

# *Fiscal Review*

*Minnesota State Senate*

*2010 Session*





**A**

**Fiscal Review**

**of the**

**2010 Legislative Session**

**Prepared by  
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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 is required by the Minnesota State Constitution to be balanced. Budgetary funds reflect the operating budget for the state but include only about 40 of the over 130 different state funds established in law.

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

[http://www.senate.mn/departments/fiscalpol/tracking/index.php?ls=86&archive\\_year=2010](http://www.senate.mn/departments/fiscalpol/tracking/index.php?ls=86&archive_year=2010)

or by contacting the relevant Senate fiscal staff.

### **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. FY 2010-11 “spending,” as used in the review, refers to appropriation levels.

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

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

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

## Reference Points

The funding for portions of some state agency operations, such as the Departments of Administration and Finance, comes from charges to the other state agencies. In other words, monies appropriated to an agency may be used to purchase services from another state agency whose mission it is, in part, to provide for centralized operating functions. To fully describe budget activity while avoiding double-counting, budget totals are reported based on the agency to which funds are appropriated, but some *Fiscal Review* chapters also discuss agency activities that are supported through charges to other state agencies.

FY 2008-09 amounts shown in the report reflect actual revenue or spending amounts for that two-year budget period. The changes described in this review refer to changes relative to the February 2010 state budget forecast for FY 2010-11, as adjusted to reflect the Supreme Court decision regarding the Governor's 2009 unallotments. See the Summary chapter for a more complete description of these adjustments.

## STATE BUDGET SUMMARY

The primary focus of budget-related actions during the 2010 Regular Session and 1<sup>st</sup> Special Session of the Legislature was the elimination of a \$994 million General Fund deficit, an amount that grew to \$3.425 billion late in the session following the Minnesota Supreme Court’s decision regarding the Governor’s 2009 unallotment actions. General Fund reductions were made to all budget areas for FY 2010-11, including delays of school aid payments, local government aid, higher education, state agency operations, and various programs.

Other prominent budget actions included enactment of a \$735 million capital investment bill, a jobs and economic incentives package, revision of the General Assistance Medical Care (GAMC) program, and providing for possible expansion of Medical Assistance (MA) through an option made available to selected states as part of the 2010 federal health care reforms.

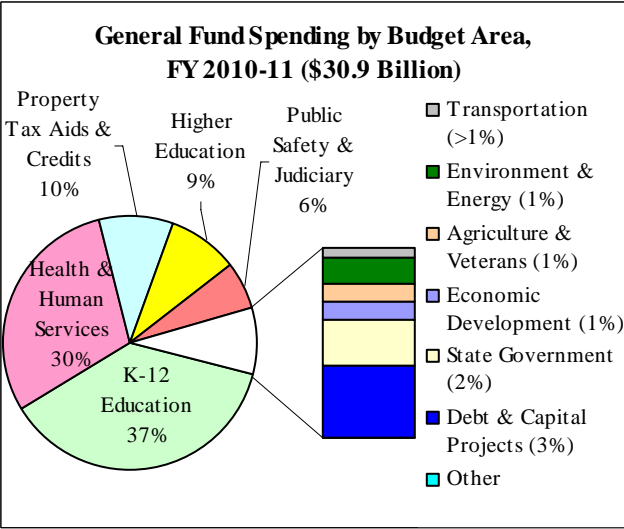
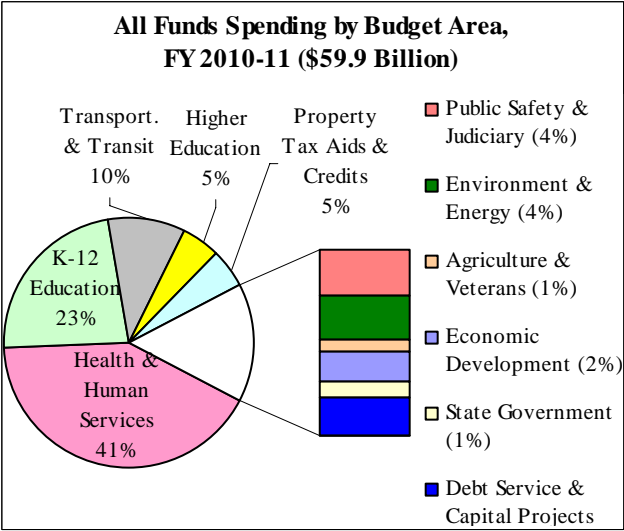
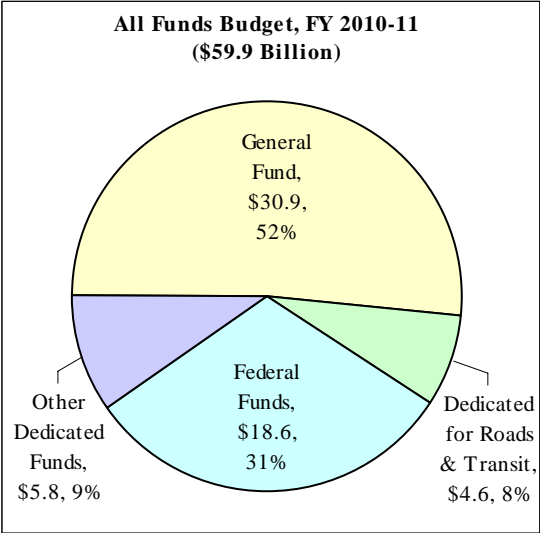
### STATE BUDGET OVERVIEW

The all funds budget for FY 2010-11 totals \$59.9 billion, \$2.6 billion less the \$62.4 billion of spending projected prior to legislative action. This includes the two-year budget for the General Fund and all other state funds from which operating budget appropriations are made. General Fund spending totals \$30.9 billion, \$2.6 billion less than the \$33.5 billion projected in February.

<b>Table 1</b>					
<b>FY 2010-2011 Biennial Budget—All Funds Spending</b>					
<b>Comparison of 2010 End-of-Session to February Forecast</b>					
<i>(dollars in millions)</i>					
	<b>FY2008-09 Spending</b>	<b>FY2010-11 Adjusted Feb. Forecast*</b>	<b>Legislative Changes</b>	<b>Current Budget</b>	<b>Percent of Budget</b>
General Fund	33,866	33,526	(2,635)	<b>30,891</b>	52 %
Federal Funds**	13,550	18,614	2	<b>18,616</b>	31 %
Transportation and Transit Funds	4,101	4,454	140	<b>4,594</b>	8 %
Special Revenue Fund	1,737	1,973	4	<b>1,977</b>	3 %
Health Care Access Fund	776	1,490	(274)	<b>1,216</b>	2 %
All Other Special Funds	1,736	2,420	200	<b>2,620</b>	4 %
<b>Total Spending</b>	<b>55,766</b>	<b>62,477</b>	<b>(2,564)</b>	<b>59,914</b>	<b>100 %</b>

\*\* Includes Federal TANF and Federal Fund spending; some federal monies are spent through other funds, such as highway funds.

While the General Fund typically accounts for about 60 percent of the all funds budget, it currently accounts for about 52 percent. The difference is largely attributable to the temporary influx of federal stimulus funds and an increase in dedicated state funds following adoption of the constitutionally dedicated sales tax. The following charts illustrate how General Fund compares to other funds and the extent to each budget area is supported by General Funds and dedicated funds.





## ALL FUNDS BUDGET CHANGES

As summarized in Table 1 above, the Minnesota state budget for the FY 2010-2011 biennium totals \$59.9 billion for all funds, a decrease of \$2.6 billion relative to the February 2008 forecast. Spending reduction in the General Fund (\$2.635 billion) and Health Care Access Fund (\$274 million) account for most of the all funds reductions. While those reductions are offset somewhat by increases for road construction and other dedicated funds; the increases are due primarily to increased federal funds and supplemental appropriations from legacy funds. All funds spending increases relative to FY 2008-09 include temporary increases due to federal stimulus funding.

Table 2 summarizes the changes in all funds spending by budget area. Budgets were reduced in all areas with the exceptions of Nongeneral Fund increases for environment and energy, transportation, and debt service. Those changes are discussed in more detail in the relevant chapters. The \$1.9 billion of change in education funding consists mostly of permanent and temporary shifts in education aid payments to school districts. General Fund reductions were made to all program areas and almost all state agency operating budgets. In addition, as is also summarized in more detail later in this chapter, the budget cuts also include the enactment of spending reductions needed to balance the budget following the May 2010 Supreme Court decision related to the Governor's 2009 unallotments.

<b>Budget Area</b>	<b><u>FY 2008-09</u></b>	<b><u>Adjusted Feb. Forecast</u></b> <b><u>FY 2010-11</u></b>	<b><u>Enacted Changes</u></b> <b>(2010 Session)</b>	<b><u>Current Budget</u></b> <b><u>FY 2010-11</u></b>
E-12 Education	15,099,883	15,972,561	(1,948,909)	14,023,652
Higher Education	3,209,141	3,159,902	(139,217)	3,020,685
Health & Human Services	21,178,331	24,937,400	(126,624)	24,810,776
Agriculture & Veterans	534,373	579,296	(6,928)	572,368
Environment, Energy, Natural Resources	1,579,332	2,184,405	61,099	2,245,504
Economic Development	1,274,225	1,422,427	(12,814)	1,409,613
Public Safety	1,416,847	1,547,106	(4,740)	1,542,366
Judiciary	767,558	775,055	(11,549)	763,506
Transportation	5,168,041	5,771,221	113,119	5,884,340
State Government	826,163	832,240	(6,384)	825,856
Property Tax Aids & Credits	3,015,425	3,443,984	(482,268)	2,961,716
Debt Service	1,586,632	1,804,788	13,003	1,817,791
Capital Projects	20,495	27,400	0	27,400
Other	89,657	19,469	(11,338)	8,131
<b>Total Spending</b>	<b>55,766,103</b>	<b>62,477,254</b>	<b>(2,563,550)</b>	<b>59,913,704</b>

## GENERAL FUND SUMMARY

### General Fund Budget Balance — End of 2010 Legislative Session

As summarized in Table 3 below, following the actions taken by the 2010 Legislature, General Fund resources are now projected to total \$30.7 billion for FY 2010-11, an increase of \$711.0 million relative to the adjusted February forecast<sup>1</sup>. Transfers from other funds and onetime refund delays account for most resource changes. General Fund spending totals \$30.9 billion, \$2.6 billion less than the adjusted February forecast. Of the \$2.6 billion spending change, \$2.0 billion is attributable to changes in K-12 aid payments and the timing of when school districts recognize the receipt of property tax revenues. \$674 million is attributable to other spending changes.

<b>Table 3</b>			
<b>FY 2010-2011 General Fund Budget</b>			
<b>Summary of Resources and Spending</b>			
<i>(dollars in millions)</i>			
	<b>Adjusted Feb. Forecast*</b>	<b>Changes</b>	<b>Current Budget</b>
Balance Forward	446.9		446.9
Current Revenues	<u>30,004.1</u>	**711.0	** <u>30,715.1</u>
<b>Total Resources</b>	<b>30,451.0</b>	<b>711.0</b>	<b>31,162.3</b>
<b>Total Spending***</b>	<b>33,525.8</b>	<b>(2,635.3)</b>	<b>30,890.5</b>
<b>Budget Reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash Flow Account</b>	<b>350</b>	<b>(84)</b>	<b>266</b>
<b>Budget Balance</b>	<b>(3,424.6)</b>	<b>3,430.3</b>	<b>5.8</b>

\* Reflects the February 2010 forecast adjusted to reflect reversal of the Governor's 2009 unallotments.

\*\* Includes \$177.7 million of transfers from the HCAF to General Fund related to the expansion of MA provisions; if the transfers were shown as net spending as per MMB documents, revenues would be \$30.537 billion and spending would be \$30.713 billion.

\*\*\* K-12 aid payment and property tax recognition shifts account for \$1.961 of the \$2.635 billion spending change.

In addition, the Cash Flow Account was reduced from \$350 million to \$266 million. As a result, \$86 million of General Fund resources became unobligated and available for improving General Fund budget balance. After taking all revenue, spending, and reserve changes into account, the General Fund has a positive projected balance of \$5.8 million for FY 2010-11. The state General Fund currently has no budget reserve available for offsetting additional budget shortfalls that might arise.

As summarized on the following page, all General Fund changes are presented relative to an adjusted February forecast base to reflect the Supreme Court decision regarding the 2009 unallotments.

<sup>1</sup> The adjusted February forecast refers to the February 2010 state budget forecast adjusted to reflect the Minnesota Supreme Court decision on the Governor's 2009 unallotments. See page 2 for more detail.

## Reversal of the Governor's 2009 Unallotments

In 2009, the February state budget forecast projected a deficit of \$4.6 billion for FY 2010-11, the biennium that began July 1, 2009. During the 2009 legislative session, the Legislature passed, and the Governor signed, a series of omnibus appropriation bills setting state agency budgets for FY 2010-11. On May 14, 2009, the Governor announced that he would sign the remaining Omnibus Budget Bill, the health and human services budget, resulting in a complete but not yet balanced budget; the FY 2010-11 budget gap had been reduced from \$4.6 to \$2.8 billion. In addition, the Governor stated that he would use unallotment authority under M.S. 16A.152, subd. 4, to make additional reductions to bring the enacted state budget into balance rather than agree to tax increases being considered by the Legislature.

On the final day of the legislative session, the Legislature approved legislation (Chapter 179), providing for tax revenue increases and delays in state payments of K-12 education aid, that would have provided for a balanced General Fund budget for FY 2010-2011. The Governor vetoed Chapter 179 and, as announced, proceeded to approve \$2.8 billion of unallotments and other executive actions in July 2009.

On November 3, 2009, participants whose benefits under the Special Diet Program<sup>1</sup> had been terminated as a result of a \$5.3 million unallotment to that program, filed a complaint in Ramsey County District Court (*Brayton v. Pawlenty*) seeking a restraining order to compel Governor Pawlenty, and the Commissioners of Minnesota Management and Budget and the Department of Human Services, to reinstate funding while the suit was pending. On December 30, 2009, the District Court enjoined the defendants from reducing the allotment for the Special Diet Program retroactive to November 1, 2009. The parties agreed to an expedited appeal to the Minnesota Supreme Court.

On March 15, 2010, the Supreme Court heard oral arguments in *Brayton v. Pawlenty* and on May 5, 2010, the Supreme Court ruled that the unallotment reductions made since July 1, 2009, were not authorized by M.S. 16A.152, subd. 4, because they were made before the Legislature and Executive Branch had enacted a balanced budget. Those unallotments, however, had already been incorporated into the February 2010 budget forecast. The following table summarizes the adjustments made to each budget area to remove the unallotments; the adjusted amounts are the reference point used to describe budget changes made during the 2010 regular Session and 1<sup>st</sup> Special Session.

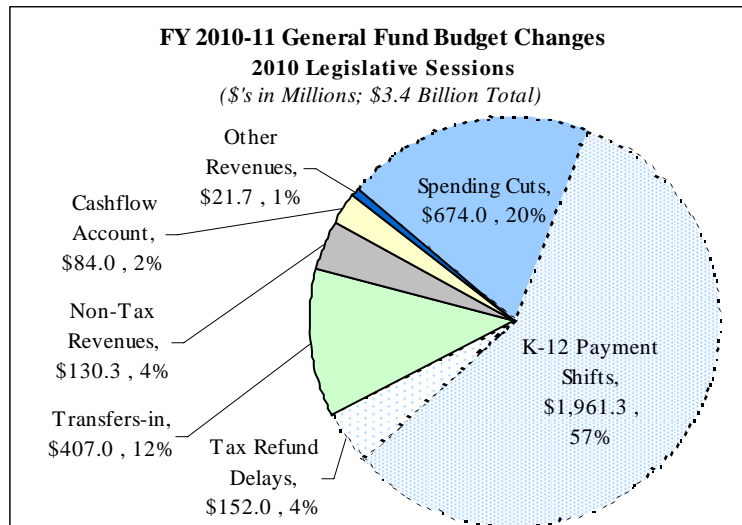
<b>FY 2010-11 Deficit: Before and After Unallotment Reversal</b> <i>(\$'s in Thousands)</i>	<b>February Forecast</b>	<b>Unallotment Reversal</b>	<b>Adj. February Forecast</b>
<b>Total Resources (a)</b>	30,458,094	(16,873)	30,451,255
<b>Spending by Budget Area</b>			
K-12 Education	11,607,047	1,730,674	13,337,721
Higher Education	2,858,555	100,154	2,958,709
Tax Aids and Credits	3,082,686	375,377	3,458,063
Health & Human Services*	9,016,035	200,421	9,216,456
Agriculture & Veterans	252,067	985	253,052
Environment & Energy	364,468	3,628	368,096
Economic Develop. & Housing	272,404	1,234	273,638
Transportation	192,547	3,297	195,844
Public Safety	1,076,680	158	1,076,838
Judiciary	742,505	0	742,505
State Government	638,872	3,513	642,385
Debt Service & Capital Projects	983,033	0	983,033
Dedicated Funding & Other	15,599	3,870	19,469
<b>Total Spending (b)</b>	<b>31,102,498</b>	<b>2,423,311</b>	<b>33,525,809</b>
Cashflow Account Reserve (c)	350,000		350,000
<b>Projected Budget Balance (a-b-c)</b>	<b>(994,404)</b>	<b>(2,430,150)</b>	<b>(3,424,554)</b>

\* Unallotment reversal and adjusted forecast include a \$540,000 federal ffp not included in MMB post-session documents.

<sup>1</sup> The special diet program is a component of Minnesota Supplemental Aid program administered by the Dept. of Human Services.

## Overview of 2010 Budget Changes

Table 4 and the chart below summarize the major components of the budget deficit solution enacted as part of the 2010 Regular Session and 1<sup>st</sup> Special Session. Spending reductions, including delays in payments to school districts, account for about 77 percent of the enacted budget changes. Further, the \$674 million of spending reductions is net of \$133.3 million transferred into the General Fund from the HCAF to support increased appropriations from the General Fund; excluding the transfers-in and the associated increases in General Fund appropriations would show larger budget cuts.



### Resource Change Summary

The \$711.0 million of resource changes account for about 21 percent of the budget solution. However, only a portion of that amount is due to increases in revenues not already being collected by state government, such as an increase of \$26.9 million in tax collections resulting from enhanced tax compliance efforts. Nontax revenues increased \$130.3 million.

Tax refund delays and transfers-in from other state funds include:

- \$152 million saved in FY 2011 by directing that corporate tax refunds be delayed by up to 180 days with interest paid after 90 days and all refunds being paid in the beginning of the next biennium (4 percent of budget solution);
- \$313.7 million transferred from the HCAF for appropriations for GAMC (\$46 million) and expansion of MA (\$177.7 million), and \$40 million to be repaid to the HCAF from the General Fund in FY 2012;
- \$48 million transferred from the Closed Landfill Investment Fund (CLIF) to the General Fund with appropriations to repay CLIF from the General Fund beginning in FY 2015; and
- \$45.3 million transferred from other funds, such as the fire safety account in the

Special Revenue Fund (\$10.5 million), the Petroleum Cleanup Fund (\$8.0 million), and various health and human services dedicated accounts (\$10.5 million).

<b>Table 4</b>		
<b>Overview of General Fund Budget Changes</b>		
<i>(dollars in millions)</i>		
	<u><b>FY 2010-11</b></u>	<u><b>FY 2012-13</b></u>
<b>Major Revenue Changes</b>		
Delays in Tax Refunds	152.0	(152.0)
Increased Tax Compliance	26.9	53.7
Other Tax Revenues	(2.5)	(16.8)
Transfers from HCAF	313.7	523.2
Transfers from Other Funds	93.3	3.0
Nontax Revenues	130.3	122.6
Dedicated Revenues	(2.7)	(5.3)
<b>Total Revenue Changes</b>	<b>711.0</b>	<b>528.4</b>
<b>Major Spending Changes</b>		
K-12 Aid Payment Delays	(1,385.1)	1,385.1
K-12 Property Tax	(576.2)	(110.6)
Recognition Shift		
Higher Education Institutions	(146.6)	(104.8)
Renters Refund	(52.3)	0
Local Government Aids	(404.3)	(105.0)
Health and Human Services	43.7	826.8
All Other Spending Reductions	(114.5)	(153.1)
<b>Total Spending**</b>	<b>(2,635.3)</b>	<b>1,738.4</b>
<b>Cash Flow Account Change</b>	<b>(84.0)</b>	<b>0</b>
<b>Total Change</b>	<b>(3,430.3)</b>	<b>1,210.0</b>

Most of the \$130.3 million of new nontax revenues are attributable to a few changes, including:

- \$75.9 million related to federal disproportionate share hospital reimbursements, drug cost rebates and other revenues related to GAMC program revisions;
- \$28.0 million from emergency federal temporary assistance for needy families (TANF) funds; and
- \$14 million required payment from the state Assigned Risk Pool.

Changes in dedicated revenues are attributable to a realignment that moves certain dedicated revenues and spending out of the General Fund and into other funds but does not change actual revenue and spending levels.

#### Spending Change Summary

Spending changes account for 77 percent of the budget solution, but 57 percent is related to \$1.961 billion of enacted changes in the timing of school aid payments (\$1.385 billion)



and the recognition of school district property tax revenues (\$576 million). The unallotments and deferrals approved by the Governor in 2009, along with the accounting changes for property tax revenue recognition, totaled \$1.726 billion. The enacted school aid shift creates a \$1.385 billion aid entitlement to be paid in FY 2012; this entitlement is included in the \$5.8 billion deficit projected for FY 2012-13. Unlike the Governor's unallotment actions, the enacted changes are subject to automatic buy-back provisions set in Minnesota Statutes, section 16A.152, if a state budget forecast projects a positive General Fund balance at the close of the biennium.

Other major spending reductions included:

- a \$404.3 million reduction to local government aid programs (12 percent of solution);
- a \$146.6 million reduction to higher education systems (four percent of solution); and
- \$114.3 million in appropriation reductions across various other programs and agencies, including additional reductions to state agencies, property tax relief, and other programs not included above (three percent of solution).

Excluding the amount offset by transfers into the General Fund from the HCAF related to the expansion of MA, spending for health and human services would be about \$90 million lower than adjusted forecast.

