practice)	22
Chapter 189 - Supplemental Budget Bill (Board of Pharmacy)	260
Chapter 189 - Supplemental Budget Bill (Board of Podiatric Medicine)	75
Chapter 189 - Supplemental Budget Bill (Board of Marriage & Family Therapy)	90
Chapter 189 - Supplemental Budget Bill (Board of Physical Therapy)	<u>1,814</u>
Subtotal State Government Special Revenue Fund	693
Natural Resources Fund	
Chapter 189 - Supplemental Budget Bill (Department of Natural Resources)	4,755
Game & Fish Fund	
Chapter 189 - Supplemental Budget Bill (Department of Natural Resources)	780

Appropriation Changes by Fund, by Chapter (Agency)	FY2016-17
Environmental Fund	
Chapter 189 - Supplemental Budget Bill (Pollution Control Agency)	702
Petroleum Tank Release Fund	
Chapter 189 - Supplemental Budget Bill (Department of Commerce)	100
Agricultural Fund	
Chapter 189 - Supplemental Budget Bill (Department of Agriculture)	750
Permanent School Fund	
Chapter 189 - Supplemental Budget Bill (Department of Administration)	250
Environment and Natural Resources Trust Fund	
Chapter 186 - LCCMR Bill (University of Minnesota)	14,778
Chapter 186 - LCCMR Bill (MN State Colleges & Universities)	493
Chapter 186 - LCCMR Bill (Pollution Control Agency)	180
Chapter 186 - LCCMR Bill (Department of Natural Resource)	20,082
Chapter 186 - LCCMR Bill (Brd. of Water & Soil Resources)	543
Chapter 186 - LCCMR Bill (Minnesota Zoo)	568
Chapter 186 - LCCMR Bill (Science Museum)	679
Chapter 186 - LCCMR Bill (Department of Agriculture)	511
Chapter 186 - LCCMR Bill (LCCMR)	<u>75</u>
Subtotal Environment and Natural Resources Trust Fund	37,909
Outdoor Heritage Fund	
Chapter 172 - Legacy Funds Bill (Department of Natural Resources)	87,831
Chapter 172 - Legacy Funds Bill (Brd. of Water & Soil Resources)	<u>22,016</u>
Subtotal Outdoor Heritage Fund	109,847
Clean Water Fund	
Chapter 172 - Legacy Funds Bill (Department of Health)	(100)
Chapter 172 - Legacy Funds Bill (Pollution Control Agency)	192
Chapter 172 - Legacy Funds Bill (Department of Natural Resources)	(1,042)
Chapter 172 - Legacy Funds Bill (Brd. of Water & Soil Resources)	(1,665)

Appropriation Changes by Fund, by Chapter (Agency)	FY2016-17
Chapter 172 - Legacy Funds Bill (Department of Agriculture)	<u>1,849</u>
Subtotal Clean Water Fund	(766)
Minnesota Future Resources Fund	
Chapter 189 - Supplemental Budget Bill (Legislature)	25
Workforce Development Fund	
Chapter 189 - Supplemental Budget Bill (Dept of Employment & Economic Development)	4,450
Chapter 189 - Supplemental Budget Bill (Department of Labor & Industry)	250
Automatic Statutory Appropriation Adjustment Dislocated Worker Program (DEED)	<u>(4,700)</u>
Subtotal Workforce Development Fund	-
Trunk Highway Fund	
Chapter 189 - Supplemental Budget Bill (Department of Public Safety)	4,500
Federal Fund	
LAC and Forecast Adjustment Expenditures	46,548
Total Non-General Fund Appropriations	211,044

Appendix D
FY 2016-17 General Fund Budgetary Balance and Revenue Change Detail
2016 Legislative Session
(dollars in thousands)

Projected Budgetary Balance, February 2015 Forecast	900,252
Revenue Change Items	
<u>Tax Revenue Changes</u>	
Ch. 189, Stillbirth Income Tax Credit	(800)
Ch. 189, Military Pension Income Tax Subtraction	(22,600)
Ch. 189, Small Business Investment Income Tax Credit (reduces revenue in FY 18 only)	0
Ch. 189, Modify Sales Tax for Modular Home Purchases	<u>(1,000)</u>
Subtotal, Tax Revenue Changes	(24,400)
<u>Nontax Revenue Changes</u>	
Ch. 189, Barber's Board, Eliminate Apprenticeship Registration Type and Fees	7
Ch. 189, Commerce, Assessment for Energy Regulation and Planning Unit	832
Ch. 189, PUC, Assessment for Additional Staff and Rulemaking	802
Ch. 176, Judicial Filing Fee Order for Protection for Respondent	(28)
Ch. 189, Commerce, Real Estate Appraisers	(11)
Ch. 189, PUC, Railroad Right-of-Way, Utility Crossing	80
Ch. 189, DHS, MN Sex Offender Program, Operating Adjustment	1,209
Ch. 189, DHS, State Operated Services, Operating Adjustment	1,586
Ch. 189, DHS, Direct Care and Treatment, Increase Inpatient Psychiatric Beds	3,881
Ch. 183, Racing Commission, Dedicate Fine Revenue	(27)
Ch. 189, DHS, Medical Assistance recoveries	<u>(2,245)</u>
Subtotal, Nontax Revenue Changes	6,086
<u>Transfers from Other Funds</u>	
Ch. 189, DHS, Expand HCAF Transfer, MS 16A.724	74,000
Ch. 189, Consolidated Chemical Dependency Treatment Fund	2,000
Ch. 189, Rural Finance Authority, Revolving Loan Account	7,713
Ch. 189, MDE, Information and Telecommunications Technology Systems and Services Account	<u>1,686</u>
Subtotal, Transfers from Other Funds	85,399

Total Revenue Changes	67,085
Total FY 2016-17 Spending Changes	238,748
Net General Fund Changes (Revenue minus Spending)	(171,663)
Revised Balance, FY 2016-17, End of Session (Forecast Balance Plus Net GF Changes)	728,589

Appendix E
2016 Session Laws Supplementing the FY 2016-17 Budget

Chapter Number	File Number	Description
81	SF 2891	Modifying unemployment insurance tax rates
82	SF 1006	Extending unemployment benefits for iron ore mining and related industries employees
83	SF 1646	Repealing REAL ID noncompliance statute
109	HF 71	Creating an enhanced penalty for criminal vehicular homicide
148	HF 3328	Imprisonment and exoneration remedies; claims against the State of Minnesota
156	SF 2665	Regulating real estate appraiser fees
160	SF 3481	Modifying sentencing guidelines for certain controlled substances
162	SF 2985	Establishing a presidential primary election
172	SF 2527	Appropriations from the Legacy funds
176	HF 2553	Eliminates respondent filing fee
179	HF 3142	Department of Health policy act
180	SF 877	Regulating railroad right-of-way utility crossing
183	HF 3211	Pari-mutuel horse racing
186	SF 2963	Legislative-Citizen Commission on Minnesota Resources Finance Act
187	HF 3980	Making legislative corrections
189	HF 2789	FY 2016-17 Supplemental Finance Act

For detailed language of each act, please see:

<https://www.revisor.mn.gov/laws/?view=session&year=2016&type=0> (2016 Regular Session) .