### **FY 2010-2011 Spending Changes by Budget Area**

FY 2010-11 spending was reduced \$2.635 billion, from \$33.526 billion to \$30.891 billion, including funds transferred into the General Fund from the HCAF to be spent on expansion of MA. As summarized in Table 3 and its footnote, reductions were made to all budget areas. FY 2010-11 spending is below actual spending levels for FY 2008-09 for all budget areas other than debt service. While the majority of the reductions are reflected in the E-12 education budget, as discussed above, the spending change is almost exclusively attributable to changes in the timing of school aid payments (\$1.385 billion) and the recognition of school district property tax revenues (\$576 million); net reductions to E-12 education other than shifts totaled \$1.961 billion.

**Table 5**  
**FY 2010-2011 General Fund Spending**  
**Comparison of the Enacted Budget to Forecast**  
*(dollars in millions)*

	<b><u>FY 2008-09</u></b>	<b><u>Adjusted Feb. Forecast FY 2010-11</u></b>	Enacted Changes (2010 Session)	Current Budget <b><u>FY 2010-11</u></b>
E-12 Education	13,757,269	13,337,721	(1,949,286)	11,388,435
Higher Education	3,113,216	2,958,709	(147,154)	2,811,555
Property Tax Aids & Credits	3,069,637	3,458,063	(482,268)	2,975,795
Health & Human Services*	9,090,521	9,216,456	43,782	9,260,238
Agriculture & Veterans	271,411	253,052	(6,989)	246,063
Environment, Energy & Nat Resources	401,566	368,096	(17,037)	351,059
Economic Development	410,447	273,638	(8,354)	265,284
Transportation	253,244	195,844	(27,936)	167,908
Public Safety	1,126,292	1,076,838	(7,048)	1,069,790
Judiciary	740,383	742,505	(11,978)	730,527
State Government	668,011	642,385	(9,339)	633,046
Debt Service & Capital Projects	882,646	983,033	(350)	982,683
Dedicated Spending & Other	81,762	19,469	(11,338)	8,131
<b>Total Spending</b>	<b>33,866,405</b>	<b>33,525,809</b>	<b>-2,635,295</b>	<b>30,890,514</b>

\* FY2010-11 spending for Health and Human Services includes \$177.7 million transferred into the General Fund from the HCAF to be spent on expansion of MA; netting those transfers out of spending would lower projected FY2010-11 spending to \$9.082 billion, \$133.9 million less than forecast and \$8.0 million less than FY2008-09.

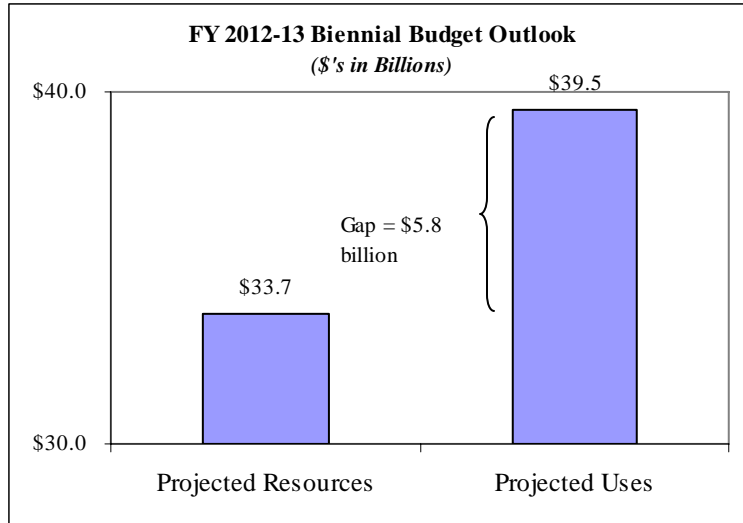
Many state agencies had developed or implemented plans to address the Governor's 2009 unallotments and many of those planned reductions were enacted as part of the budget cuts, including:

- \$100.1 million in higher education;
- \$377.1 million from local government aid and property tax relief appropriations;  
and
- \$201.0 million from various health and human service programs.

While the agency reductions previously identified for unallotment by the Governor were enacted as part of the budget actions taken during 2010, the supplemental budget changes enacted in 2010 also included reductions to all budget areas beyond the unallotments.

### **FY 2012-2013 — Planning Estimates**

As summarized by the chart below, a substantial budget gap of \$5.8 billion, or about 15 percent of projected General Fund spending, is estimated for FY 2012-13. This amount does not include the planning estimate for inflation of \$1.2 billion based on the February forecast.

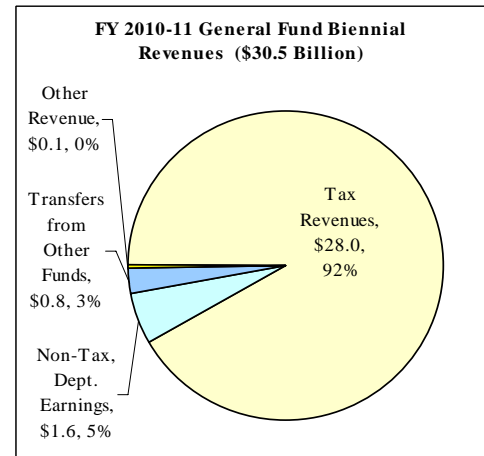
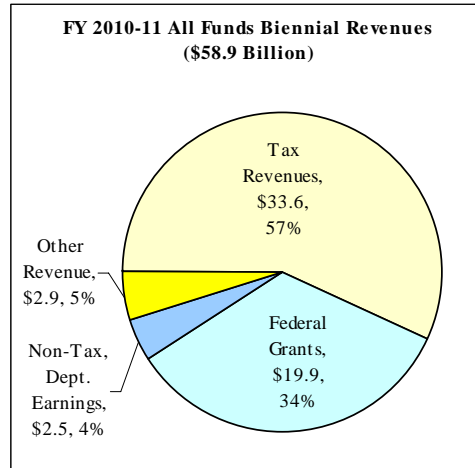


The projected budget gap for FY 2012-13 is little changed from that projected in February 2010. As summarized in Table 6 below, the budget changes enacted during the 2010 Regular Session and 1<sup>st</sup> Special Session resulted in modest net changes to resources and spending for FY 2012-13. The \$523 million increase in estimated resources reflects, almost entirely, an increase in transfers from the HCAF to the General Fund to support the ongoing costs of expansion of MA if the Governor exercises contingent authority to implement the program.

	<u>February Forecast</u>	<u>Changes</u>	<u>Current Planning Estimate</u>
Balance Forward	350	(78)	272
Current Revenues	<u>32,907</u>	<u>523</u>	<u>33,430</u>
<b>Total Resources (a)</b>	<b>33,257</b>	<b>445</b>	<b>33,702</b>
<b>Total Spending (b)</b>	<b>38,696</b>	<b>505</b>	<b>39,201*</b>
<b>Budget Reserve</b>	<b>0</b>		<b>0</b>
<b>Cash Flow Account (c)</b>	<b>350</b>	<b>(84)</b>	<b>266</b>
<b>Budget Balance (a-b-c)</b>	<b>(5,789)</b>	<b>(24)</b>	<b>(5,765)*</b>

\* Does not include any planning estimated for inflation (estimated to be \$1.2 billion).

# STATE TAX REVENUES



***General Fund revenues declined \$788 million since May 2009.***

The February 2010 forecast projected state General Fund tax revenues of \$27.8 billion for FY 2010-2011, \$788 million lower than anticipated at the end of 2009 session as the economic downturn continued to dampen economic growth and state revenues. As summarized in Table 1, 2010 legislative actions increased General Fund tax revenue by an estimated \$176.4 million for FY 2010-2011, including \$152 million from delayed corporate franchise and sales tax refunds and \$26.9 million in additional tax compliance initiatives (see discussion in State Government Chapter).

Most General Fund tax revenue changes enacted in 2010 were contained in First Special Session, Chapter 1, as well as three tax bills enacted during the regular session, including:

- Chapter 187, conformed Minnesota’s tax laws to federal code for Haiti Relief;
- Chapter 216, economic development provisions; and
- Chapter 389, additional updates to federal code along with omnibus tax policy provisions.

Tax aid and credit reductions contained in First Special Session Chapter 1, and aid reductions in Chapter 215, the first budget balancing bill, are discussed in Tax Aids and Credits chapter of this Fiscal Review.

**Table 1**  
**General Fund Tax Revenues for FY 2010-11**  
*(dollars in thousands)*

<b>Tax Type - General Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY 2010-11 Budget</b>
Individual Income Tax	14,747,444	14,055,439	6,641	14,062,080
Corporate Franchise Tax	1,728,375	1,399,600	31,135	1,430,735
Sales Tax	8,914,679	8,535,719	110,790	8,646,509
Statewide Property Tax	1,433,619	1,522,612	1,007	1,523,619
Motor Vehicle Sales Tax	302,614	105,503		105,503
Motor Vehicle Registration Tax	1,263	1,265		1,265
Estate Tax	257,293	277,000		277,000
Liquor, Wine, Beer	149,176	153,589		153,589
Cigarettes & Tobacco Products Tax	355,878	359,911		359,911
Taconite Occupation Tax	34,919	4,065		4,065
Mortgage Registry Tax	215,542	161,700		161,700
Deed Transfer Tax	144,015	119,900		119,900
Insurance Gross Earn / Fire Marshall	577,368	556,800		556,800
Lawful Gambling Taxes	91,420	79,600		79,600
Controlled Substance Tax		2		2
Other Gross Earnings	96	100		100
Medical Assistance Surcharges	434,312	450,350		450,350
Income Tax Reciprocity	144,930	128,864		128,864
Other Excise Tax & All Other	195	15		15
Tax Compliance Revenues			26,865	26,865
Other Tax Refunds	(71,527)	(62,040)		(62,040)
<b>Total GF Tax Revenues</b>	<b>29,461,611</b>	<b>27,849,994</b>	<b>176,438</b>	<b>28,026,432</b>

Nongeneral Fund tax revenues, which are summarized in Table 2, are expected to total \$5.6 billion for FY 2010-2011, a small increase relative to the February 2010 forecast. Changes in sales taxes exemptions and rates increased sales tax revenues to the Legacy Funds – the Outdoor Heritage, Arts and Cultural Heritage, Clean Water, and Parks and Trails funds – and changes in Chapter 388, Transportation Policy, increased motor vehicle sales and registration revenue (see discussion in Transportation Chapter).



**Table 2**  
**Nongeneral Fund Tax Revenues for FY 2010-11**  
*(dollars in thousands)*

<b><u>Tax Type - Other Funds</u></b>	<b><u>FY 2008-09 Spending</u></b>	<b><u>FY 2010-11 Adjusted Feb. Forecast</u></b>	<b><u>Legislative Changes</u></b>	<b><u>Current FY 2010-11 Budget</u></b>
Sales Tax	44,384	541,657	35	541,692
Fuels Taxes	1,397,615	1,666,983		1,666,983
Motor Vehicle Sales and Registration	1,631,439	1,920,007	189	1,920,196
Sales Tax on Motor Vehicle Leases		10,050		10,050
Cigarette and Tobacco	61,600	61,600		61,600
Taconite Production Tax	62,457	67,608		67,608
Mortgage Registry and Deed	654	676		676
MnCare Provider Taxes	897,635	976,600		976,600
Insurance Gross Earnings	122,497	122,100		122,100
Lawful Gambling	105	106		106
Solid Waste Management Tax	93,516	88,524		88,524
Unemployment Insurance Tax	83,234	99,044		99,044
Airflight Property / Aircraft Registration	29,941	28,322		28,322
Other Excise and All Other	5,895	5,800		5,800
Other Tax Refunds	(21,732)	(35,858)		(35,858)
<b>Subtotal, Other Funds Tax Revenues</b>	<b>4,409,240</b>	<b>5,553,219</b>	<b>224</b>	<b>5,553,443</b>
<b>Total Tax Revenues by Fund</b>				
General Fund (see Table 1)	29,461,611	27,849,994	176,438	28,026,432
Highway User Tax Distribution Fund	2,761,391	3,218,218	114	3,218,332
Transit Assistance Fund	261,072	367,504	75	367,579
Health Care Access Fund	998,400	1,084,200		1,084,200
Special Revenue Fund	62,568	62,532		62,532
Workforce Development Fund	483,234	99,044		99,044
Other Funds	(157,425)	721,721	35	721,756
<b>Total Tax Revenues</b>	<b>33,870,851</b>	<b>33,403,213</b>	<b>176,662</b>	<b>33,579,875</b>

## FEDERAL CONFORMITY

Minnesota uses federal taxable income as the starting point for determining state income tax liability. Typically, Minnesota adopts federal changes to taxable income. As summarized in Table 3, the federal tax conformity provisions adopted by the state and described below increased General Fund revenues by a modest \$155,000 in FY 2010-2011.

- **Acceleration of Income Tax Benefits for Charitable Contributions for Relief of Victims of the Haitian Earthquake:** Allows taxpayers to treat cash contributions for the relief of victims of the Haitian earthquake made after January 12, 2010, and before March 1, 2010, as if the donations were made in taxable year 2009. Additionally, the accelerated treatment was allowed for the charitable contributions subtraction for non-itemizers.
- **Hiring Incentives to Restore Employment Act:** Increased the limits of expenses that can be used for section 179 expensing. Minnesota retained its current law treatment of section 179 expensing, requiring taxpayers to add back to taxable income 80 percent of the additional expensing amount in the first tax year, and then subtract one-fifth of the amount added back in each of the following five tax years.

The Legislature did not consider the tax provisions of the Patient Protection and Affordable Care Act, Public Law 111-148, enacted March 23, 2010, in combination with the Reconciliation Act of 2010, Public Law 111-152, enacted March 30, 2010, which have implications for federal conformity.

#### **CORPORATE TAX REFUND DELAYS**

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*Corporate tax refund delays contribute \$152 million to budget balance.*

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As part of efforts to help balance the General Fund for FY 2010-11, provisions in First Special Session Chapter 1, Article 13, direct the Commissioner of Revenue to delay paying corporate franchise and sales tax refunds (both regular refunds and capital equipment refunds) so that \$152.0 million in refund obligations will be paid in FY 2012, rather than FY 2011. This delay is anticipated to affect refunds expected to be paid in January through March 2011. The enacted delays are in addition to administrative steps used to delay payment of refunds normally due to be paid in April through June 2011 as part of the Governor's 2009 unallotments and executive actions.

In implementing the \$152.0 million of enacted delays, the commissioner is given discretion to determine which refunds to delay paying and is also directed to administer the provision in a way that minimizes the payment of interest. (Interest typically begins to accrue 90 days after the later of the due date of the return or the date the tax was paid. This would tend to favor paying refunds of claims relating to prior tax years first.)

**Table 3**  
**General Fund Tax Revenue Changes Compared to Forecast**  
*(dollars in thousands)*

<b>Tax Provisions</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b><u>Federal Conformity</u></b>						
Ch. 187: Haiti Relief						
Individual Income Tax	(80)	70	(10)			
Ch. 216: Hiring Incentive to Restore Employ Act						
Individual Income Tax		130	130	400	15	415
Corporate Franchise Tax		35	35	100	5	105
<b><u>Federal Conformity</u></b>						
Individual Income Tax	(80)	200	120	400	15	415
Corporate Franchise Tax		35	35	100	5	105
<b>Total Federal Conformity</b>	(80)	235	155	500	20	520
<b><u>Individual Income/ Corp Franchise Taxes</u></b>						
Small Business Angel Investment Tax Credit		(17,000)	(17,000)	(12,000)	(11,900)	(23,900)
Historic Structure Rehab Tax Credit / Grant		(3,800)	(3,800)	(10,000)	(10,600)	(20,600)
<b><u>Individual Income Taxes</u></b>						
Repeal Low-Income Motor Fuels Credit		30,100	30,100	31,100	32,000	63,100
Research & Devel Credit: Extend to Partnerships & S Corps; Increase 1st Tier from 5% to 10%; Make Refundable		(1,100)	(1,100)	(1,100)	(1,100)	(2,200)
Charter School Tax Exemption for Nonprofits: Income Tax Interaction				(270)	(290)	(560)
Impose \$50 Payment Plan Fee (Ch.389)		1,260	1,260	1,260	1,260	2,520
Income Tax Interactions (Ch. 215 & Ch. 1, 1st SS)		(2,939)	(2,939)	(12,733)	(3,660)	(16,393)
<b><u>Corp Franchise Taxes</u></b>						
Research & Develop Credit: Increase 1st Tier from 5% to 10%; Make Refundable		(9,900)	(9,900)	(8,600)	(9,600)	(18,200)
Create Auto Recover Zone Incentives (CARZ)					(900)	(900)
Tax Refund Delays (SS Ch. 1)		41,000	41,000	(41,000)		(41,000)
<b><u>Sales Taxes</u></b>						
Create Auto Recover Zone Incentives (CARZ)				(1,000)	(600)	(1,600)
Tax Refund Delays (SS Ch. 1)		111,000	111,000	(111,000)		(111,000)
Sales Tax Exemptions in Ch. 389	(75)	(135)	(210)	(90)	(90)	(180)
<b><u>Statewide Property Tax</u></b>						
Refunds Exempt from Increased Interest Rates (Ch. 249)	187	820	1,007	975	560	1,535
<b><u>Compliance Revenues**</u></b>		26,865	26,865	26,865	26,865	53,730
<b>Total General Fund Revenue Changes</b>	<b>32</b>	<b>176,406</b>	<b>176,438</b>	<b>(137,093)</b>	<b>21,965</b>	<b>(115,128)</b>

\*\* See State Government discussion of Chapter 215 tax compliance provisions.

## ECONOMIC DEVELOPMENT / JOB CREATION

Also summarized in Table 3 are the General Fund revenue impacts of Chapter 216, which created two new income tax credits, enhanced the existing research and development credit, established incentives for a Create Automotive Recovery Zone (CARZ), and repealed the lower income motor fuels tax credit. The General Fund revenue impacts and description of tax credit changes made by Chapter 216 include:

- **Small Business Investment Credit** — *reduces individual income and corporate franchise tax revenues by \$17.0 million in FY 2010-2011 and \$23.9 million in FY 2012-2013* — this provision allows a 25 percent, refundable credit for “angel” investments in a qualified small business. The total revenue loss for all years would be \$59 million.

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*Two new tax credits were enacted to stimulate the economy.*

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The maximum cumulative credit for a tax year is \$250,000 for married couples filing joint returns, and \$125,000 for all other filers. Total credit allocations must not exceed \$10.0 million per year for tax year 2010 or \$11.0 million for tax years 2011 through 2015. The credit sunsets after tax year 2015. The Commissioner of Revenues is appropriated \$100,000 of the tax year 2013 allocation for a study to evaluate the impact of the credit.

- **Historic Structure Rehabilitation Credit** — *reduces individual income and corporate franchise tax revenues by \$3.8 million in FY 2010-2011 and \$20.6 million in FY 2012-2013* — this provision allows a credit against income tax or insurance premium tax liability equal to the amount of the federal historic structure rehabilitation credit for projects that are placed in service during the taxable year. Alternatively, the Minnesota Historical Society is authorized to pay a grant in-lieu of the credit, equal to 90 percent of the credit. The credit expires after FY 2016.
- **Credit for Increasing Research Activities** — *reduces corporate franchise tax revenues by \$9.9 million in FY 2010-2011 and \$18.2 million in FY 2012-2013 and individual income tax revenues by \$1.1 million in FY 2010-2011 and \$2.2 million in FY 2012-2013* — the change extends the credit to partnerships and S-corps; increases the amount of the credit from five to ten percent of qualified expenses; and makes the credit refundable beginning in tax year 2010.
- **CARZ** — *reduces state income tax revenues by \$900,000 in FY 2013 and sales tax revenues by \$1.6 million in FY 2012-13* — this provision expands JOBZ incentives to a business engaged in the assembly of motor vehicles, which include exceptions from corporate franchise, individual income, sales and use, motor vehicle sales, and some property taxes for a maximum of twelve years. A CARZ business is eligible for income tax credits of \$2,500

per full-time equivalent employee for the first 750 employees at the site and \$3,500 credit per employee for each additional employee over 750 at the site. Only one zone may be designated as a CARZ zone; it is assumed that the qualifying plan site would be available after December 2011 and the start-up date would be in FY 2013.

Total revenue loss from the income tax provisions is expected to be over \$22 million for all twelve years of the project while the total revenue loss from the sales tax exemption is expected to be \$2.3 million over that period. Because corporate profits are assumed to be zero until 2015, no state corporate tax revenue loss is projected for fiscal years 2011 through 2013.

- **Lower Income Motor Fuels Tax Credit** — *increases revenues by \$30.1 million in FY 2011 and by \$63.1 million for FY 2012-2013* — this change repeals the lower income motor fuels tax credit that was enacted in 2008. Previously, taxpayers whose income was less than \$22,730 for single filers or \$33,220 for married joint filers were eligible for a \$25 refundable credit. Married-separate filers were eligible for a \$12.50 credit.

The original credit was part of the formula for determining the transfer of the sales tax on motor vehicle leases from the General Fund to the Greater Minnesota Transit Account and the County State-Aid Highway Fund. The formula was changed to reflect the repeal of the credit but maintain the same distribution as under current law.

## **OTHER TAX REVENUE PROVISIONS**

Also summarized in Table 3 are various other tax provisions enacted in 2010 that have some budget impact.

### **Fee-for-Payment Agreements**

General Fund revenues will increase by \$1.3 million in FY 2010-11 as a result of a provision that requires the Commissioner of Revenue to charge a \$50 fee for entering into a payment agreement or for renegotiating the terms of an existing payment agreement.

### **Penalty Interest**

Chapter 249 requires that penalty and award interest for or against the state and political subdivisions be paid according to the schedule for judgments of less than \$50,000, as simple interest based on treasury bill rate. This provision applies to the state's payment of statewide property tax judgments and increases state revenues by \$1.0 million in FY 2010-11 and \$1.5 million in FY 2012-13.



**Table 4**  
**Nongeneral Fund Tax Revenue Changes Compared to Forecast**  
*(dollars in thousands)*

<b>Fund and Tax Provisions</b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY2010-11</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY2012-13</u></b>
<b>Legacy Funds</b> (Including Outdoor Heritage, Arts & Cultural Heritage, Clean Water, Parks & Trails Funds)						
Sales Tax Exemption for Create Automotive Recovery Zone (CARZ)				(50)	(50)	(100)
Sale Tax Rate Increase on Manufactured Homes Sales from 6.5% to 6.875%		50	<b>50</b>	40	30	70
Sales Tax Exemptions in Ch. 389	(5)	(10)	<b>(15)</b>	(5)	(5)	(10)
<b>Total</b>	<b>(5)</b>	<b>40</b>	<b>35</b>	<b>(15)</b>	<b>(25)</b>	<b>(40)</b>
<b>Highway Users Tax Distribution Fund*</b>						
Motor Vehicle Sales and Registration Compliance Efforts-- Vehicle Crimes Unit (Ch. 388)		114	<b>114</b>	484	484	968
<b>Transit Assistance Fund*</b>						
Motor Vehicle Sales and Registration Compliance Efforts-- Vehicle Crimes Unit (Ch. 388)		75	<b>75</b>	323	323	646
<b>Total Nongeneral Fund Revenue Changes</b>	<b>(5)</b>	<b>229</b>	<b>224</b>	<b>792</b>	<b>782</b>	<b>1,674</b>

\* See Transportation discussion of provision in Chapter 388.

### Sales Tax Exemptions

Chapter 389 extended two existing sales tax exemptions for construction materials and enacted a new one that result in a net revenue loss of \$210,000 in FY 2010-11, including:

- **Low-income housing:** Expands the exemption for construction of low-income housing to include that constructed by a limited liability company whose sole member is a nonprofit corporation.
- **Hydroelectric generating facility:** Retroactively extends the expired exemption for construction supplies and materials for a hydroelectric generating facility on the Mississippi River near St. Anthony Falls. The project was delayed as a result of the 35W bridge collapse.
- **Aerospace defense manufacturing facility:** Exempts materials and supplies used in the construction or expansion of a facility that manufactures aerospace or defense-related sensors and the production of micro-electrical-mechanical systems.

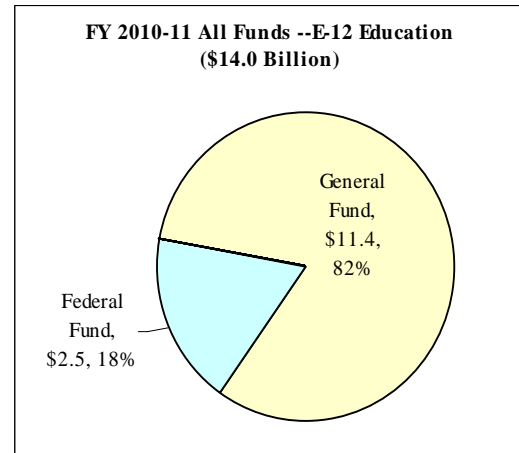
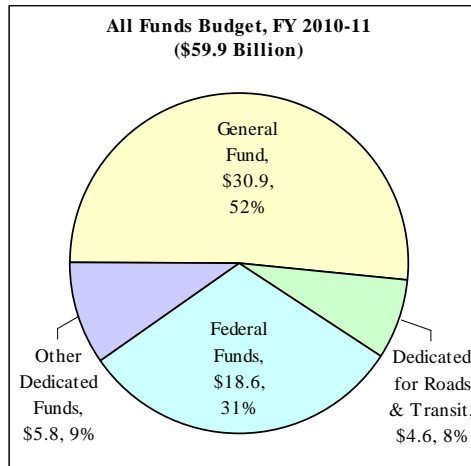
In addition to reducing General Fund revenues, these tax exemptions, along with the CARZ sales tax exemption, also impact the revenues deposited into the constitutionally dedicated Legacy Funds, as summarized in Table 4.

### **Sales Tax Rate for Manufactured Homes**

In Chapter 389, the Legislature clarified that any reference to the general sales tax rate in Chapter 297A includes both the 6.5 percent general tax and the 0.375 percent legacy constitutional amendment sales tax until the sales tax expires, and specifically delineated that the 3/8<sup>th</sup> percent legacy sales tax rate applies to manufactured homes and park trailers. This clarification resulted in a small revenue increase for the Legacy Funds, as shown in Table 4.

*For questions regarding this Chapter or for more information on the fiscal aspects of Tax Revenues, please contact [susan.vonmosch@senate.mn](mailto:susan.vonmosch@senate.mn).*

## ELEMENTARY AND SECONDARY EDUCATION



***Education is about 40 percent of the General Fund budget; about 99 percent is aids paid to schools.***

The Elementary and Secondary Education budget totals \$14.0 billion for FY 2010-11, of which \$11.4 billion is General Fund. General Fund appropriations are \$1.9 billion lower than forecasted with reductions made almost exclusively to payment and recognition shifts. At nearly 40 percent of the General Fund budget, elementary and secondary education constitutes the largest General Fund budget area. The Legislature reduced appropriations in this area to close the overall deficit without cutting more severely into other budget areas. However, the Legislature did not actually reduce spending to schools because delayed payments and a property tax shift created appropriation savings without reducing the overall funding commitment to schools. The changes discussed in this chapter were enacted in Minnesota Laws 2010, First Special Session, Chapter 1. Table 1 summarizes \$1.9 billion in reduced spending in the FY 2010-11 biennium.

***Aid payment  
and property  
tax  
recognition  
shifts reduce  
FY 2010-11  
spending by  
\$1.9 billion.***

<b>Table 1 - Education</b>				
<b>Biennial Spending by Agency &amp; Fund--All Funds, FY 2010-11</b>				
<i>(dollars in thousands)</i>				
	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Education Aids	15,010,358	15,875,524	(1,947,282)	13,928,242
Department of Education	43,427	50,386	(1,627)	48,759
Faribault Academies	29,712	29,453	0	29,453
Center for Arts Education	16,386	17,198	0	17,198
<b>Total by Agency</b>	<b>15,099,883</b>	<b>15,972,561</b>	<b>(1,948,909)</b>	<b>14,023,652</b>
<b>Totals by Fund</b>				
General Fund	13,750,240	13,337,721	(1,949,286)	11,388,435
Special Revenue Fund	28,709	29,379	0	29,379
Endowment and Permanent School Fund	55,270	45,851	0	45,851
Federal Fund	1,265,050	2,549,879	77	2,549,956
Maximum Effort School Loan Fund	0	0	0	0
Gift Fund	614	231	0	231
Arts and Cultural Heritage Fund	0	9,500	0	9,500
Environment and Natural Resources Fund	0	0	300	300
<b>Total by Fund</b>	<b>15,099,883</b>	<b>15,972,561</b>	<b>(1,948,909)</b>	<b>14,023,652</b>

## **EDUCATION AIDS BUDGET ACCOUNTING CHANGES**

Over 99.4 percent of the General Fund appropriations in elementary and secondary education are comprised of education aids that are passed directly to school districts, charter schools, and other education organizations. Therefore, it is difficult to avoid making reductions to the education budget without making cuts to education aids. Table 2 identifies the total changes by major component of the elementary and secondary education for all funds and those changes are discussed in more detail below. With a few minor technical adjustments associated with forecasting in other funds, the entire change is contained in the General Fund.

<b>Table 2 - Education General Fund Spending Changes</b> (dollars in thousands)						
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY 2012-13</b>
<b>Forecasted Spending*</b>	<b>6,410,048</b>	<b>6,927,673</b>	<b>13,337,721</b>	<b>7,104,523</b>	<b>7,258,797</b>	<b>14,363,321</b>
<u>Change Items</u>						
Property Tax Recognition Shift	0	(576,193)	<b>(576,193)</b>	(52,480)	(58,132)	(110,612)
Aid Payment Shift (73/27 FY 10, 70/30 FY 11)**	(1,056,813)	(314,338)	<b>(1,371,151)</b>	1,371,146	0	1,371,146
Educate Parents Partnership Kindergarten Entrance Assessment	(1)	(1)	<b>(2)</b>	(1)	(1)	(2)
MDE, Agency Operations	(796)	(1,132)	<b>(1,928)</b>	(1,132)	(1,132)	(2,264)
<b>Total Spending Changes</b>	<b>(1,057,616)</b>	<b>(891,670)</b>	<b>(1,949,286)</b>	<b>1,317,527</b>	<b>(59,271)</b>	<b>1,258,256</b>
<b>Total Spending</b>	<b>5,352,432</b>	<b>6,036,003</b>	<b>11,388,435</b>	<b>8,422,055</b>	<b>7,199,526</b>	<b>15,621,582</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

\*\* Does not include \$13.9 million of shift carried in Tax Aids and Credits chapter.

### **Aid Payment Shift**

***The aid payment shift is temporary and creates an aid entitlement for FY 2012-13.***

Minnesota school districts and charter schools operate on a fiscal year that is identical to the state of Minnesota, beginning on July 1 and ending on June 30. Districts and charters receive state aid payments from the state of Minnesota on a statutorily determined schedule with 23 payment dates per year. The first payment is July 15 and each subsequent payment is approximately every two weeks thereafter. The final payment is June 20.

For any given fiscal year, the total of the formulas that are in effect is called the “entitlement.” The entitlement represents the aid that each district and charter is entitled to receive for that fiscal year. However, all of that aid is not actually appropriated or paid to districts and charter schools in the year in which the entitlement was generated. Instead, the aid entitlement from the various state formulas and grants is actually split and is paid over two fiscal years. The portion of the entitlement, paid in the fiscal year in which it is generated, is called the “current year aid percentage” and is established in law. A smaller portion of the entitlement is paid to schools in the fiscal year *after* it was generated. This portion of the entitlement, called the “prior year aid percentage,” becomes part of the following year’s appropriation.

For each fiscal year, the amounts appropriated and paid to schools is the sum of a percentage of the formulas in effect for the *current* fiscal year added to a percentage of the formulas in effect for the *prior* fiscal year. Under the law prior to the 2010 session, the current year aid percentage was 90 percent and the prior year aid percentage was ten percent. The sum of the current and prior year aid percentages must always equal 100 percent, and is expressed with the current year aid percentage first. 90/10 would represent the law prior to the 2010 session.



During the 2010 legislative session, the Legislature made two changes to the aid payment schedule. For FY 2010, the Legislature approved a 73/27 percent schedule and, for FY 2011, it approved a 70/30 percent schedule. The reduction to the current-year aid payment percentage of 17 percent in FY 2010 required an increase to the FY 2011 prior-year aid percentage in an identical amount. As a result, a portion of the amount required to be paid in the current year is shifted to the subsequent fiscal year. While this change does not reduce the amount to be paid to schools over the two years, it delays the timing of a portion the state's liability, creating a onetime savings for the state. This type of adjustment is called an aid payment shift.

The aid payment shift during the 2010 session created savings in two steps. As summarized in Table 2 above, the Legislature reduced education aids appropriations by \$1.1 billion by reducing the current-year aid percentage from 90 to 73 in FY 2010. Then, in FY 2011, the Legislature reduced appropriations by an additional \$314.1 million by further reducing the current-year aid percentage to 70 percent.

An aid payment shift only creates onetime savings for the state because the prior-year aid percentage always increases when the current-year aid percentage decreases. As described above, an aid payment shift does not reduce the amount of money that schools will receive because it makes no permanent changes to state school formulas. Together, the two aid payment shifts during the 2010 session generated \$1.4 billion in savings for FY 2010-11. In FY 2012, however, this provision carries a \$1.4 billion cost. For FY 2012 the Legislature reinstated the 90/10 payment schedule. As a result, all of the savings generated in FY 2010-11 are scheduled to be paid back all at once in FY 2012; returning to a 90/10 schedule in FY 2012 is essentially the reverse of a shift.

### **Advance Final Payment**

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***Funds appropriated to mitigate the impact of the shift for certain school districts.***

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The Legislature allocated \$3.8 million for this provision to mitigate the shift effects on certain school districts and charter schools. The \$3.8 million cost is offset against the savings created by the aid payment shift.

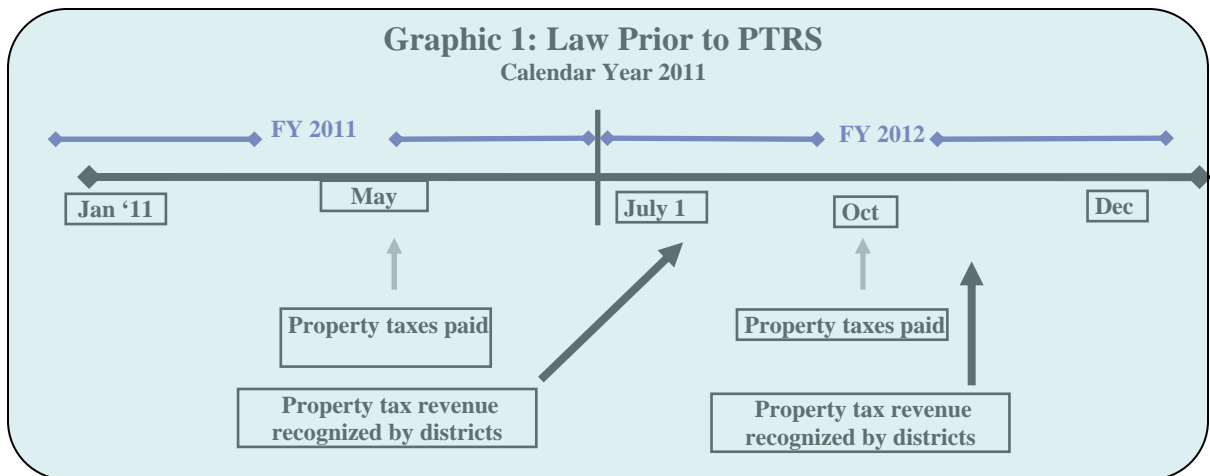
When aid payment shifts are used to help balance the state budget, school districts and charter schools that are already experiencing a budget shortfall face even greater budget challenges as a result of the new shifts. To address this, the Legislature created a second mechanism wherein these schools are permitted to remain on a 90/10 aid payment schedule. This process, called an advance final payment, allows school districts and charter schools that are in statutory operating debt during the prior fiscal year to receive a portion of their aid that would have been shifted. Essentially, with certain limitations, it reduces the shift for school districts and charter schools that were in statutory operating debt in the previous year.

## Property Tax Recognition Shift (PTRS)

***Property tax recognition shift is made permanent, but subject to buyback provisions.***

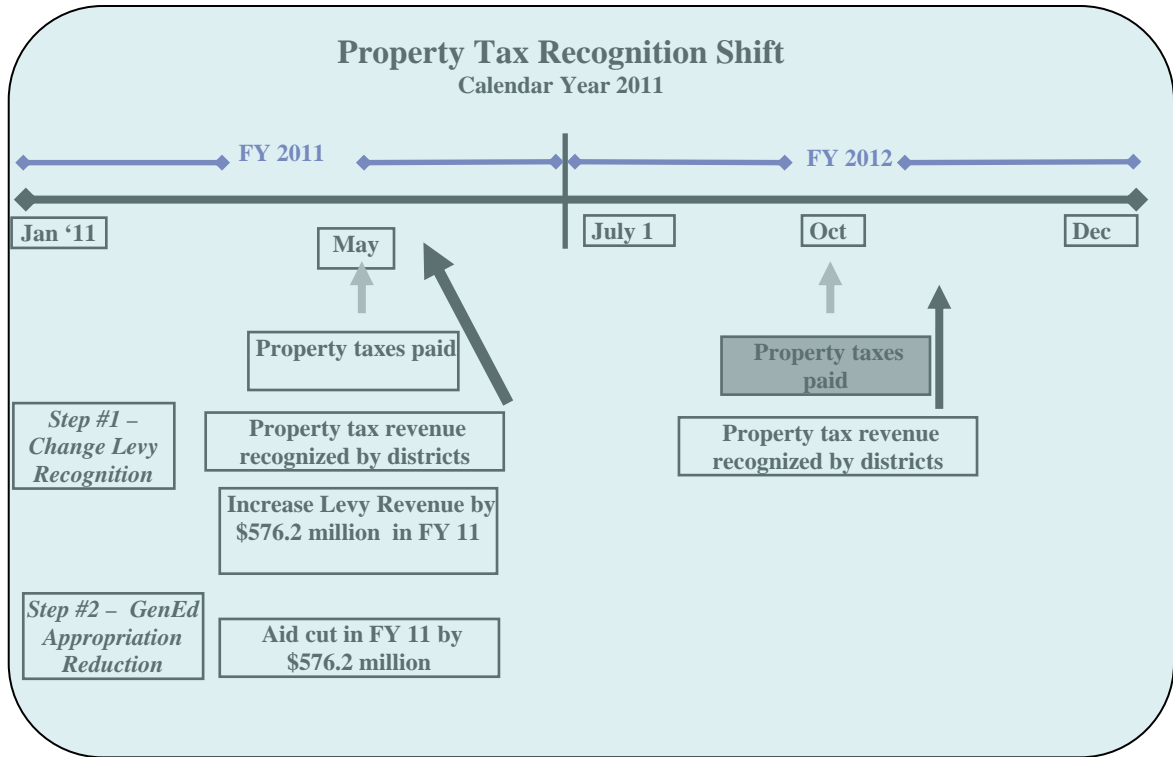
The Legislature used a property tax recognition shift to help balance the state budget, and this change saved the General Fund \$576.1 million in the FY 2010-11 biennium. The recognition shift is permanent and, unlike the aid payment shift, will require property taxes to continue to be recognized early unless the law is changed or the shift is restored under automatic buyback provisions discussed below. Additionally, because property taxes grow over time, this growth, relative to the forecasted base, results in growth in amount shifted in subsequent fiscal years. Therefore, the property tax recognition shift passed in 2010 is forecasted to save an additional \$110.6 million in the FY 2012-13 biennium.

Property taxes in the state of Minnesota are paid twice per year, in the month of May and October. These payment dates fall into two separate fiscal years. The May payment occurs at the end of the fiscal year and the October payment falls four months after the beginning of the subsequent fiscal year. Prior to the law changes in the 2010 session, school districts were required to recognize most revenue from property taxes paid in May in the subsequent fiscal year. Graphic 1 illustrates how property tax revenue was recognized by districts prior to the 2010 legislative session.



The Legislature enacted a property tax recognition shift that, beginning in FY 2011, requires school districts to recognize the May property tax revenue payments early. Based on the law, districts must recognize the May levy payment in the fiscal year in which the levies are actually paid. This early recognition of property taxes provides school districts with an increase in revenue for that fiscal year. Next, an amount of state aid equal to the levy that was recognized early is subtracted from each school district that has

early recognized levies. As a result, the revenue effect on districts is neutral. However, this aid subtraction creates savings for the state budget by allowing a onetime subtraction of state aid paid to districts. There is no effect on charter schools from a PTRS because they do not receive revenue from property taxes. Graphic 2 illustrates the property tax recognition shift changes as a result of the 2010 legislative change and how onetime aid savings are generated for the state.



### Statutory Shift Buyback

***Shifts would be bought back if positive budget balances are projected.***

The 2004 Legislature established a law (see Minnesota Statutes, section 16A.152, subdivision 4) that requires aid payment and property tax recognition shifts to be automatically bought back when a state budget forecast projects a positive unrestricted General Fund balance, provided that the General Fund budget reserve and cash flow accounts have been fully restored to \$653 million and \$350 million, respectively.

This automatic shift buyback mechanism was used during FY 2005 and FY 2006 to fully buy back the E-12 shifts from prior years. In those years, the Department of Management and Budget (MMB) allocated over \$1.0 billion to restore the E-12 aid payment shifts to 90/10 and to return the property tax recognition shift to its prior recognition schedule as a result of positive projected General Fund balances in several state budget forecasts.

While the automatic shift buyback provisions also apply to the aid payment

shifts enacted in 2010, because the 2010 law provides for the aid payment shifts to be fully paid back in FY 2012, the automatic shift buyback would take affect only if a positive unrestricted General Fund balance was projected in a state budget forecast that was released *prior* to FY 2012. The automatic buyback provisions will apply to the property tax recognition shift that was enacted in 2010, with no scheduled restoration, if at any time in the future a state budget forecast projects a positive unrestricted General Fund balance and reserves have been restored.

### **Overall Effect of Shifts on Schools**

As discussed in the summary chapter, the Governor used unallotments to create savings for the General Fund budget following the 2009 legislative session. Those unallotment actions included aid payment deferrals and property tax recognition shifts for school districts. Therefore, schools were already experiencing a 73/27 percent payment schedule in FY 2010 and were anticipating a property tax recognition shift that was codified by the 2010 Legislature. The additional three-percent payment shift to 70/30 in FY 2011 (detailed above), however, results in a larger aid payment shift than districts originally experienced under the Governor’s unallotments. This additional three percent shift may require schools to use more of their budget reserves or additional cash flow borrowing.

### **OTHER BUDGET SAVINGS**

***Reductions  
made to  
agency  
operating  
budgets,  
selected  
programs.***

In addition to the aid payment shift and property tax recognition shift changes, the Legislature also made several other appropriation reductions, including reductions to:

- the Educate Parents Partnership and Kindergarten Entrance Assessment of \$1,000 and \$6,000 each year respectively beginning in FY 2010;
- the administrative budget for the Department of Education (MDE) of \$1.9 million for FY 2010-11 and \$2.3 million for FY 2012-13. This change represents a 4.6 percent reduction to the MDE budget for the FY 2010-11 biennium compared to the February forecast. Relative to the department’s administrative budget from all funds, the General Fund reduction is offset slightly by a \$300,000 increase in appropriations to MDE from the Environment and Natural Resources fund; and
- the Faribault Academies or the Perpich Center for Arts Education were not reduced during the 2010 legislative session.

## SCHOOL AID PAYMENT DELAYS FOR STATE CASHFLOW

***Revisions  
made to  
state law  
allowing for  
delays of  
school aid  
payments to  
help  
cashflow.***

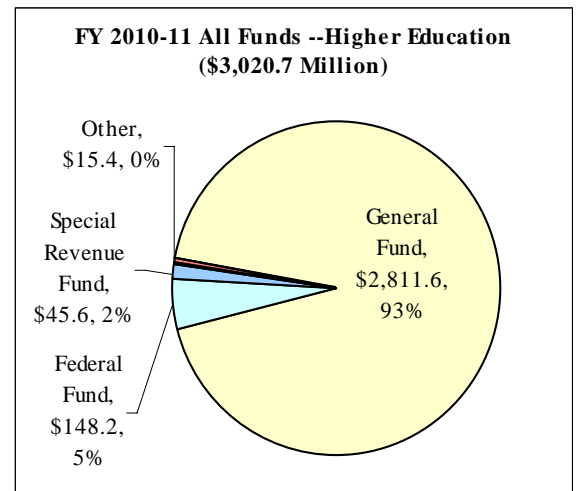
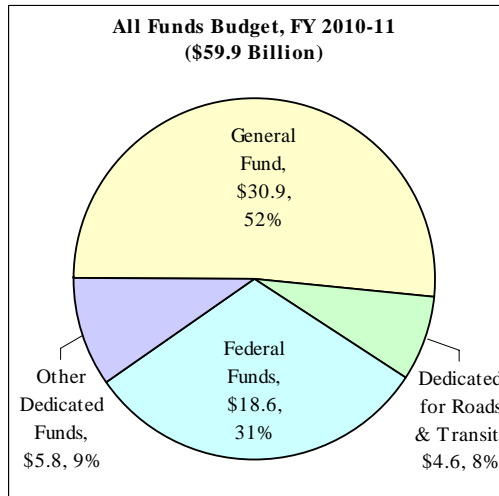
The Legislature also modified a law originally passed in 1987 (Minnesota Statutes, section 127A.46) that requires the Commissioner of Management and Budget to withhold state aid payments to school districts, within a given fiscal year and based on a statutory formula, to reduce the need for short-term borrowing for state cashflow purposes. The 2010 Legislature eliminated the requirement and instead made the law permissive so that the Commissioner of Management and Budget “may” choose to implement the law to avoid cash flow borrowing, but is not required to do so. The Legislature also updated the hardship calculation to reflect the effect of inflation since 1987.

Under the prior law language, the commissioner was required to withhold state aid payments from districts (charter schools are excluded) when the commissioner determined that borrowing for cash flow purposes was necessary. Any aid amounts withheld during the fiscal year were required to be paid by May 30. The law also contained a formula for determining whether payment delays would create a hardship for a particular district. If a hardship was determined based in part on available cash and district debt in the prior year, a district would be exempted from having state aid withheld.

The provisions of the law had not previously been implemented because the state has not had cash flow challenges to trigger the law since 1987. However, in FY 2010, the state began experiencing substantial cash flow challenges and the commissioner withheld \$423.3 million in payments to school districts for several weeks in the spring. The law allowed the Department of Education some flexibility in determining the districts from which aid would be withheld and the amounts withheld. In its FY 2010 implementation of the law, the department withheld payments based on hardship calculation that reflected inflationary updates to the parameters originally enacted in 1987. Those updated parameters were enacted into law in 2010 and will be used as the basis for determining any future delays of school aid payments for state cashflow purposes.

*For questions regarding this Chapter or for more information on the fiscal aspects of Elementary and Secondary Education, please contact [Eric.Nauman@senate.mn](mailto:Eric.Nauman@senate.mn).*

## HIGHER EDUCATION



***Higher Education funding reduced \$147 million; MnSCU funding reduced \$60.5 million; U of M funding reduced \$78.2 million.***

State spending for Higher Education totals \$3.0 billion for the 2010-2011 biennium, \$2.8 billion of which is from the General Fund. As summarized in Table 1, General Fund spending was reduced by \$147.2 million. The reductions were enacted in Chapter 215, and First Special Session, Chapter 1.

General Fund changes include a reduction to the Office of Higher Education of \$519,000, a reduction to the Minnesota State Colleges and Universities (MnSCU) of \$60.5 million, and a reduction to the University of Minnesota of \$78.2 million. Policy changes enacted in Chapter 364 included the specification of the process to be followed to reduce state grant awards in FY 2011 due to a funding shortfall in that program. The University of Minnesota and MnSCU received \$137.9 million in federal fiscal stabilization money in FY 2010: \$74.05 million to the University, and \$63.893 million to MnSCU.

In addition to operating budget changes, the Legislature appropriated \$339.9 million, to be funded from bond proceeds, for assorted capital improvement projects at University of Minnesota and MnSCU campuses. The Governor vetoed \$144.1 million in funding for higher education capital projects.

**Table 1 – Higher Education  
Biennial Spending by Agency & Fund--All Funds, FY 2010-11**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY 2010-11 Budget</b>
<b>Totals by Agency</b>				
Office of Higher Education*	385,424	384,001	(519)	383,482
Minnesota State Colleges & Universities	1,363,874	1,344,023	(60,467)	1,283,556
University of Minnesota	1,457,391	1,429,227	(78,231)	1,350,996
Mayo Foundation	2,452	2,651	0	2,651
<b>Total by Agency</b>	<b>3,209,141</b>	<b>3,159,902</b>	<b>(139,217)</b>	<b>3,020,685</b>
<b>Totals by Fund</b>				
General Fund*	3,109,510	2,958,709	(147,154)	2,811,555
Clean Water Fund		1,055	0	1,055
Environment and Natural Resources Fund	6,841	1,780	7,796	9,576
Federal Fund	41,532	148,158	0	148,158
Health Care Access Fund	4,314	4,314	0	4,314
Parks and Trails Fund	0	400	0	400
Special Revenue Fund	46,944	45,486	141	45,627
<b>Total by Fund</b>	<b>3,209,141</b>	<b>3,159,902</b>	<b>(139,217)</b>	<b>3,020,685</b>

\* General Fund reduction of \$3.3 million reflects transfer of Minnesota GI Bill appropriation to Department of Veterans Affairs.

### General Fund Reductions

***Deficiency in tuition reciprocity funded; reductions made to other programs.***

Table 2 summarizes General Fund changes to state funding for higher education institutions and other higher education activities and programs. As part of the General Fund budget balancing effort, onetime reductions were made to the MnLink and Minitex programs, as well as to the State Work Study Program. Additional money was appropriated to the Tuition Reciprocity Program on a onetime basis to meet financial obligations to North Dakota. A combination of increased demand and insufficient program revenue resulted in several changes being made to the State Grant Program and the Achieve Scholarship Program.

**Table 2**  
**General Fund Spending Changes – Higher Education**  
*(dollars in thousands)*

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012-13</u>
<b>Forecasted Spending*</b>	<b>1,427,789</b>	<b>1,530,920</b>	<b>2,958,709</b>	<b>1,512,787</b>	<b>1,512,887</b>	<b>3,025,674</b>
<b>Office of Higher Education</b>						
Administrative Reduction	(137)	(158)	(295)	(158)	(158)	(316)
Interstate Tuition Reciprocity	1,487	264	1,751	0	0	0
Minitex/MNLink	0	(205)	(205)	0	0	0
Achieve Scholarships	0	0	0	(2,000)	(2,000)	(4,000)
Work Study	0	(1,768)	(1,768)	0	0	0
Tech College Emergency Grants	0	(50)	(50)	0	0	0
<b>Subtotal, OHE Changes</b>	<b>1,350</b>	<b>(1,917)</b>	<b>(567)</b>	<b>(2,158)</b>	<b>(2,158)</b>	<b>(4,316)</b>
<b>Minnesota State Colleges and Universities</b>						
Operations and Maintenance	0	(57,888)	(57,888)	(21,957)	(21,957)	(43,914)
Central Office	0	(2,579)	(2,579)	(2,579)	(2,579)	(5,158)
<b>Subtotal, MnSCU</b>	<b>0</b>	<b>(60,467)</b>	<b>(60,467)</b>	<b>(24,536)</b>	<b>(24,536)</b>	<b>(49,072)</b>
<b>University of Minnesota</b>						
Operations and Maintenance	0	(76,829)	(76,829)	(18,560)	(18,560)	(37,120)
Agriculture Special	0	(6,645)	(6,645)	(6,645)	(6,645)	(13,290)
Health Sciences Special	0	(670)	(670)	(670)	(670)	(1,340)
Institute of Technology Special	0	(176)	(176)	(176)	(176)	(352)
System Special	0	(782)	(782)	(782)	(782)	(1,564)
U/Mayo Partnership	0	(1,018)	(1,018)	(1,018)	(1,018)	(2,036)
<b>Subtotal, UM Changes</b>	<b>0</b>	<b>(86,120)</b>	<b>(86,120)</b>	<b>(27,851)</b>	<b>(27,851)</b>	<b>(55,702)</b>
<b>Total Spending Changes</b>	<b>1,350</b>	<b>(148,504)</b>	<b>(147,154)</b>	<b>(54,545)</b>	<b>(54,545)</b>	<b>(109,090)</b>
<b>Total Spending</b>	<b>1,452,547</b>	<b>1,359,008</b>	<b>2,811,555</b>	<b>1,458,242</b>	<b>1,458,342</b>	<b>2,916,584</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

***State grant shortfall addressed; no supplemental appropriations made.***

**State Grant Program and Achieve Scholarship Program Changes**

To address shortfalls in the State Grant Program and the Achieve Scholarship Program, adjustments will be made to the allocation of money available for distribution to students. First, beginning in FY 2011, student eligibility for the state grant is reduced from nine semesters to eight semesters. In addition, state grant awards will be reduced in FY 2011 based on previously enacted statutes that require action to be taken when the amount appropriated to the program is insufficient to meet projected program needs.

When a shortfall occurs in the State Grant Program, state statute requires the Office of Higher Education to place a surcharge on two components of the formula used to calculate the state grant award:



- (1) the amount the student must contribute to the cost of attendance; and
- (2) the amount the student's family must contribute to the cost of attendance.

Any money remaining in the State Grant Program after making the specified formula adjustments must be distributed to students in the form of an increase in the formula allowance for living expenses. If the funds remaining in the program following these actions are less than \$1.5 million, the balance of the state grant appropriation is to be transferred to the State Work Study Program.

Beginning in FY 2012, the base funding level for the Achieve Scholarship Program will be reduced from \$4.4 million to \$2.35 million per year. Due to the shortfall in the Achieve Scholarship Program, for FY 2011, scholarships will be awarded to the lowest income students first with priority given to individuals who submit a completed application by August 31, 2010. The maximum award will be \$1,200.

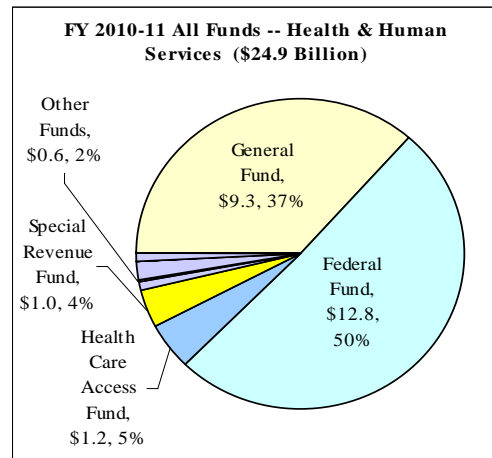
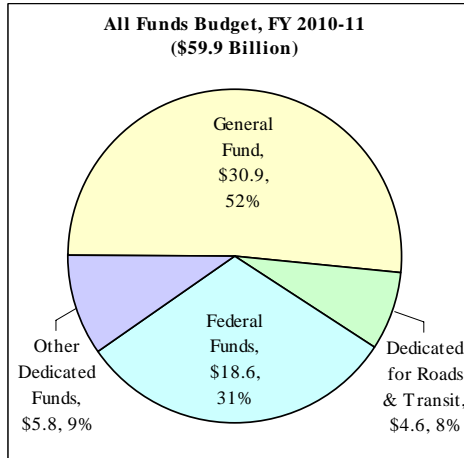
### **Additional Provisions**

The Legislature increased the cap on the maximum amount of revenue bonds the Higher Education Facilities Authority may issue for the construction of facilities on private college and university campuses from \$950 million to \$1.3 billion. In addition, various law changes were enacted to enhance the registration and licensure of private for-profit and not-for-profit colleges and universities in the state, and fees to complete the process were increased. The balance of noteworthy legislation included:

- a pilot project authorizing MnSCU colleges and universities to deposit reserve funds into local banks;
- directing the University of Minnesota and MnSCU to report on nanotechnology initiatives being undertaken by each system; and
- monitoring federal postsecondary textbook disclosure law.

*For questions regarding this Chapter or for more information on the fiscal aspects of Higher Education, please contact [Maja.Weidmann@senate.mn](mailto:Maja.Weidmann@senate.mn).*

## HEALTH AND HUMAN SERVICES



***Health and Human Services budget totals \$24.9 billion; 50 percent is federal funds.***

The February 2010 forecast showed an all funds budget of \$24.9 billion for Health and Human Services (HHS), with General Fund forecast spending of \$9.2 billion. Throughout the 2010 legislative session, the primary focus of discussions in this budget area related to the General Assistance Medical Care (GAMC) program, the relative proportion that reductions in the HHS budget jurisdiction would contribute to resolving the General Fund budget deficit, and funding for the implementation of a federal option to enact an expansion of the Medical Assistance program for individuals without children with income below 75 percent of the federal poverty guidelines.

In the 2010 legislative session, including the First Special Session, the Legislature enacted two budget bills that together reduced all funds spending by \$126.6 million. As shown in Table 1, General Fund spending was increased by \$43.8 million and Health Care Access Fund (HCAF) spending was reduced by \$273.4 million. Forecast transfers from the General Fund to other funds were reduced by \$101.2 million. Changes in other funds were minor.

**Table 1**  
**Biennial Spending by Agency & Fund**  
**All Funds FY 2010-11**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Department of Human Services	20,167,042	23,789,867	(126,121)	23,663,746
Department of Health	967,838	1,104,970	(1,096)	1,103,874
Health Related Boards	26,099	28,925	728	29,653
Emergency Medical Services Board	11,875	8,433	(135)	8,298
Council on Disability	1,537	1,365		1,365
Ombudsman for MH/DD	3,133	3,310		3,310
Ombudsperson for Families	807	530		530
<b>Total by Agency</b>	<b>21,178,331</b>	<b>24,937,400</b>	<b>(126,624)</b>	<b>24,810,776</b>
<b>Totals by Fund</b>				
General Fund	9,090,521	9,216,456	43,782	9,260,238
General Fund Transfers Out	(284,035)	(282,838)	101,170	(181,668)
State Government Special Revenue Fund	110,651	122,824	1,031	123,855
Health Care Access Fund	767,213	1,480,336	(273,351)	1,206,985
Special Revenue Fund	892,596	959,100		959,100
Environment & Natural Resources Fund			594	594
Federal Fund	9,996,505	12,812,781	150	12,812,931
Federal TANF Fund	441,797	452,852		452,852
Environmental Fund		190		190
Remediation Fund	1,104	504		504
Clean Water Fund		3,750		3,750
Petroleum Tank Release Cleanup Fund	1			
Medical Education Endowment Fund	161,888	171,318		171,318
Gift Fund	89	123		123
Endowment Fund	1	4		4
<b>Total by Fund</b>	<b>21,178,331</b>	<b>24,937,400</b>	<b>(126,624)</b>	<b>24,810,776</b>

See Appendix for Detail on Changes by Fund for each Agency

### GENERAL FUND CHANGE SUMMARY

Chapter 200 significantly changed the funding for, and services provided under, the GAMC program. The prior law GAMC program was scheduled to end on March 1, 2010, after the Governor's veto of the FY 2011 appropriations during the 2009 session, and other executive actions in 2009. Relative to the February forecast, all-funds spending for people who received health care through the GAMC program was reduced \$127.8 million, reflecting increased General Fund spending of \$126.6 million and decreased HCAF spending of \$254.4 million.

All funds spending reduced by \$126 million.

In Chapter 1, the budget balancing bill passed in the First Special Session, Article 15, included General Fund reductions of \$157.9 million. Article 25 included a net spending increase of \$167.5 million for all funds, including an increase of \$156.7 million in the General Fund and an \$18.9 million reduction in the Health Care Access Fund.

Chapter 1 included funding for the expansion of Medical Assistance, contingent upon the Governor deciding to enact the federal option to expand the program in Minnesota. This funding includes an increase of \$247.5 million in the General Fund and a reduction of \$145.3 million in the HCAF.

***Reductions made to many General Fund programs; General Fund spending for health care up but offset by transfers-in from Health Care Access Fund.***

As summarized in Table 2, General Fund spending (detailed list of changes is included in the Appendix) was reduced for various programs administered by the Department of Human Services. Spending on continuing care programs was reduced by \$57.3 million. Economic support programs spending was reduced \$57.6 million, while changes in state-operated services programs resulted in increased spending of \$945,000 and changes to health care programs led to \$173.7 million in additional spending. Funding for agency administration was reduced by \$13.4 million.

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b>Forecasted Spending*</b>	(See Appendix 3A)					
<b>Department of Human Services (DHS)</b>						
Continuing Care Change Items	(23,199)	(34,148)	<b>(57,347)</b>	(16,354)	(12,204)	(28,558)
Economic Support Change Items	(28,067)	(29,485)	<b>(57,552)</b>	(13,092)	(13,635)	(26,727)
State Operated Services Change Items	(422)	1,367	<b>945</b>	(5,693)	(5,736)	(11,429)
Health Care Programs Change Items	(11,276)	184,928	<b>173,652</b>	419,903	442,130	862,033
Administration Change Items	(5,180)	(8,221)	<b>(13,401)</b>	(7,303)	(7,303)	(14,606)
<b>Subtotal, DHS Changes</b>	<b>(68,144)</b>	<b>114,441</b>	<b>46,297</b>	<b>377,461</b>	<b>403,252</b>	<b>780,713</b>
<b>Department of Health</b>	(2,919)	539	<b>(2,380)</b>	841	1,385	2,226
<b>Emergency Medical Services Board</b>	247	(382)	<b>(135)</b>	(382)	(382)	(764)
<b>Total Spending Changes</b>	<b>(70,816)</b>	<b>114,598</b>	<b>43,782</b>	<b>377,920</b>	<b>404,255</b>	<b>782,175</b>
<b>Total Spending</b>	(See Appendix 3A)					
* Adjusted February 2010 state budget forecast (see Summary Chapter).						

For the Department of Health, General Fund spending was reduced by \$2.4 million, and the Emergency Medical Services Board's funding from the General Fund was reduced by \$135,000.

### **Department of Human Services**

As shown in Appendix Table A1, the all funds total for the Department of Human Services (DHS) programs in the February forecast was \$23.8 billion. The Legislature enacted changes in DHS programs and funding from all funds resulted in an overall reduction of \$126.1 million for FY 2010-11. These and other changes are shown in Appendix Table A2.

***GAMC Program Changes.*** Chapter 200 changed the GAMC program from a forecast program, for which funding levels were tied to eligibility criteria and other factors, to a capped appropriation of \$127.25 million in FY 2010-11. The capped appropriation includes \$71 million for coordinated care payments and \$56.25 million for prescription drug payments. The bill also includes \$28 million in onetime funding for continuation of the old GAMC program through May 31, 2010, and \$20 million for a temporary uncompensated care fund. The \$20 million was increased to \$30 million in First Special Session Chapter 1.

The changes to the GAMC program also eliminated a \$98.7 million forecast transfer from the General Fund to the HCAF and restored the forecast suspension of a \$48 million transfer from the Health Care Access Fund to the General Fund. In addition, the changes to the program eliminated a planned executive branch initiative to enroll into MinnesotaCare the eligible portion of the GAMC program on a onetime basis subject to ongoing eligibility criteria for MinnesotaCare.

***Medical Assistance Expansion.*** In First Special Session Chapter 1, the Legislature approved a provision that allows the Governor to take action to implement a new federal health care law that allows the Medical Assistance program to cover adults without children who have income below 75 percent of the federal poverty guidelines. Chapter 1 provides for contingent funding and the state law changes necessary to implement this provision. If expansion of Medical Assistance is implemented, it would impact the General Fund and the HCAF because it would result in a significant shift of people from MinnesotaCare to Medical Assistance. The Legislature structured the proposal so that substantial savings in the MinnesotaCare program would be used to offset the increased costs in the General Fund. The total funding from all funds in Chapter 1 for FY 2011 is \$102.2 million, including \$69.8 million in General Fund spending and \$32.4 million in spending from the HCAF.

Many other changes were made to General Fund spending for programs administered by DHS. Changes in continuing care programs resulted in appropriation reductions of \$9.7 million related to changes to chemical dependency provider rates, and \$12.7 million in reduced payments for adult mental health grants. Appropriations for various economic support programs were reduced by a total of \$57.6 million for FY 2010-11, including a \$35.2 million reduction for county social services grants.

During the legislative session, the executive branch put forth a plan to implement a proposal to address persistent deficiencies for funding for state-operated services (SOS) facilities and programs. The Legislature enacted provisions that modified this proposal. These changes resulted in \$6.1 million in increased spending for SOS programs, which was offset in part by operating budget reductions of \$5.1 million.

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***State agency  
operating  
budgets  
reduced.***

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In addition to health care program changes related to GAMC and expansion of Medical Assistance, 2010 actions included reductions of \$12.7 million for medical providers, a three percent managed care provider reduction for nonadministrative rates resulting in \$28.8 million in savings, and hospital payment delays resulting in savings of \$28.9 million.

### **Other Agencies**

Chapter 1 also included changes to the FY 2010-11 appropriations for other agencies in the Health and Human Services budget area, including:

- a \$2.4 million reduction in appropriations to the Department of Health, \$2.0 million of which is an operating budget reduction; and
- an increase of \$247,000 in appropriations to the Emergency Medical Services Board for FY 2010 to offset a fiscal tracking error in 2009, as well as a \$382,000 transfer of funding for the comprehensive advanced life support program from the board to the Department of Health.

### **GENERAL FUND TRANSFERS AND REVENUE CHANGES**

The provisions in HHS bills included changes to financing mechanisms and various transfers to help fund programs and to balance the General Fund and HCAF budgets. Table 3 shows the transfers into the General Fund from other funds that related to the Health and Human Services budget area. Among these changes are:

- a \$177.7 million transfer from the HCAF related to expansion of Medical Assistance;
- a \$48 million transfer from the HCAF for the changes to the GAMC program; and
- a \$40 million transfer from the HCAF in FY 2011 that will be returned in FY 2012.

***Transfers from Health Care Access Fund intended to pay for MA expansions, and provide temporary help with General Fund budget balance.***

<b>Table 3 – Human Services</b>						
<b>General Fund Transfers &amp; Non-Tax Revenue Changes</b>						
<i>(dollars in thousands)</i>						
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b>Transfers from Other Funds</b>						
SOS Laundry Account	(669)		<b>(669)</b>			0
TANF Childcare Caseload Growth		(12,500)	<b>(12,500)</b>			0
TANF Working Family Cr	(15,500)		<b>(15,500)</b>			0
CFS Spec Rev Fd Cancel	(613)	(493)	<b>(1,106)</b>			0
Reinstate HCAF Provider Tax Tfr (MA Expansion)				(48,000)	(48,000)	(96,000)
MA Expansion Transfer from HCAF Health-Related Boards Reserve	(998)	(176,704)	<b>(177,702)</b>	(141,041)	(286,150)	(427,191)
Transfer	(591)	(3,052)	<b>(3,643)</b>			0
Transfer from HCAF for 2 Month GAMC Extension	(28,000)		<b>(28,000)</b>			0
Transfer from HCAF for GAMC Temp Uncomp Care Payments	(1,538)	(18,462)	<b>(20,000)</b>			0
Reinstate HCAF Provider Tax Transfer (GAMC)		(48,000)	<b>(48,000)</b>			0
Transfer Underspending From CD Fund	(4,800)		<b>(4,800)</b>			0
Transfer from HCAF		(40,000)	<b>(40,000)</b>			0
<b>Total Transfers-in</b>	<b>(52,709)</b>	<b>(299,211)</b>	<b>(351,920)</b>	<b>(189,041)</b>	<b>(334,150)</b>	<b>(523,191)</b>
<b>Nontax Revenue Changes</b>						
Reduce Compulsive Gambling Grants	(49)	(27)	<b>(76)</b>			0
Underspending in Compulsive Gambling Acct	(100)		<b>(100)</b>			0
CPE Reporting to Claim DSH				(8,079)	(18,316)	(26,395)
Increase TEFRA Fees Above 556% FPG		(487)	<b>(487)</b>	(634)	(634)	(1,268)
MNCare Carveout to Claim DSH				(20,677)	(12,987)	(33,664)
Reduce MSOP Corrections Cost				(418)	(419)	(837)
SOS Redesign Rev Loss		2,050	<b>2,050</b>	2,050	2,050	4,100
Birth Record Surcharge		(2,500)	<b>(2,500)</b>	(2,500)	(2,500)	(5,000)
SOS Redesign Revenue	(3,550)	(5,870)	<b>(9,420)</b>	(5,870)	(5,870)	(11,740)
DSH Funds Earned on GAMC FFP Hospital Payt	(11,012)	(41,773)	<b>(52,785)</b>			0
Recoveries of GAMC Payt From Third Parties		(16)	<b>(16)</b>	(15)		(15)
GAMC Prescription Drug Copayments	(875)	(10,375)	<b>(11,250)</b>	(10,375)	(10,375)	(20,750)
Recoveries of GAMC Payments for Persons in Federal Programs	(9)	(2,844)	<b>(2,853)</b>	(6,991)	(2,358)	(9,349)
Drug Rebate Revenue from GAMC Payments	(700)	(8,300)	<b>(9,000)</b>	(8,300)	(8,300)	(16,600)
Child Support Program Fee Revenue Admin Reduction-Transfer Special		(100)	<b>(100)</b>	(100)	(100)	(200)
Revenue Fund Base	(410)	(412)	<b>(822)</b>			0
<b>Total Nontax Revenues</b>	<b>(16,705)</b>	<b>(70,654)</b>	<b>(87,359)</b>	<b>(61,909)</b>	<b>(59,809)</b>	<b>(121,718)</b>
<b>Total Revenue Changes</b>	<b>(69,414)</b>	<b>(369,865)</b>	<b>(439,279)</b>	<b>(250,950)</b>	<b>(393,959)</b>	<b>(644,909)</b>

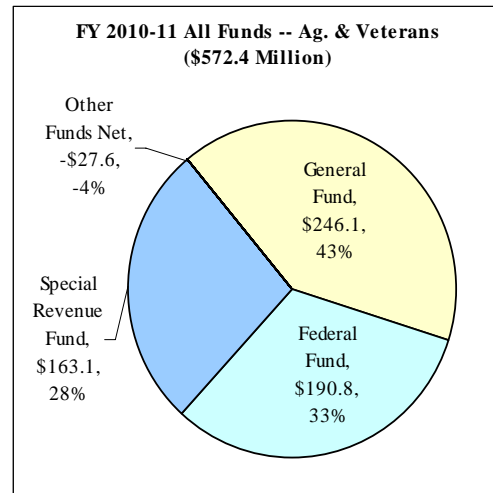
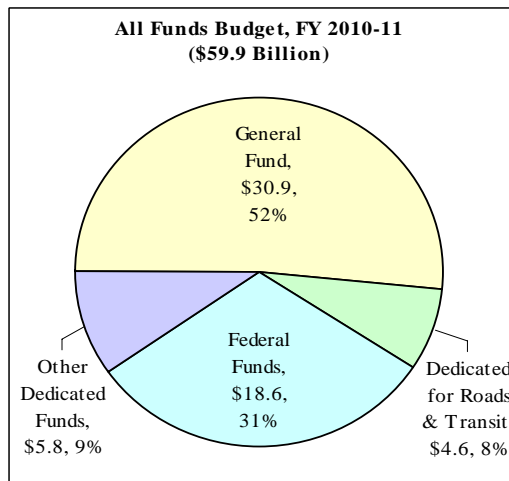
Also shown in Table 3 are various nontax revenue changes. Among the changes are an anticipated increase of \$52.8 million in disproportionate share hospital (DSH) payments, \$2.5 million from a birth record surcharge, \$11.3

million from copayments for prescription drugs under the revised GAMC program, and \$9 million in drug rebates attributable to prescription drugs purchased through the GAMC program.

*For questions regarding this Chapter or for more information on the fiscal aspects of Health and Human Services, please contact [dennis.albrecht@senate.mn](mailto:dennis.albrecht@senate.mn)*



## AGRICULTURE AND VETERANS



***Agriculture and Veterans budgets reduced by \$7 million; most reductions made to agriculture programs.***

The Agriculture and Veterans budget for the FY 2010-2011 biennium totals \$572.4 million from all funds, a \$7.0 million reduction from the adjusted February forecast. The reductions were mostly due to legislative actions to balance the state's General Fund budget. There were few changes to other funds.

Table 1 summarizes the budget for agriculture, veterans and military affairs programs from all funds and the changes made to those budgets in 2010. Most changes to this budget area are contained in Chapter 215.

<b>Table 1</b>				
<b>Biennial Spending by Agency &amp; Fund--All Funds, FY 2010-11</b>				
<i>(dollars in thousands)</i>				
	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Department of Agriculture	146,908	163,014	(6,651)	156,363
Animal Health Board	15,478	14,764	(228)	14,536
Agriculture Utilization Research Inst.	6,200	5,766	(200)	5,566
Department of Military Affairs	180,063	203,980		203,980
Department of Veterans Affairs	185,724	191,773	150	191,923
<b>Total by Agency</b>	<b>534,373</b>	<b>579,297</b>	<b>(6,929)</b>	<b>572,368</b>
<b>Totals by Fund</b>				
General Fund	274,711	253,052	(6,989)	246,063
General Fund Transfer Out	(91,095)	(87,589)		(87,589)
Special Revenue Fund	159,382	163,077	40	163,117
Agricultural Fund	35,074	42,904	20	42,924
Remediation Fund	2,841	4,776		4,776
Gift Fund	1,061	1,324		1,324
Environment & Nat Resources Trust Fund	600			
Outdoor Heritage Fund		2,000		2,000
Clean Water Fund		8,960		8,960
Federal Fund	151,799	190,793		190,793
<b>Total by Fund</b>	<b>534,373</b>	<b>579,297</b>	<b>(6,929)</b>	<b>572,368</b>

The Agriculture and Veterans budget area makes up a little less than one percent of the total General Fund budget. General Fund budget changes for this budget area for the FY 2010-2011 biennium amounted to budget savings of \$8.0 million, including:

- \$7.0 million in appropriation reductions and cancellations; and
- \$1.0 million in transfers from the Agriculture Fund into the General Fund.

***Veterans  
funding  
increased;  
no change  
to military  
funding.***

As summarized in Table 2, General Fund appropriations were reduced by \$7.0 million. These spending reductions reflect a 2.7 percent reduction relative to the adjusted February Forecast base budget for the FY 2010-2011 biennium of \$253.1 million for all of the agencies in this budget area. However, agriculture-related agencies and programs accounted for all of the reductions. The Department of Military Affairs and Department of Veterans Affairs had no net reductions. The largest reduction was a \$4.4 million onetime reduction in ethanol producer payments.

<b>Table 2</b>						
<b>General Fund Spending Changes</b>						
<i>(dollars in thousands)</i>						
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012-13</u>
<b>Forecasted Spending*</b>	<b>129,737</b>	<b>123,315</b>	<b>253,052</b>	<b>124,611</b>	<b>124,804</b>	<b>249,415</b>
<b>Department of Agriculture (MDA)</b>						
Chapter 215 & SS Chapter 1						
Budget Reductions						
Protection Services	(358)	(814)	<b>(1,172)</b>	(814)	(814)	(1,628)
Marketing & Development	(251)	(135)	<b>(386)</b>	(135)	(135)	(270)
Ethanol Producer Payments	(2,220)	(2,220)	<b>(4,440)</b>			
Agency Services & Financial Asst.	(257)	(456)	<b>(713)</b>	(906)	(906)	(1,812)
<b>Subtotal, MDA Changes</b>	<b>(3,086)</b>	<b>(3,625)</b>	<b>(6,711)</b>	<b>(1,855)</b>	<b>(1,855)</b>	<b>(3,710)</b>
<b>Animal Health Board --</b>						
Chapter 215 Reductions	(87)	(141)	<b>(228)</b>	(141)	(141)	(282)
<b>Agriculture Utilization</b>						
Research Institute (Ch. 215)	(100)	(100)	<b>(200)</b>	(100)	(100)	(200)
<b>Department of Veterans Affairs</b>		<b>150</b>	<b>150</b>			
<b>Total Spending Changes</b>	<b>(3,273)</b>	<b>(3,716)</b>	<b>(6,989)</b>	<b>(2,096)</b>	<b>(2,096)</b>	<b>(4,192)</b>
<b>Total Spending</b>	<b>126,464</b>	<b>119,599</b>	<b>246,063</b>	<b>122,515</b>	<b>122,708</b>	<b>245,223</b>

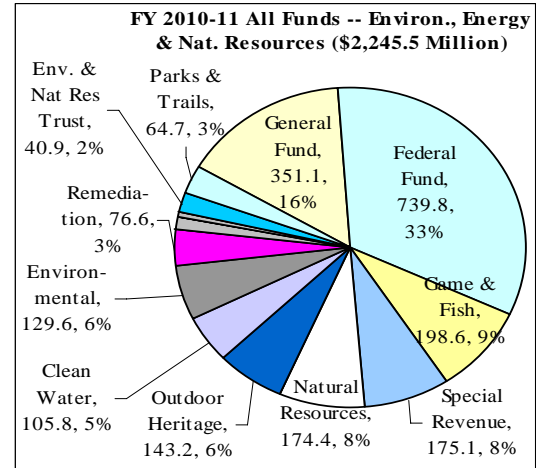
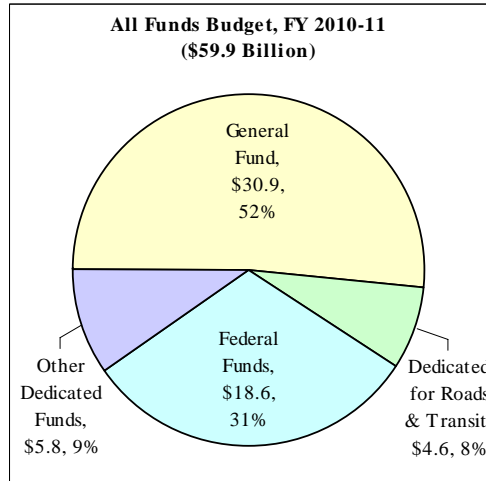
\* Adjusted February 2010 state budget forecast (see Summary Chapter).

In addition, the General Fund budget deficit was also resolved in part by a \$1.1 million transfer into the General fund from the Agriculture Chemical Response and Reimbursement Account. This account in the Agricultural Fund is used to collect fees from manufacturers of pesticides and fertilizers. Chapter 215 also requires another transfer of \$2.1 million from this account into the General Fund in fiscal year 2013.

<b>Table 3</b>						
<b>General Fund Transfers &amp; Revenue Changes</b>						
<i>(dollars in thousands)</i>						
	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010-11</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2012-13</u>
<u>Transfers from Other Funds</u>						
<i>Transfer from Agriculture Fund</i>						
<i>(Chapter 215)</i>		1,046	1,046		2,092	2,092
<b>Total Transfers-in</b>		<b>1,046</b>	<b>1,046</b>		<b>2,092</b>	<b>2,092</b>
<u>Nontax Revenue Changes</u>						
<i>Land Ownership Reporting-Wind</i>						
<i>Rights (Chapter 333)</i>		6	6	6	6	12
<b>Total Nontax Revenues</b>		<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>12</b>
<b>Total Revenue Changes</b>		<b>1,052</b>	<b>1,052</b>	<b>6</b>	<b>2,098</b>	<b>2,104</b>

For questions regarding this Chapter or for more information on the fiscal aspects of Agriculture and Veterans Affairs, please contact [Daniel.Mueller@senate.mn](mailto:Daniel.Mueller@senate.mn).

# ENVIRONMENT, ENERGY, AND NATURAL RESOURCES



***Environment, Energy, and Natural Resources appropriations increase \$61 million; General Fund reduced.***

The budget for Environment, Energy, and Natural Resource agencies and programs totals \$2.246 billion from all funds for FY 2010-2011, an increase of \$61.1 million relative to the February 2010 forecast. As captured in the legislative change column of Table 1, most appropriation increases occurred in the Environment and Natural Resources Trust Fund, which receives revenue from the Minnesota Lottery, and Outdoor Heritage Fund, which receives a portion of dedicated sales tax revenues. The increases reflect actions taken to appropriate the dedicated revenues for each of those funds for FY 2011. General Fund appropriations were reduced by \$17.0 million as part of the overall efforts to eliminate the General Fund deficit for FY 2010-2011.

Budget changes in 2010 were contained in a number of different bills:

- Chapter 215 – a General Fund budget balancing bill;
- Chapter 361 – the Environment and Energy Policy and Supplemental Funding Bill;
- Chapter 362 – the Legislative/Citizens Commission on MN Resources Bill; and
- First Special Session, Chapter 1 – the second General Fund budget balancing bill.

Chapter 390, which was the Omnibus Game and Fish Bill and Land Sales Bill also had some new spending and revenue initiatives, but was vetoed by the Governor.

**Table 1**  
**Biennial Spending by Agency & Fund--All Funds, FY 2010-11**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Pollution Control Agency	343,468	363,039	(5,877)	357,162
Minnesota Zoo	42,456	42,955	(462)	42,493
Department of Natural Resources	705,367	856,624	61,769	918,393
Metropolitan Council - Metro Parks	19,940	47,231	288	47,519
Minnesota Conservation Corps	1,980	1,890		1,890
Board of Water & Soil Resources	64,886	91,543	6,581	98,124
Science Museum of Minnesota	3,024	2,674		2,674
Legislative-Citizen Comm. MN Resources	1,512	1,254		1,254
Public Utilities Commission	14,185	17,055		17,055
Commerce Department	382,514	760,140	(1,200)	758,940
<b>Total by Agency</b>	<b>1,579,332</b>	<b>2,184,405</b>	<b>61,099</b>	<b>2,245,504</b>
<b>Totals by Fund</b>				
General Fund	442,930	368,096	(17,037)	351,059
General Fund Transfer Out	(4,550)			
Environmental Fund	130,360	129,071	535	129,606
Remediation Fund	78,144	76,593		76,593
Natural Resources Fund	165,214	173,629	760	174,389
Game & Fish Fund	188,997	198,208	395	198,603
Permanent School Fund	202	406		406
Petroleum Tank Release Cleanup Fund	21,297	32,554	(55)	32,499
Workers Compensation Special Fund	1,567	1,502		1,502
Special Revenue Fund	165,573	176,205	(1,100)	175,105
State Govt Special Revenue Fund	308	100		100
Gift Fund	10,841	11,185		11,185
Minnesota Future Resources Fund	131	131		131
Environment & Nat Res Trust Fund	33,776	23,424	17,454	40,878
Parks & Trails Fund		64,682		64,682
Outdoor Heritage Fund		84,827	58,339	143,166
Clean Water Fund		104,310	1,445	105,755
Federal Fund	344,542	739,482	363	739,845
<b>Total by Fund</b>	<b>1,579,332</b>	<b>2,184,405</b>	<b>61,099</b>	<b>2,245,504</b>

**General Fund  
spending  
reduced by  
\$17 million.**

The net change for the Environment, Energy and Natural Resources General Fund budget was \$91.7 million, which included:

- \$17.0 million in appropriation reductions and cancellations, as summarized in Table 2;

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*Various fund transfers used to help balance General Fund.*

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- \$73.5 million in transfers from Nongeneral Funds into the General Fund; and
- \$1.2 million in increased General Fund revenues from various fee increases.

The Environment, Energy, and Natural Resources budget area makes up about 1.1 percent of the total General Fund budget. The \$17.0 million in spending reductions reflects a 4.6 percent reduction from the adjusted February forecast base budget for the FY 2010-2011 biennium of \$368.1 million for all of the agencies in this budget area. Table 2 summarizes the General Fund spending reductions enacted in 2010.

General Fund reductions were generally proportional across most program areas and agencies for which reductions were made. Selected programs administered by the Department of Natural Resources did not receive any reductions, including appropriations for forest firefighting, payment in lieu of taxes for public lands, and various treaty-related payments. In addition, three agencies funded by in this budget area also received no General Fund reductions, including the Science Museum, Minnesota Conservation Corps, and the Public Utilities Commission.

<b>Table 2</b>						
<b>General Fund Spending Changes</b>						
<i>(dollars in thousands)</i>						
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b>Forecasted Spending*</b>	187,866	180,230	<b>368,096</b>	181,420	181,734	363,154
<b>Pollution Control Agency (PCA)</b>						
Water Resources	(364)	(971)	<b>(1,335)</b>	(930)	930)	(1,860)
Land		(30)	<b>(30)</b>	(30)	(30)	(60)
Environmental Assistance	(47)	(125)	<b>(172)</b>	(125)	(125)	(250)
Administrative Support	(60)	(128)	<b>(188)</b>	(128)	(128)	(256)
<b>Subtotal, PCA Changes</b>	<b>(471)</b>	<b>(1,254)</b>	<b>(1,725)</b>	<b>(1,213)</b>	<b>(1,213)</b>	<b>(2,426)</b>
<b>Minnesota Zoo Reductions</b>	<b>(125)</b>	<b>(337)</b>	<b>(462)</b>	<b>(337)</b>	<b>(337)</b>	<b>(674)</b>
<b>Department of Natural Resources (DNR)</b>						
Lands and Minerals	(198)	(418)	<b>(616)</b>	(364)	(364)	(728)
Water Management	(506)	(728)	<b>(1,234)</b>	(728)	(728)	(1,456)
Forest Management & Firefighting	(858)	(1,592)	<b>(2,450)</b>	(1,460)	(1,460)	(2,920)
Parks and Trails	(840)	(1,402)	<b>(2,242)</b>	(1,402)	(1,402)	(2,804)
Fish & Wildlife Management	(265)	(490)	<b>(755)</b>	(265)	(265)	(530)
Ecological Resources	(178)	(354)	<b>(532)</b>	(354)	(354)	(708)
Enforcement	(365)	(575)	<b>(940)</b>	(575)	(575)	(1,150)
Administration and Operations	(173)	(259)	<b>(432)</b>	(259)	(259)	(518)
Carryforward Cancellations	(335)		<b>(335)</b>			
Payments in Lieu of Taxes (Ch. 389)				122	122	244
<b>Subtotal, DNR Changes</b>	<b>(3,718)</b>	<b>(5,818)</b>	<b>(9,536)</b>	<b>(5,285)</b>	<b>(5,285)</b>	<b>(10,570)</b>
<b>Metropolitan Council-Metro Parks</b>	<b>(86)</b>	<b>(326)</b>	<b>(412)</b>	<b>(240)</b>	<b>(240)</b>	<b>(480)</b>
<b>Board of Water &amp; Soil Resources (BWSR)</b>						
Operating Reductions	(102)	(230)	<b>(332)</b>	(230)	(230)	(460)
Grants to Local Governments	(489)	(1,133)	<b>(1,622)</b>	(1,133)	(1,133)	(2,266)
Carryforward Cancellations	(1,209)	(594)	<b>(1,803)</b>			
<b>Subtotal, BWSR Changes</b>	<b>(1,800)</b>	<b>(1,957)</b>	<b>(3,757)</b>	<b>(1,363)</b>	<b>(1,363)</b>	<b>(2,726)</b>
<b>Commerce Department</b>						
Administrative Services	(163)	(223)	<b>(386)</b>	(223)	(223)	(446)
Market Assurance	126	(308)	<b>(182)</b>	(346)	(346)	(692)
Office of Energy Security	(100)		<b>(100)</b>			
Carryforward Cancellations	(1,000)		<b>(1,000)</b>			
Mortgage Appraisal (Ch. 347)		523	<b>523</b>	377	388	765
<b>Subtotal, Commerce Changes</b>	<b>(1,137)</b>	<b>(8)</b>	<b>(1,145)</b>	<b>(192)</b>	<b>(181)</b>	<b>(373)</b>
<b>Total Spending Changes</b>	<b>(7,337)</b>	<b>(9,700)</b>	<b>(17,037)</b>	<b>(8,630)</b>	<b>(8,619)</b>	<b>(17,249)</b>
<b>Total Spending</b>	<b>180,529</b>	<b>170,530</b>	<b>351,059</b>	<b>172,790</b>	<b>173,115</b>	<b>345,905</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

\*\* Budget reductions are from Chapter 215 or Special Session Chapter 1, unless otherwise noted.

As summarized in Table 3, of the transfers from Nongeneral Funds, the largest transfer is \$48 million from the state's Closed Landfill Investment Fund. This fund was established in 2003 in order to set aside money for landfill cleanup costs starting in 2020. The \$48 million must be paid back to the fund, with interest, starting in fiscal year 2014. The other large transfer is \$14 million from the Workers Compensation Assigned Risk Plan, which is a fund established to help employers who

have been unable to secure coverage through the open market.

***\$48 million transferred from Closed Landfill Investment Fund; funds to be repaid by 2018.***

<b>Table 3</b> <b>General Fund Transfers &amp; Revenue Changes</b> <i>(dollars in thousands)</i>						
	<u>FY 2010</u>	<u>FY2011</u>	<u>FY2010-11</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2012-13</u>
<u>Transfers from Other Funds</u>						
<b>Pollution Control Agency</b>						
Transfer from Closed Landfill Investment Fund		48,000	<b>48,000</b>			0
Transfer from Special Revenue Fund	328	462	<b>790</b>			0
<b>Department of Natural Resources</b>						
Transfer from Game & Fish Fund	900		<b>900</b>			0
Transfer from Special Revenue Fund	197	1,292	<b>1,489</b>	48	48	96
<b>Board of Water &amp; Soil Resources</b>						
Transfer from Special Revenue Fund		310	<b>310</b>	310	310	620
<b>Commerce Department</b>						
Transfer from Petroleum Tank Release Fund	1,969	1,032	<b>3,001</b>			0
Transfer from Worker's Compensation Assigned Risk Plan		14,000	<b>14,000</b>			0
Transfer from Special Revenue Fund	3,024	1,993	<b>5,017</b>			0
<b>Total Transfers-in</b>	<b>6,418</b>	<b>67,089</b>	<b>73,507</b>	<b>358</b>	<b>358</b>	<b>716</b>
<u>Nontax Revenue Changes</u>						
<b>Commerce Department</b>						
Department Fees		489	<b>489</b>	89	89	178
Dept Health Plan Filings (Ch. 346)		50	<b>50</b>			0
Mortgage Appraisal (Ch. 347)		607	<b>607</b>	286	268	554
Department of Health Plan Filings		50	<b>50</b>			0
<b>Total Nontax Revenues</b>		<b>1,196</b>	<b>1,196</b>	<b>375</b>	<b>357</b>	<b>732</b>
<b>Total Revenue Changes</b>	<b>6,418</b>	<b>68,285</b>	<b>74,703</b>	<b>733</b>	<b>715</b>	<b>1,448</b>

\* Revenues and transfers are from Chapter 215 or Special Session Chapter 1, unless otherwise noted.

While most agencies in this budget area saw a reduction in General Fund appropriations in both the 2009 and 2010 legislative sessions, agency spending is higher for most agencies when compared to the FY2008-2009 biennium. This is due mainly to an increase in funds from the federal economic stimulus package, as well as new appropriations from constitutionally dedicated funds (see tables 4 and 5).



Supplemental appropriations made from legacy funds.

<b>Table 4</b> <b>Constitutional Dedicated Funding: by Fund, by Agency</b> <i>(dollars in thousands)</i>			
<b>Fund, Agency</b>	<b>2009 Session FY 2010-11</b>	<b>Legislative Changes</b>	<b>Current FY 2010-11 Budget</b>
<b>Outdoor Heritage Fund*</b>			
<u>Department of Natural Resources</u>			
Prairie Acquisition & Restoration	14,213	18,093	32,306
Forests for the Future/Easements	36,000	5,603	41,603
Wetlands Acquisition & Restoration	11,478	10,010	21,488
Fish, Game & Wildlife Habitat	13,903	17,563	31,466
<u>Administration, Other</u>	<u>175</u>	<u>175</u>	<u>350</u>
Total for Department of Natural Resources	75,769	51,444	127,213
Wetlands Acquisition & Restoration	9,058	6,895	15,953
<u>Department of Agriculture</u>			
Forest Protection/Invasive Species	2,000		2,000
<u>Legislative Coordinating Commission</u>			
Administration, Web Site	705	600	1,305
<b>Total Outdoor Heritage Fund</b>	<b>87,532</b>	<b>58,939</b>	<b>146,471</b>
<b>Clean Water Fund*</b>			
<u>Pollution Control Agency</u>			
Nonpoint Source Protection & Preservation	3,250	200	3,450
Point Source Protection	4,669		4,669
Assessment, Monitoring & TMDL Development	34,492	600	35,092
Ground & Drinking Water Protection	7,250	5,000)	2,250
Education & Public Engagement	250		250
<u>Research &amp; Tool Development</u>	<u>1,250</u>	<u>145</u>	<u>1,395</u>
Total for Pollution Control Agency	51,161	(4,055)	47,106
<u>Department of Natural Resources</u>			
Nonpoint Source Protection & Preservation	1,000		1,000
Assessment, Monitoring & TMDL Development	5,800		5,800
Ground & Drinking Water Protection	1,125	4,000	5,125
<u>Research &amp; Tool Development</u>	<u>6,600</u>		<u>6,600</u>
Total for Department of Natural Resources	14,525	,000	18,525
<u>Metropolitan Council</u>			
Water Supply Planning	400	400	800
<u>Board of Water &amp; Soil Resources</u>			
Nonpoint Source Protection & Preservation	36,224	800	37,024
<u>Wellhead Protection Areas</u>	<u>2,000</u>	<u>300</u>	<u>2,300</u>
Total for Board of Water & Soil Resources	38,224	1,100	39,324
<u>Department of Agriculture</u>			
AgBMP Loan Program	4,500		4,500
Assessment, Monitoring & TMDL Development	1,070		1,070
Ground & Drinking Water Protection	1,125		1,125
<u>Research &amp; Tool Development</u>	<u>2,265</u>		<u>2,265</u>
Total for Department of Agriculture	8,960		8,960
<u>Public Facilities Authority</u>			
Wastewater and Point Source Grants & Loans	32,700		32,700
<u>Department of Health</u>			

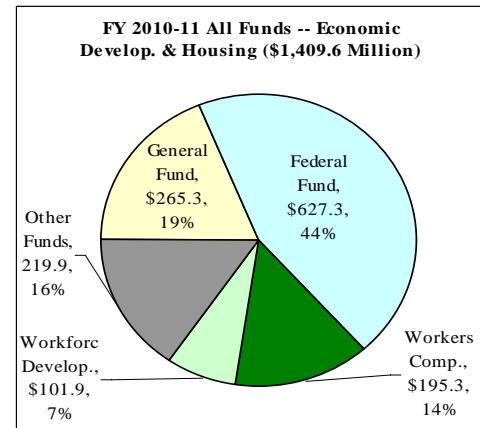
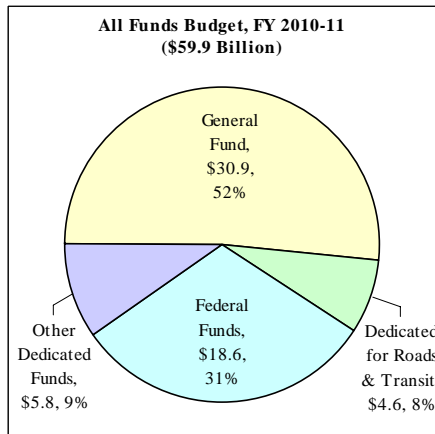
Ground & Drinking Water Protection	3,750	3,750
<u>University of Minnesota</u>		
Research & Tool Development	1,055	1,055
<u>Legislative Coordinating Commission</u>		
Public Information Web Site	25	25
<b>Total Clean Water Fund</b>	<b>150,800</b>	<b>152,245</b>
<b>Parks &amp; Trails Fund*</b>		
<u>Department of Natural Resources</u>		
State Parks, Recreation Areas, and Trails	27,781	27,781
Regional Parks and Trails Grants	7,770	7,770
Solar Project Grants	1,100	1,100
<u>Parks Framework &amp; Inventory</u>	<u>250</u>	<u>250</u>
Total for Department of Natural Resources	36,901	36,901
<u>Metropolitan Council - Regional Parks</u>		
Metro Parks and Trails Grants	27,781	27,781
<u>University of Minnesota</u>		
Parks Framework & Inventory	400	400
<u>Legislative Coordinating Commission</u>		
Public Information Web Site	15	15
<b>Total Parks &amp; Trails Fund</b>	<b>65,097</b>	<b>65,097</b>
<b>Arts &amp; Cultural Heritage Fund*</b>		
<u>Arts Board</u>		
Arts & Arts Access Initiatives	33,550	33,550
Arts Education Collaborations	6,490	6,490
Arts in Cultural Heritage	2,160	2,160
<u>Fiscal Oversight &amp; Accountability</u>	<u>1,100</u>	<u>1,100</u>
Total for Arts Board	43,300	43,300
<u>Historical Society</u>		
Statewide History Programs & Projects	7,750	7,750
Statewide Historic & Cultural Grants	6,750	6,750
Assistance to Local Historical Societies	5,000	5,000
<u>Exhibit on Regional, Local &amp; Cultural Diversity</u>	<u>2,500</u>	<u>2,500</u>
Total for Historical Society	22,000	22,000
<u>Department of Administration: Fiscal Agent</u>		
Public Television	6,300	6,300
Minnesota Public Radio	2,650	2,650
Assoc. of MN Public Education Radio Stations	2,650	2,650
Minnesota Zoos	900	900
Minnesota Children's Museum	500	500
Duluth Children's Museum	500	500
<u>Science Museum of Minnesota</u>	<u>900</u>	<u>900</u>
Total for Dept. of Administration	14,400	14,400
<u>Minnesota Center for the Humanities</u>		
Program Development	600	600
Council on Asian Pacific Minnesotans	250	250
Council on Black Minnesotans	250	250
Indian Affairs Council	250	250
Chicano/Latino Affairs Council	250	250
<u>Civics Education</u>	<u>500</u>	<u>500</u>

Total for MN Center for the Humanities	2,100		2,100
<u>Perpich Center for Arts Education</u>			
Arts, Arts Education, and Arts Access	1,000		1,000
<u>Department of Education</u>			
Minnesota Regional Library Systems	8,500		8,500
<u>Indian Affairs Council</u>			
Dakota and Ojibwe Language Preservation	1,400		1,400
<u>Dakota and Ojibwe Immersion Programs</u>	<u>500</u>		<u>500</u>
Total for Indian Affairs Council	1,900		1,900
<u>Legislative Coordinating Commission</u>			
Public Information Web Site	20		20
<b>Total Arts &amp; Cultural Heritage Fund</b>	<b>93,220</b>		<b>93,220</b>
<b>Summary by Fund</b>			
<b>Outdoor Heritage Fund*</b>	87,532	58,939	146,471
<b>Clean Water Fund*</b>	150,800	1,445	152,245
<b>Parks &amp; Trails Fund*</b>	65,097		65,097
<b><u>Arts &amp; Cultural Heritage Fund*</u></b>	<u>93,220</u>		<u>93,220</u>
<b>Constitutional Dedicated Funds, Grand Total:</b>	<b>396,649</b>	<b>60,384</b>	<b>457,033</b>
<b>Note:*</b> Funded with 3/8th percent increase in the sales tax			

<b>Table 5</b>	
Chapter 362: Legislative/Citizens Commission on Minnesota Resources Appropriations from the Environment & Natural Resources Trust Fund	
<b>Category</b>	<b>Total Amount (see note)</b>
Natural Resource Data and Information (11 projects)	\$4,920,000
Land, Habitat, and Recreation; including State Park Acquisitions and Rehabilitation (23 projects)	\$10,438,000
Water Resources (9 projects)	\$3,455,000
Aquatic and Terrestrial Invasive Species (4 projects)	\$1,470,000
Renewable Energy (5 projects funded, 1 line item veto)	\$3,221,000
Environmental Education (11 projects)	\$2,640,000
<b>Overall Total:</b>	<b>\$26,144,000</b>
Note: Total amount includes \$418,000 in FY2010 and \$25,479,000 in FY2011, and \$247,000 reallocated from previous years' appropriations.	

*For questions regarding this Chapter or for more information on the fiscal aspects of Environment, Energy, and Natural Resources, please contact [daniel.mueller@senate.mn](mailto:daniel.mueller@senate.mn)*

## ECONOMIC DEVELOPMENT AND HOUSING



***Economic Development and Housing budget \$1.4 billion; about \$13 million less than forecast.***

The FY 2010-11 all funds budget for Economic Development and Housing totals \$1.410 billion, \$12.8 million less than the February 2010 forecast projections based on the biennial budget enacted in 2009. While the General Fund accounts for about 19 percent of spending in this budget area, most of the reductions were made to General Fund appropriations. In addition, budget changes enacted in 2010 also included various transfers into the General Fund from other funds to help balance the General Fund budget. Most budget changes enacted in 2010 were contained in Chapter 215, Articles 7 through 9, and First Special Session Chapter 1, Article 9.

Table 1 summarizes reductions made to most agencies. Spending increased for two licensing boards—Barbers Examiners and Cosmetologists—reflecting increased licensing fees to fund those appropriations. Spending from the Petroleum Tank Release Cleanup Fund is expected to be lower as funds are transferred from the cleanup fund to the General Fund in FY 2010-11 to help balance the General Fund.

For the Housing Finance Agency, total spending was reduced by \$4.473 million, consisting of Special Session unallotments of \$256,000 (see Table 2a); appropriation reductions of \$2.156 million (see Table 2a); and a transfer from the Housing Development Fund of \$2.061 million to balance the General Fund (see Table 3).

***Reductions  
made to  
most  
agencies and  
funds.***

<b>Table 1</b>				
<b>All Funds Biennial Spending--FY 2010-11 Economic Development</b>				
<i>(dollars in thousands)</i>				
	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Employment and Economic Development	798,363	816,079	(12,043)	804,036
Public Facilities Authority	100	32,886	(8)	32,878
Explore Minnesota Tourism	28,278	24,428	(555)	23,873
Housing Finance Agency*	0	71,953	(256)	71,697
Labor and Industry	263,178	274,545	1,285	275,830
Mediation Services	3,617	3,410	(165)	3,245
Worker's Compensation Court of Appeals	3,190	3,406	0	3,406
Historical Society	52,565	69,838	(1,036)	68,802
Public Broadcasting	14,820	4,030	(149)	3,881
Arts Board	21,823	62,522	(543)	61,979
Accountancy Board	908	1,010	(40)	970
Arch, Eng, Surveying, Landscape	1,438	1,630	(65)	1,565
Barbers Examiners Board	398	381	69	450
Cosmetologists Examiners Board	1,188	1,342	395	1,737
Combative Sports Commission	173	472	0	472
Humanities Commission	500	2,600	0	2,600
Iron Range Resources & Rehab Agency	83,686	51,895	0	51,895
MN Science & Technology Authority	0	0	297	297
<b>Totals by Agency</b>	<b>1,274,225</b>	<b>1,422,427</b>	<b>(12,814)</b>	<b>1,409,613</b>
<b>Totals by Fund</b>				
General Fund	410,447	273,638	(8,354)	265,284
General Fund Transfers Out*	(159,164)	(87,676)	2,156	(85,520)
Petroleum Tank Release Cleanup Fund	14,252	15,233	(7,833)	7,400
State Government Special Revenue Fund	50,678	57,637	1,325	58,962
Health Care Access Fund	0	1,000	(998)	2
Special Revenue Fund	54,898	84,335	265	84,600
Iron Range Resources & Rehab Fund	79,988	47,639	0	47,639
Workforce Development Fund	101,073	101,906	0	101,906
Federal Fund	521,150	626,667	625	627,292
Workers Compensation Special Fund	192,121	195,257	0	195,257
Remediation Fund	2,848	1,400	0	1,400
Arts and Cultural Heritage Fund	0	67,400	0	67,400
Clean Water Fund	0	32,700	0	32,700
Economic Protection Trust Fund	3,697	4,256	0	4,256
Gift Fund	2,237	1,035	0	1,035
<b>Totals by Fund</b>	<b>1,274,225</b>	<b>1,422,427</b>	<b>(12,814)</b>	<b>1,409,613</b>

\* Funding for Housing Finance Agency was reduced by \$2.156 Million, as reflected by the change in transfers to that agency.

As summarized in Table 2a, the General Fund for economic development totals \$265.3 million for FY 2010-11, \$8.4 million less than was forecast in February for the current biennium. Reductions were made to most agencies, with some of those reductions being made to general operations that will be determined by agency managers and some of the reductions being made to specific programs.

<b>Table 2a</b>						
<b>General Fund Spending Changes--FY 2010-11</b>						
<b>Economic Development and Housing</b>						
<i>(dollars in thousands)</i>						
	<b>FY2010</b>	<b>FY2011</b>	<b>FY2010-11</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2012-13</b>
<b>Forecast Spending*</b>	<b>141,145</b>	<b>132,493</b>	<b>273,638</b>	<b>131,854</b>	<b>131,738</b>	<b>263,592</b>
Employment and Economic Development (See Table 2b for more detail)	(1,928)	(2,164)	<b>(4,092)</b>	(1,786)	(1,786)	(3,572)
Public Facilities Authority	(11)	(7)	<b>(18)</b>	(7)	(7)	(14)
Explore Minnesota Tourism Operations	(238)	(300)	<b>(538)</b>	(300)	(300)	(600)
Innovative Grants to Communities	(2)	(2)	<b>(4)</b>	(2)	(2)	(4)
Carryforward Reductions	(13)		<b>(13)</b>			
Explore Minnesota Tourism Total	(253)	(302)	<b>(555)</b>	(302)	(302)	(604)
Preservation of Affordable Rental Housing		(1,156)	<b>(1,156)</b>	(1,450)	(1,450)	(2,900)
Housing Rehab. Loan Program		(1,000)	<b>(1,000)</b>	(1,000)	(1,000)	(2,000)
Special Session Unallotment		(256)	<b>(256)</b>	(256)	(256)	(512)
PARIF Transfer to General Fund**	(2,061)		<b>(2,061)</b>			
Housing Finance Agency Total	0	(2,412)	<b>(2,412)</b>	(2,706)	(2,706)	(5,412)
Labor and Industry Total	(20)	(20)	<b>(40)</b>	(20)	(20)	(40)
Mediation Services Bureau Total	(66)	(99)	<b>(165)</b>	(99)	(99)	(198)
Historical Society Education and Outreach	(120)	(280)	<b>(400)</b>	(280)	(280)	(560)
Historical Site Preservation and Access	(90)	(210)	<b>(300)</b>	(210)	(210)	(420)
Special Session Unallotment	(168)	(168)	<b>(336)</b>	(168)	(168)	(336)
Historical Society Total	(378)	(658)	<b>(1,036)</b>	(658)	(658)	(1,316)
Public Television-Equipment Grants	(7)	(10)	<b>(17)</b>	(10)	(10)	(20)
Public Television-Matching Grants	(38)	(48)	<b>(86)</b>	(48)	(48)	(96)
Public Radio-Community Service Grants	(9)	(9)	<b>(18)</b>	(9)	(9)	(18)
Public Radio-Equipment Grants	(3)	(3)	<b>(6)</b>	(3)	(3)	(6)
Twin Cities Regional Cable Channel	(1)	(1)	<b>(2)</b>	(1)	(1)	(2)
Minnesota Public Radio (MPR)	(8)	(12)	<b>(20)</b>	(12)	(12)	(24)
Public Broadcasting Total	(66)	(83)	<b>(149)</b>	(83)	(83)	(166)
Arts Board Operations	(20)	(21)	<b>(41)</b>	(21)	(21)	(42)
Arts Board Grants	(165)	(182)	<b>(347)</b>	(182)	(182)	(364)
Regional Arts Fiscal Agents	(74)	(81)	<b>(155)</b>	(81)	(81)	(162)
Arts Board Total	(259)	(284)	<b>(543)</b>	(284)	(284)	(568)
Accountancy Board Operations	(15)	(25)	<b>(40)</b>	(25)	(25)	(50)
Arch, Eng, Surveying, Landscape	(24)	(41)	<b>(65)</b>	(41)	(41)	(82)
Barbers Examiners Board	0	69	<b>69</b>	69	69	138
Cosmetologists Examiners Board	0	395	<b>395</b>	395	395	790
Management and Budget		297	<b>297</b>	107	107	215
<b>Total Spending Changes</b>	<b>(3,620)</b>	<b>(5,334)</b>	<b>(8,354)</b>	<b>(5,440)</b>	<b>(5,440)</b>	<b>(10,880)</b>
<b>Total Spending</b>	<b>138,125</b>	<b>127,159</b>	<b>265,284</b>	<b>126,414</b>	<b>126,298</b>	<b>252,712</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

\*\* This transfer reduces spending for PARIF.

## EMPLOYMENT AND ECONOMIC DEVELOPMENT

General Fund appropriations for the Department of Employment and Economic Development were reduced by \$4.1 million for FY 2010-2011. Various funding changes were made to programs administered by the department and are shown in Table 2b. In particular, workforce development program funding was reduced by \$1.29 million for FY 2010-2011. This includes cuts to State Services for the Blind; employment support for the mentally ill and disabled; and the Job Skills Partnership, a program that works to improve the skills of the incumbent workforce.

<b>Table 2b</b> <b>General Fund Spending Changes--FY 2010-11</b> <b>Department of Employment &amp; Economic Development (DEED)</b> <i>(dollars in thousands)</i>						
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY2012-13</b>
BioBusiness Alliance of Minnesota	(15)	(25)	(40)	(25)	(25)	(50)
Business & Community Development	(157)	(507)	(664)	(507)	(507)	(1,014)
Enterprise Minnesota	(15)	(25)	(40)			
Minnesota Inventors Congress		(15)	(15)	(15)	(15)	(30)
Office of Science & Technology	(6)	(10)	(16)			
Subtotal, Business & Community Develop.	(193)	(582)	(775)	(547)	(547)	(1,094)
Extended Employment	(22)	(375)	(397)	(222)	(222)	(444)
Independent Living Services - State	(71)	(119)	(190)	(119)	(119)	(238)
Job Skills Partnership Program	(250)	(250)	(500)	(250)	(250)	(500)
Mentally Ill Supported Employment	(41)	(47)	(88)	(47)	(47)	(94)
State Services for the Blind		(119)	(119)	(119)	(119)	(238)
Subtotal, Workforce Development	(384)	(910)	(1,294)	(757)	(757)	(1,514)
Support/Operating Budgets	(35)	(90)	(125)	(90)	(90)	(180)
Jobs Skills Partnership Board	(1,000)		(1,000)			
Le Sueur County - Tornado	(31)		(31)			
Subtotal, General Support Services	(1,066)	(90)	(1,156)	(90)	(90)	(180)
Transfer to MMB-Science & Tech Authority		(297)	(297)	(107)	(107)	(214)
Special Session Unallotment	(285)	(285)	(570)	(285)	(285)	(570)
<b>Total Spending Changes-DEED</b> (See Table 2a for Spending Totals)	<b>(1,928)</b>	<b>(2,164)</b>	<b>(4,092)</b>	<b>(1,786)</b>	<b>(1,786)</b>	<b>(3,572)</b>

## OTHER AGENCIES

In addition, as summarized in Table 2a, the Legislature reduced the FY 2010-2011 General Fund appropriations of several other agencies in the economic development budget area, including the following:

- \$40,000 to the Department of Labor and Industry;
- \$165,000 to the Bureau of Mediation Services;
- \$40,000 to the Accountancy Board;
- \$65,000 to the Board of Architecture, Engineering, Surveying, and Landscaping;

***Separate  
licensing  
boards  
estabilshed  
for  
cosmetology  
and barbers.***

- \$18,000 to the Public Facilities Authority;
- \$555,000 to Explore Minnesota Tourism;
- \$1 million to the Minnesota Historical Society;
- \$543,000 to the Board of the Arts; and
- \$149,000 to Public Broadcasting.

The Board of Cosmetologist Examiners and the Board of Barber Examiners, now acting as independent entities, were authorized to raise licensee fees which results in an increase to their operating budgets for FY 2011.

The Minnesota Office of Science and Technology operating budget for FY 2010-2011 was reduced by \$16,000. In Chapter 347, the Legislature transferred the office from the Department of Employment and Economic Development and created it as a separate authority.

***Transfers  
from various  
funds help  
balance  
General  
Fund.***

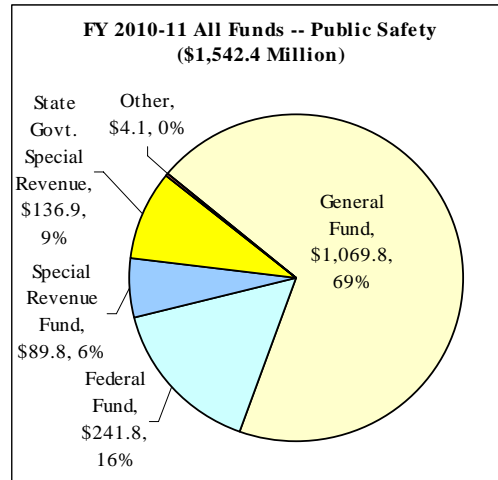
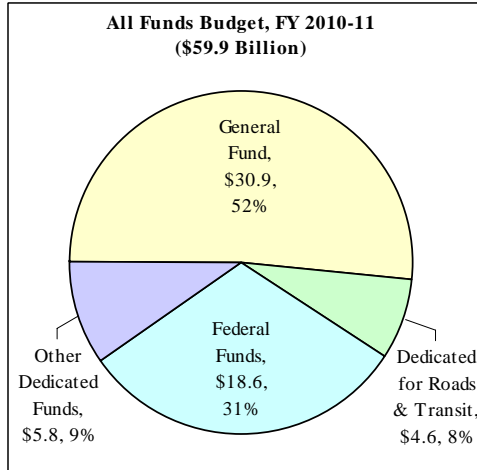
<b>Table 3 General Fund Transfers &amp; Revenue Changes (dollars in thousands)</b>						
	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2012-13</u></b>
<b><u>Transfers from Other Funds:</u></b>						
Petroleum Fund Grants	2,500	2,500	<b>5,000</b>			0
Capital Access Program	160	0	<b>160</b>			0
Unemployment Insurance Administration	80	0	<b>80</b>			0
Housing Development Fund	2,061	0	<b>2,061</b>			0
Workers Compensation Assigned Risk	1,425	0	<b>1,425</b>			
<b>Total Transfers</b>	<b>6,226</b>	<b>2,500</b>	<b>8,726</b>	<b>0</b>	<b>0</b>	<b>00</b>
<b><u>Nontax Revenue Changes:</u></b>						
Barbers Examiners Fee Increases	0	69	<b>69</b>	69	69	138
Cosmetologist Examiners Fee Increases	0	395	<b>395</b>	395	395	790
<b>Total Nontax Revenues</b>	<b>0</b>	<b>464</b>	<b>464</b>	<b>464</b>	<b>464</b>	<b>928</b>
<b>Total Revenue Changes</b>	<b>6,226</b>	<b>2,964</b>	<b>9,190</b>	<b>464</b>	<b>464</b>	<b>928</b>

As summarized in Table 3, various transfers were made into the General Fund to help eliminate the General Fund budget deficit. Those transfers included \$5 million in FY 2010-2011 from petroleum fund grants and \$1.4 million in FY 2010 from the Workers Compensation Assigned Risk Fund.

*For questions regarding this Chapter or for more information on the fiscal aspects of Economic Development, please contact [darlene.sliwa@senate.mn](mailto:darlene.sliwa@senate.mn) or [david.jensen@senate.mn](mailto:david.jensen@senate.mn)*



# PUBLIC SAFETY



The all funds budget for public safety now totals \$1.542 billion, \$1.070 billion, of which is from the General Fund. While reductions were made to budgets for all agencies, targeted increases for the Department of Public Safety result in an overall spending increase for that agency. Most reductions carry forward as permanent spending reductions. The changes in funding for these activities were enacted in Chapters 215 and 377, and First Special Session, Chapter 1.

***General Fund spending for public safety reduced \$7 million.***

As summarized in Table 1, the 2010 Legislature approved a net General Fund reduction of \$7.0 million, with an overall reduction of \$4.7 million all funds after taking into account appropriation increases in certain Special Revenue Fund accounts.

***Overall  
General Fund  
reduction is net  
of a \$5.3  
million  
increase for  
disaster  
assistance.***

The net General Fund reductions reflect spending cuts of \$12.3 million, offset in part by a \$5.3 million increase in FY 2011 appropriations for disaster relief. In addition to the budget reductions, \$12.8 million will be transferred in FY 2011 from various Special Revenue Fund accounts into the General Fund, for a net General Fund budget savings of \$19.9 million for the FY 2010-11 biennium.

**Table 1**  
**All Fund Biennial Spending — FY 2010-11 Public Safety Budget**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Department of Public Safety	429,131	551,605	4,403	556,008
POST Board	9,517	8,024	75	8,099
Private Detective Board	245	246	(5)	241
Human Rights	8,348	7,324	(320)	7,004
Department of Corrections	968,362	978,698	(8,864)	969,834
Sentencing Guidelines	1,244	1,209	(29)	1,180
<b>Total by Agency</b>	<b>1,416,847</b>	<b>1,547,106</b>	<b>(4,740)</b>	<b>1,542,366</b>
<b>Totals by Fund</b>				
General Fund	1,126,272	1,076,838	(7,048)	1,069,790
Federal Fund	148,361	241,763	0	241,763
Gift Fund	154	89	0	89
Special Revenue Fund	72,215	87,487	2,308	89,795
State Government Special Revenue Fund	68,963	136,909	0	136,909
Trunk Highway Fund	746	3,882	0	3,882
Environmental Fund	136	138	0	138
<b>Total by Fund</b>	<b>1,416,847</b>	<b>1,547,106</b>	<b>(4,740)</b>	<b>1,542,366</b>

***Most  
reductions to  
Department of  
Corrections  
programs.***

## DEPARTMENT OF PUBLIC SAFETY

As summarized in Table 2, General Fund appropriations to the Department of Public Safety increased by \$2.1 million for FY 2010-11, including targeted spending increases of \$5.3 million for disaster assistance and appropriation reductions of \$3.1 million. The appropriation increases are onetime, while reductions carry forward as permanent cuts of \$4.2 million for FY 2012-13.

<b>Table 2</b>						
<b>General Fund Spending Changes — Public Safety*</b>						
<i>(dollars in thousands)</i>						
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY2012-13</u>
<b>Forecasted Spending*</b>	<b>520,919</b>	<b>555,919</b>	<b>1,076,838</b>	<b>542,699</b>	<b>544,909</b>	<b>1,087,608</b>
<b>Department of Public Safety (DPS)</b>						
Homeland Security and Emergency Mgmt.	(29)	1,543	1,514	(57)	(57)	(114)
Bureau of Criminal Apprehension	(539)	(1,075)	(1,614)	(1,075)	(1,075)	(2,150)
Alcohol and Gambling Enforcement	(25)	(49)	(74)	(49)	(49)	(98)
Office of Justice Programs	(445)	(902)	(1,347)	(902)	(902)	(1,804)
Disaster Assistance (Chapter 377)	3,691	0	3,691	0	0	0
<b>Subtotal, DPS Changes</b>	<b>2,653</b>	<b>(483)</b>	<b>2,170</b>	<b>(2,083)</b>	<b>(2,083)</b>	<b>(4,166)</b>
<b>Private Detective Board</b>	<b>(2)</b>	<b>(3)</b>	<b>(5)</b>	<b>(3)</b>	<b>(3)</b>	<b>(6)</b>
<b>Department of Human Rights (HRD)</b>						
Operating Reduction	(59)	(103)	(162)	(103)	(103)	(206)
First Special Session, Chapter 1	(79)	(79)	(158)	(79)	(79)	(158)
<b>Subtotal, HRD Changes</b>	<b>(138)</b>	<b>(182)</b>	<b>(320)</b>	<b>(182)</b>	<b>(182)</b>	<b>(364)</b>
<b>Department of Corrections (DOC)</b>						
Agency-wide Reduction	(2,236)	(4,388)	(6,624)	(4,388)	(4,388)	(8,776)
Community Services -- Sentence to Service	(766)	(1,532)	(2,298)	(1,532)	(1,532)	(3,064)
Claims (Chapter 332)	0	58	58	0	0	0
Transfer to DHS (First Special Session, Ch. 1)	0	0	0	(419)	(418)	(837)
<b>Subtotal, DOC Changes</b>	<b>(3,002)</b>	<b>(5,862)</b>	<b>(8,864)</b>	<b>(6,339)</b>	<b>(6,338)</b>	<b>(12,677)</b>
<b>Sentencing Guidelines Commission</b>	<b>(11)</b>	<b>(18)</b>	<b>(29)</b>	<b>(18)</b>	<b>(18)</b>	<b>(36)</b>
<b>Total Spending Changes</b>	<b>(500)</b>	<b>(6,548)</b>	<b>(7,048)</b>	<b>(8,625)</b>	<b>(8,624)</b>	<b>(17,249)</b>
<b>Total Spending</b>	<b>520,419</b>	<b>549,371</b>	<b>1,069,790</b>	<b>534,074</b>	<b>536,285</b>	<b>1,070,359</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

Chapter 215 appropriated \$1.6 million for the state and local match for disaster assistance; Chapter 377 appropriated an additional \$3.7 million for disaster relief. Other General Fund spending reductions to Department of Public Safety programs include the follow:

- a decrease in funding for Homeland Security and Emergency Management of \$86,000 in FY 2010-11 and \$114,000 in FY 2012-13;

- a decrease in funding for the Bureau of Criminal Apprehension of \$1.6 million in FY 2010-11 and \$2.2 million in FY 2012-13;
- a decrease in funding for the Gambling and Alcohol Enforcement Division of \$74,000 in FY 2010-11 and \$98,000 in FY 2012-13; and
- a decrease in funding for the Office of Justice Programs of \$1.3 million in FY 2010-11 and \$1.8 million in FY 2012-13.

In addition to General Fund changes, as summarized in Table 3, an increase in funding to the Fire Marshal Division of \$2 million from the fire safety account in the Special Revenue Fund is to fund firefighter training.

***Nongeneral  
Fund spending  
increased for  
fire training.***

<b>Table 3</b>						
<b>Special Revenue Fund Spending Changes — Public Safety*</b>						
<i>(dollars in thousands)</i>						
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY2012-13</b>
POST Board	(8)	83	75	(17)	(17)	(34)
Fire Marshal Firefighter Training Grants	0	2,000	2,000	0	0	0
Dept. of Public Safety, 1 <sup>st</sup> Special Session, Chapter 1, Article 14, Section 12	0	233	233	233	233	466
<b>Total Special Revenue Fund</b>	<b>(8)</b>	<b>2,316</b>	<b>2,308</b>	<b>216</b>	<b>216</b>	<b>432</b>

As summarized in Table 4 below, efforts to balance the General Fund budget also included approval of a transfer of \$10.5 million from the fire safety account in the Special Revenue Fund to the General Fund.

<b>Table 4</b>				
<b>General Fund Transfers-In — Public Safety Budget</b>				
<i>(dollars in thousands)</i>				
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>
MINNCOR Account*	574	1,170	1,744	0
Dept. of Corrections Account*	201	402	603	0
Fire Safety Account*	6,900	3,600	10,500	0
<b>TOTAL Transfers In</b>	<b>7,675</b>	<b>5,172</b>	<b>12,847</b>	<b>0</b>

\* All transfers from an account in the Special Revenue Fund into the General Fund.

## **DEPARTMENT OF CORRECTIONS**

As summarized in Table 2 above, the Legislature decreased appropriations to the Department of Corrections for FY 2010-11 by \$8.9 million. The

changes carry forward as permanent reductions of \$12.7 million for FY 2012-13. The Department of Corrections reductions include:

**Fund transfers also contributed to budget balance.**

- an agency-wide reduction of \$6.6 million for FY 2010-11 and \$8.8 million for FY 2012-13;
- a reduction for the Sentencing-to-Service program of \$2.3 million for FY 2010-11 and \$3.1 million for FY 2012-13; and
- a transfer of appropriations of \$847,000 in FY 2012-13 from the Department of Corrections to the Department of Human Services for sex offender treatment services provided at Minnesota Correctional Facility – Moose Lake.

As summarized in Table 4, transfers into the General Fund included:

- a transfer of \$1.7 million in FY 2010-11 from the department’s MINNCOR (prison industry) revolving account in the Special Revenue Fund; and
- a transfer of \$603,000 in FY 2010-11 from the department’s various accounts in the Special Revenue Fund.

**REDUCTIONS TO OTHER AGENCIES**

**Reductions also made to smaller agencies.**

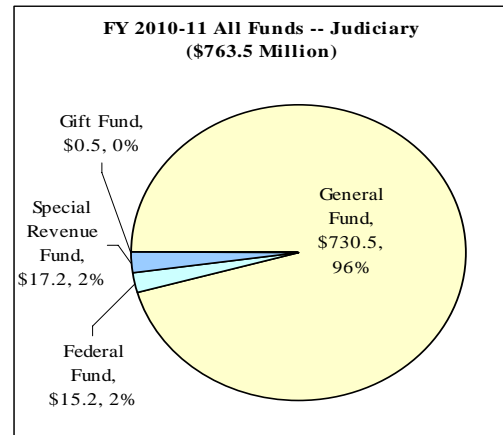
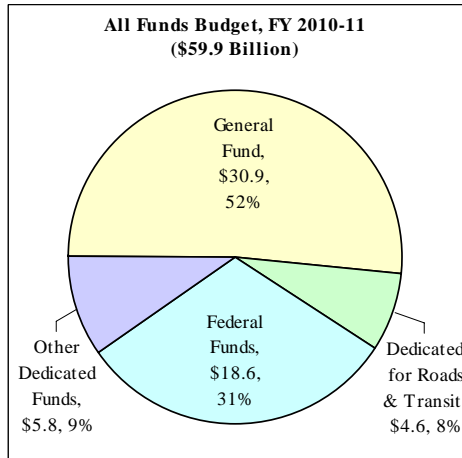
In addition, General Fund reductions made to other agencies and boards in the public safety budget included a reduction to the:

- Private Detective Board of \$5,000 for FY 2010-11 and \$6,000 for FY 2012-13;
- Human Rights Department of \$320,000 for FY 2010-11 and \$364,000 for FY 2012-13; and
- Sentencing Guidelines Commission of \$29,000 for FY 2010-11 and \$36,000 for FY 2012-13.

The Special Revenue Fund appropriations for the POST Board operating budget were reduced by \$25,000 for FY 2010-11, while appropriations for training were increased by \$100,000, for a net increase of \$75,000 for the board (see Table 3).

*For questions regarding this Chapter or for more information on the fiscal aspects of Public Safety and Judiciary, please contact [chris.turner@senate.mn](mailto:chris.turner@senate.mn)*

# JUDICIARY



***Funding for court and public defenders reduced by \$12 million.***

The budget for judicial operations now totals \$763.5 million for FY 2010-11, \$730.5 million of which is from the General Fund. To help balance the General Fund budget, the 2010 Legislature approved a \$12.0 million reduction in General Fund spending for judicial operations for FY 2010-11 and a \$16.2 million reduction for FY 2012-13. The changes in funding for these activities were enacted in Chapter 215, Article 11.

## COURT OPERATIONS

The Legislature decreased funding for the Supreme Court by \$1.4 million for FY 2010-11 and \$1.9 million for FY 2012-13. This is broken down as follows.

- \$1.0 million in FY 2010-11 and \$1.4 million in FY 2012-13 for operating reductions; and
- \$424,000 in FY 2010-11 and \$568,000 in FY 2012-13 for a reduction in grants for civil legal services.

**Table 1**  
**All Funds Biennial Spending – FY 2010-11 Judiciary Budget**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Supreme Court	102,677	100,924	(1,417)	99,507
Court of Appeals	20,116	20,570	(324)	20,246
Legal Professional Boards	10,039	10,830	0	10,830
District Courts	497,727	502,611	(20,219)	482,392
Guardian Ad Litem Board	0	0	12,367	12,367
Tax Court	1,579	1,636	(37)	1,599
Uniform Laws Commission	110	102	(2)	100
Judicial Standards Board	828	958	(24)	934
Public Defense Board	134,482	137,424	(1,893)	135,531
<b>Total by Agency</b>	<b>767,558</b>	<b>775,055</b>	<b>(11,549)</b>	<b>763,506</b>
<b>Totals by Fund</b>				
General Fund	740,383	742,505	(11,978)	730,527
Federal Fund	12,567	15,211	0	15,211
Special Revenue Fund*	13,969	16,805	429	17,234
Gift Fund	639	534	0	534
<b>Total by Fund</b>	<b>767,558</b>	<b>775,055</b>	<b>(11,549)</b>	<b>763,506</b>

\* The Special Revenue fund change relates District Court, First Special Session, Chapter 1, Article 14, Section 10

***Reductions  
are from  
the General  
Fund;  
courts  
receive  
almost no  
Nongeneral  
Funds.***

In addition, other actions taken to reduce General Fund spending include reducing funding for the:

- Court of Appeals by \$324,000 for FY 2010-11 and \$434,000 for FY 2012-13;
- District Courts by \$8.3 million for FY 2010-11 and \$11.1 million for FY 2012-13;
- Tax Court by \$37,000 for FY 2010-11 and \$50,000 for FY 2012-13.
- Uniform Laws Commission by \$2,000 for FY 2010-11 and \$4,000 for FY 2012-13;
- Board of Judicial Standards by \$24,000 for FY 2010-11 and \$28,000 for FY 2012-13; and
- Board of Public Defense by \$1.9 million for FY 2010-11 and \$2.6 million for FY 2012-13.

The allocation these budget reductions will be determined by the court administrator or relevant manager.

	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b>Forecasted Spending*</b>	<b>371,276</b>	<b>371,229</b>	<b>742,505</b>	<b>370,906</b>	<b>370,906</b>	<b>741,812</b>
<b>Supreme Court</b>						
Supreme Court Operations	(339)	(688)	(1,027)	(688)	(688)	(1,376)
Civil Legal Services	(140)	(284)	(424)	(284)	(284)	(568)
Claims (Chapter 332)	0	34	34	0	0	0
<b>Subtotal, Supreme Court</b>	<b>(479)</b>	<b>(938)</b>	<b>(1,417)</b>	<b>(972)</b>	<b>(972)</b>	<b>(1,944)</b>
<b>Court of Appeals</b>	<b>(107)</b>	<b>(217)</b>	<b>(324)</b>	<b>(217)</b>	<b>(217)</b>	<b>(434)</b>
<b>District Courts</b>						
District Court Operations	(2,732)	(5,549)	(8,281)	(5,549)	(5,549)	(11,098)
Creation of Guardian Ad Litem Board (Chapter 309)	0	(12,367)	(12,367)	(12,367)	(12,367)	(24,734)
<b>Subtotal, District Courts</b>	<b>(2,732)</b>	<b>(17,916)</b>	<b>(20,648)</b>	<b>(17,916)</b>	<b>(17,916)</b>	<b>(35,832)</b>
Creation of Guardian Ad Litem Board (Chapter 309)	0	12,367	<b>12,367</b>	12,367	12,367	24,734
Tax Court	(12)	(25)	<b>(37)</b>	(25)	(25)	(50)
Uniform Laws Commission	0	(2)	<b>(2)</b>	(2)	(2)	(4)
Board of Judicial Standards	(10)	(14)	<b>(24)</b>	(14)	(14)	(28)
<b>Board of Public Defense</b>	<b>(591)</b>	<b>(1,302)</b>	<b>(1,893)</b>	<b>(1,302)</b>	<b>(1,302)</b>	<b>(2,604)</b>
<b>Total Spending Changes</b>	<b>(3,931)</b>	<b>(8,047)</b>	<b>(11,978)</b>	<b>(8,081)</b>	<b>(8,081)</b>	<b>(16,162)</b>
<b>Total Spending</b>	<b>367,345</b>	<b>363,182</b>	<b>730,527</b>	<b>362,825</b>	<b>362,825</b>	<b>725,650</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

\*\* All changes contained in Laws 2010, Chapter 215, unless otherwise noted.

## **CREATION OF GUARDIAN AD LITEM BOARD**

***New  
Guardian  
Ad Litem  
Board  
created.***

Chapter 309 creates the State Guardian Ad Litem Board in the judicial branch and transfers the funds for operating the board from the district court budget to the new board beginning in FY 2011.

The new board will consist of seven members and must be established by October 1, 2010. The Board is tasked to administer a statewide, independent guardian ad litem program to advocate for the best interests of children, minor parents, and incompetent adults in juvenile and family court. Under current law, guardian ad litem programs are funded and administered by the district courts.

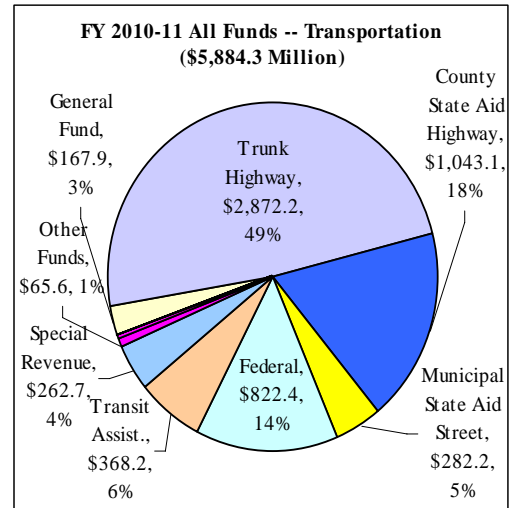
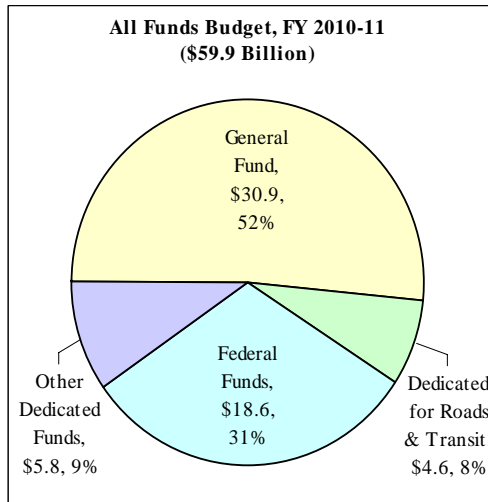
Chapter 309 transfers \$12.4 million, which reflects the current level of expenditures for these services, from the district court budget to the State Guardian Ad Litem Board beginning in FY 2011. In addition, all guardian ad litem service reimbursements are placed in a guardian ad litem account in the special revenue fund and appropriated to the Board. Revenue from this account must be spent in the



judicial district in which the reimbursements are collected. Beginning in FY 2012, the Legislature will appropriate money directly to the board to finance the statewide guardian ad litem program.

*For questions regarding this Chapter or for more information on the fiscal aspects of Public Safety and Judiciary, please contact [chris.turner@senate.mn](mailto:chris.turner@senate.mn).*

# TRANSPORTATION



***Overall funding for transportation increases \$113 million but General Fund spending reduced by about \$28 million.***

Appropriations for the Transportation budget area total \$5.8 billion for FY 2010-2011, an increase of \$551.6 million, or 10.3 percent, over the biennial budget enacted in 2009; and \$113.1 million, or two percent, more than the February 2010 budget forecast. This all funds increase occurred in spite of a General Fund spending reduction of \$27.9 million, or 14 percent, since 97 percent of spending for transportation programs comes from dedicated, Nongeneral Fund sources.

As reflected in Table 1, the majority of the budget increase is due to an increase in motor vehicle sales tax revenues, which are credited to various funds dedicated to roads and transit, in addition to an increase in federal funds for state projects, including additional funds in FY 2010 from the 2009 American Recovery and Reinvestment Act.

**Table 1**  
**All Funds Biennial Spending--FY 2010-11 Transportation**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>Totals by Agency</b>				
Department of Transportation	4,388,981	4,904,458	137,655	5,042,113
Metropolitan Council	422,420	465,672	(24,728)	440,944
Department of Public Safety	356,640	401,091	192	401,283
<b>Total by Agency</b>	<b>5,168,041</b>	<b>5,771,221</b>	<b>113,119</b>	<b>5,884,340</b>
<b>Totals by Fund</b>				
General Fund	253,244	195,844	(27,936)	167,908
General Fund (TR OUT)	(16,584)	(1,584)	0	(1,584)
Trunk Highway Fund	2,713,859	2,732,633	139,609	2,872,242
State Airports Fund	36,482	42,792	0	42,792
County State Aid Highway Fund	881,211	1,043,063	0	1,043,063
Municipal State Aid Street Fund	223,879	282,229	0	282,229
Special Revenue Fund Highway User Tax	175,987	262,480	192	262,672
Distribution Fund	15,533	18,294	179	18,473
Federal Fund	608,237	821,405	1,000	822,405
Transit Assistance Fund	260,424	368,152	75	368,227
State Govt Special Revenue Fund	15,611	5,729	0	5,729
Gift Fund	158	184	0	184
<b>Total by Fund</b>	<b>5,168,041</b>	<b>5,771,221</b>	<b>113,119</b>	<b>5,884,340</b>

\* Feb 2010 Forecast amounts include reversal of Governor's July 2009 unallotments

## GENERAL FUND BUDGET REDUCTIONS

As part of overall General Fund deficit reduction measures taken by the 2010 Legislature, transportation appropriations from the General Fund were reduced by \$27.9 million for FY 2010-2011. Most of the reductions were made to the Metropolitan Council transit program, which accounts for about three-quarters of all General Fund appropriations in the transportation budget. As shown in Table 2, metropolitan transit received a General Fund reduction of \$24.7 million, or 88 percent of the overall reduction to this budget area.

***Most  
reductions  
are for transit  
programs.***

Greater Minnesota transit programs administered by the Minnesota Department of Transportation (MnDOT) received the next largest reduction of \$3.2 million, or 11 percent of the General Fund reduction to the transportation budget. Reductions were also made to the operating budgets of MnDOT's freight and electronic communications programs, \$68,000 and \$12,000, respectively.

The reductions to all of these program budgets include amounts previously unallotted by the Governor in July 2009, but reversed by the Legislature following the Supreme Court decision that ruled one of those unallotments illegal.

<b>Table 2</b> <b>General Fund Spending Changes--Transportation</b> <i>(dollars in thousands)</i>						
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012-13</u>
<b>Forecast Spending*</b>	<b>99,960</b>	<b>95,885</b>	<b>195,845</b>	<b>98,385</b>	<b>98,385</b>	<b>96,770</b>
<b>Department of Transportation</b>						
MN Council on Transportation Access		81	<b>81</b>	81	81	162
Greater MN Transit Grants Reduction	(9)	(3,144)	<b>(3,153)</b>	(969)	(969)	(1,938)
Freight/Rail Operating Reduction	(9)	(59)	<b>(68)</b>	(59)	(59)	(118)
Electronic Communications Operating Reduction	(6)	(6)	<b>(12)</b>	(6)	(6)	(12)
<b>Metropolitan Council</b>						
Metro Transit Operating Reduction	(1,625)	(23,090)	<b>(24,715)</b>	(7,265)	(7,265)	(14,530)
MN Council on Transportation Access		(81)	<b>(81)</b>	(81)	(81)	(162)
<b>Department of Public Safety</b>						
State Patrol Vehicle Crimes Unit		12	<b>12</b>			
<b>Total Spending Changes</b>	<b>(1,649)</b>	<b>(26,287)</b>	<b>(27,936)</b>	<b>(8,299)</b>	<b>(8,299)</b>	<b>(16,598)</b>
<b>Total Spending</b>	<b>98,311</b>	<b>69,598</b>	<b>167,909</b>	<b>90,086</b>	<b>90,086</b>	<b>180,172</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

The Legislature approved one General Fund spending increase of \$12,000 to support tax compliance activities of the newly created Vehicle Crimes Unit of the State Patrol. This is a onetime appropriation, to be offset by a onetime estimated revenue increase of \$13,000 to the General Fund in FY 2011 from those compliance activities (see Table 3).

<b>Table 3</b>				
<b>General Fund Revenue Changes--Transportation</b>				
<i>(dollars in thousands)</i>				
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012-13</u>
<u>Nontax Revenue Changes</u>				
Vehicle Crimes Unit Tax				
Compliance		13	13	0
<b>Total Revenue Changes</b>		<b>13</b>	<b>13</b>	<b>0</b>

## **DEPARTMENT OF TRANSPORTATION (MnDOT)**

As of the end of the 2010 legislative session, biennial appropriations for MnDOT totaled \$5.0 billion for FY 2010-2011. This is an increase of \$557.9 million, or 12.4 percent, from the original FY 2010-11 budget, and \$137.7 million, or three percent, more than the February 2010 budget forecast.

### **Greater Minnesota Transit**

The Legislature appropriated state funds to MnDOT to provide assistance to locally run transit services outside of the seven-county metropolitan area. As part of overall deficit reduction measures, the Legislature reduced the General Fund appropriation for these transit services by \$3.2 million, \$1.3 million of which were onetime reductions and \$1.9 million are permanent biennial reductions. These reductions were authorized in Chapter 215 (\$1.7 million) and First Special Session, Chapter 1 (\$1.5 million).

Despite these reductions, overall biennial spending for greater Minnesota transit programs is projected to increase to \$77.4 million in FY 2010-11, which is \$7.2 million, or 10.3 percent, more than the FY 2010-11 budget as enacted in 2009. This is due to a \$10.4 million increase in projected motor vehicle sales tax (MVST) revenues to greater Minnesota transit over the original FY 2010-11 budget.

***Most spending increase due to higher federal funding for road construction.***

### **State Road Construction**

Provisions in several budget-related bills provided additional funding for state road construction programs, including the following:

- Chapter 215 appropriated \$112 million to state road construction from the Trunk Highway Fund, to provide spending authority for additional federal transportation funds for Federal FY 2010.
- Chapter 215 also appropriated \$5 million from existing Trunk Highway Fund resources to create an emergency relief account to receive Federal

Highway Administration (FHWA) emergency relief reimbursements. The funds in the account are appropriated to MnDOT only for FHWA approved costs of emergency relief trunk highway projects. This appropriation is intended to avoid project delays associated with timing of federal reimbursement payments.

- Chapter 189, the Capital Investment Bill, appropriated \$22.8 million from the Trunk Highway Fund for the design and construction of several department buildings, including truck stations in Little Falls, Maple Grove, Plymouth, the Willmar district headquarters, and the Maplewood bridge crew building.
- Chapters 189 and 388 authorized additional trunk highway bonding of \$26.4 million and \$100 million, respectively, for construction of roads and maintenance facilities. The debt service for these bonds is paid out of the Trunk Highway Fund, and is estimated to total \$1.6 million in FY 2011 and \$17 million in FY 2012-13.
- Chapter 189 also accelerated the bridge improvement program trunk highway bonding that was authorized in Laws 2008, Chapter 152. \$200 million of bonding that was scheduled to be appropriated in FY 2017 and FY 2018 will instead be appropriated in FY 2011 and FY 2012. This will result in an additional \$1.6 million of FY 2011 debt service payments from the Trunk Highway Fund and an additional \$24.6 million in FY 2012-13.

### **Grade Crossing Safety Account**

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*Dedicated funds increased for grade crossing safety.*

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Chapter 351 increased the dedicated amount to the grade crossing safety account in the Special Revenue Fund. Under prior law, the first \$600,000 of the revenues from State Patrol fines and forfeited bail money was credited to this account and the remainder deposited in the Trunk Highway Fund. Chapter 351 increased the revenues credited to the grade crossing safety account to \$1 million, resulting in an annual \$400,000 loss to the Trunk Highway Fund. Money in the account is appropriated to MnDOT for rail-highway grade crossing safety projects on public streets and highways.

### **METROPOLITAN COUNCIL**

As part of overall General Fund deficit reduction measures, the Legislature reduced the General Fund appropriation to the Metropolitan Transit operating budget by \$24.7 million, \$10.2 million of which were onetime reductions and \$14.5 million are permanent biennial reductions. These reductions were authorized in Chapter 215 (\$12.9 million) and First Special Session, Chapter 1 (\$11.8 million).

Despite these reductions, projected FY 2010-2011 spending for metropolitan bus and light rail transit programs increased to \$440.9 million, which is \$15 million, or 3.5 percent, more than the FY 2010-11 budget as enacted in 2009. This increase is due to a \$39.6 million increase in projected motor vehicle sales tax (MVST) revenues to Metropolitan Transit over the original FY 2010-11 budget.

## **DEPARTMENT OF PUBLIC SAFETY**

As of the end of the 2010 legislative session, biennial appropriations for Department of Public Safety transportation-related programs totaled \$401.3 million. This is an increase of only \$192,000, or 0.1 percent, more than the February 2010 budget forecast.

### **Vehicle Crimes Unit**

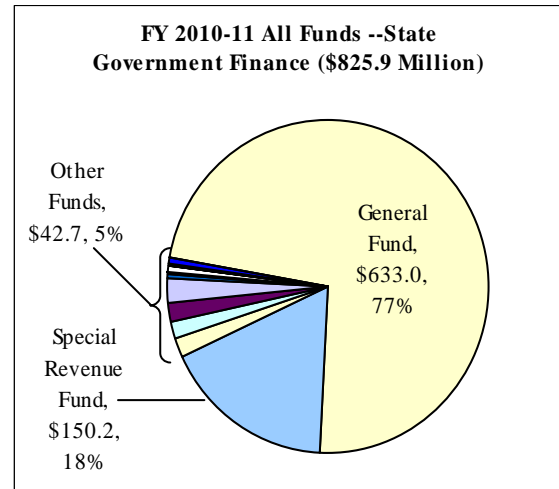
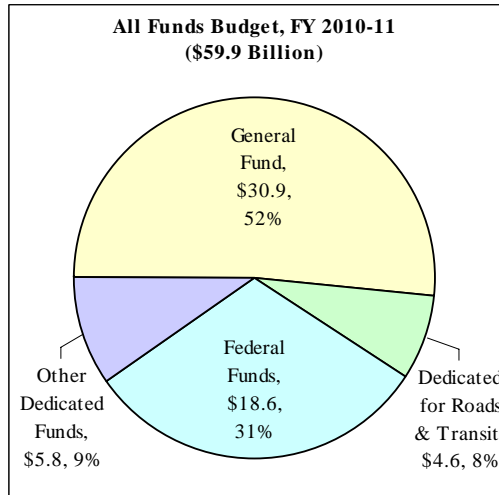
In Chapter 388, the Legislature approved the creation of a Vehicle Crimes Unit in the State Patrol to investigate nonpayment of vehicle registration taxes and motor vehicle sales taxes. Although the operating budget of the unit will be funded primarily from the Highway User Tax Distribution Fund, \$12,000 was appropriated from the General Fund for FY 2011 only, since the fund will receive a portion of MVST revenue collected by the unit in that year.

The Department of Public Safety estimates that this tax compliance work will generate an additional \$200,000 of MVST revenues in FY 2011. As with existing MVST revenue, this additional revenue will be statutorily split among the Highway User Tax Distribution Fund, Transit Assistance Fund, and General Fund. Any additional vehicle registration tax revenue generated by the unit will be constitutionally dedicated to the Highway User Tax Distribution Fund.

The Legislature also appropriated \$50,000 in FY 2011 from existing resources in the vehicle services operating account of the Special Revenue Fund, to fund an administrative specialist for the unit. This will be an ongoing appropriation.

*For questions regarding this Chapter or for more information on the fiscal aspects of Transportation, please contact [krista.boyd@senate.mn](mailto:krista.boyd@senate.mn).*

# STATE GOVERNMENT FINANCE



***Funding for state agencies funded in State Government Finance reduced by \$6.4 million; many state agencies funded in other budget areas.***

The all funds operating budgets for state agencies funded in State Government Finance totals \$825.9 million for FY 2010-11. As shown in Tables 1a and 1b, this reflects a net reduction of \$6.4 million relative to the February forecast. Of the all-funds budget of \$825.6 million, \$633.0 million is appropriated from the General Fund, \$9.3 million less than forecast. Tables 1a and 1b include the changes made in the two budget balancing bills passed during the session (Chapter 215, Article 12, and First Special Session, Chapter 1, Article 12), as well as several appropriations made to the Department of Revenue in the Omnibus Tax Bill (Chapter 389).

## **AGENCY BUDGET REDUCTIONS**

General Fund agency operating budgets were reduced by over \$16 million dollars for the biennium before taking into account a targeted increase to fund tax compliance measures. In general, the reductions reflect three-percent reductions in the operating budgets for agencies, with those amounts carried forward as permanent reductions. Of the \$16 million, \$3 million is a reduction to the operating budgets of all executive branch agencies, including agencies not funded in the State Government Finance budget. The commissioner of Minnesota Management and Budget (MMB) is directed to identify and allocate these reductions to state agency budgets. Chapter 215 requires that state agencies achieve these budget savings, to the extent possible, through reductions in spending for space, out-of-state travel, fleet management, energy usage in state buildings, contracts for professional or technical services, increased employee



telecommuting, through consolidation of information technology functions, or through other operational efficiencies. The reductions made in FY 2011 must be carried forward as permanent reductions to agency base budgets for FY 2012-13.

***Reductions reflect budget cuts for most state agencies; increased appropriations to DOR for more tax compliance.***

<b>Table 1a</b>				
<b>All Funds Biennial Spending -- FY 2010-11 State Government</b>				
<i>(dollars in thousands)</i>				
<b>Totals by Agency</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY 2010-11 Budget</b>
Legislature	138,711	145,763	(2,184)	143,579
Governors Office	7,960	9,242	(414)	8,828
State Auditor	17,062	19,549	(110)	19,439
Attorney General	56,083	53,827	(1,382)	52,445
Secretary of State	20,729	17,219	2,046	19,265
Campaign Finance & Public Disclosure Board	3,311	7,036	(36)	7,000
Campaign Financing Check- off Subsidy				
Investment Board	5,699	5,240	(7)	5,233
Administrative Hearings Office of Enterprise Technology (OET)	15,111	15,180	(16)	15,164
Administration Dept	31,750	23,216	(540)	22,676
Capitol Area Architect & Planning Board	104,470	138,759	(676)	138,083
MN Management & Budget (MMB)	777	725	(17)	708
MMB Nonoperating	69,274	57,052	(1,923)	55,129
Indirect Costs	48,930	8,178	(3,000)	5,178
Revenue Dept	(39,389)	(28,664)		(28,664)
Amateur Sports Commission	269,299	280,182	2,751	282,933
Black Minnesotans Council	2,105	547	(13)	534
Chicano Latino Affairs Council	935	658	(14)	644
Asian-Pacific Council	680	596	(15)	581
Indian Affairs Council	654	586	(13)	573
Gambling Control Board	1,075	3,106	(23)	3,083
Racing Commission	5,700	5,880		5,880
Contingent Accounts	3,553	3,836	(48)	3,788
Tort Claims		3,000	(750)	2,250
MN State Retirement System	1,033	1,522		1,522
Local Pension Aids	5,383	4,751		4,751
	55,268	55,254		55,254
<b>Total by Agency</b>	<b>826,163</b>	<b>832,240</b>	<b>(6,384)</b>	<b>825,856</b>

**Table 1b**  
**All Funds Biennial Spending -- FY 2010-11 State Government**  
*(dollars in thousands)*

<b>Totals by Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY 2010-11 Budget</b>
General Fund	668,011	642,385	(9,339)	633,046
General Fund Transfer Out	(14,397)	(20,704)		(20,704)
Health Care Access Fund	3,718	3,866		3,866
Special Revenue Fund	125,591	147,866	2,305	150,171
Federal Fund	18,473	14,534	50	14,584
Outdoor Heritage Fund		705	600	1,305
Arts & Cultural Heritage Fund		16,320		16,320
Clean Water Fund		25		25
Parks & Trails Fund		15		15
Gift Fund	487	179		179
State Government Special Revenue Fund	3,811	4,454		4,454
Environmental Fund	617	898		898
Remediation Fund	262	500		500
Trunk Highway Fund	754	1,600		1,600
Highway Users Tax Distribution Fund	4,366	4,616		4,616
Workers Compensation Special Fund	14,454	14,700		14,700
State Airports Fund	16	281		281
<b>Total by Fund</b>	<b>826,163</b>	<b>832,240</b>	<b>(6,384)</b>	<b>825,856</b>

As shown in Table 2, in contract to agency operating reductions, the Department of Revenue received an ongoing appropriation increase of \$6.7 million, beginning in FY 2011, for increased tax compliance. This compliance initiative is estimated to generate \$26.9 million of additional General Fund revenue per year, or a return of \$4 for every \$1 spent. (See Table 3 below.)

**Table 2**  
**General Fund Spending Changes -- State Government**  
*(dollars in thousands)*

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012-13</u>
<b>Forecasted Spending*</b>	<b>323,405</b>	<b>318,980</b>	<b>642,385</b>	<b>323,798</b>	<b>326,498</b>	<b>650,296</b>
Legislature Operating Budget	(821)	(1,963)	<b>(2,784)</b>	(1,352)	(1,352)	(2,704)
Constitutional Officers Operating Budget	(717)	(1,509)	<b>(2,226)</b>	(1,509)	(1,509)	(3,018)
Agency Operating Budget	(3,701)	(4,355)	<b>(8,056)</b>	(4,400)	(4,300)	(8,700)
Additional Reduction to ALL Agencies		(3,000)	<b>(3,000)</b>	(3,000)	(3,000)	(6,000)
Tax Compliance		6,727	<b>6,727</b>	6,727	6,727	13,454
Minneapolis Employees Retirement Fund (MERF) Additional Aid				13,750	13,750	27,500
<b>Total Spending Changes</b>	<b>(5,239)</b>	<b>(4,100)</b>	<b>(9,339)</b>	<b>10,216</b>	<b>10,316</b>	<b>20,532</b>
<b>Total Spending</b>	<b>318,166</b>	<b>314,880</b>	<b>633,046</b>	<b>334,014</b>	<b>336,814</b>	<b>670,828</b>

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

***Tax  
compliance  
efforts and  
selected  
transfers help  
balance  
General Fund.***

As summarized in Table 3, onetime reductions of three percent were made to various Special Revenue Fund accounts, with the savings, totaling \$117,000, being transferred to the General Fund. Included in these reductions and transfers were savings in the Special Revenue Fund budgets for the Governor's Office, Department of Administration, MMB, and the Gambling Control Board. The Department of Administration also transferred \$402,000 of contributed capital back to the General Fund; the funds were returned from the central stores internal service fund as this function has ended. In addition, most of the General Fund appropriation to the Department of Administration for operation of state recycling centers was eliminated, and the department is instead authorized to create an internal service fund for recycling services. Revenue collected from the sale of recyclable materials is to be deposited in the internal service fund or, in the case of private leases, retained by the entity providing the service. Previously, this revenue was deposited in the General Fund. The General Fund loss of the recyclable materials revenue is shown as a revenue loss in Table 3.

**Table 3**  
**General Fund Transfers & Revenue Changes**  
**State Government Finance**  
*(dollars in thousands)*

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012-13</u>
<u>Transfers from Other Funds</u>						
Agency Special Revenue						
Accounts	45	72	117			0
Administration Central						
Stores	371	31	402			0
Total Transfers-in	416	103	519			0
<u>Nontax Revenue Changes</u>						
Tax Compliance		26,865	26,865	26,865	26,865	53,730
Administration Recyclable						
Materials Loss		(115)	(115)	(115)	(115)	(230)
Secretary of State Fee Loss		(2)	(2)	(2)	(2)	(4)
Total Nontax Revenues		26,748	26,748	26,748	26,748	53,496
<b>Total Revenue Changes</b>	<b>416</b>	<b>26,851</b>	<b>27,267</b>	<b>26,748</b>	<b>26,748</b>	<b>53,496</b>

A change in a fee for certain business documents filed with the Office of the Secretary of State resulted in a minimal revenue loss (Chapter 379).

***MERF***  
***consolidated***  
***into PERA,***  
***supported by***  
***increased***  
***General Fund***  
***appropriations.***

### **PENSION-RELATED BUDGET AND POLICY CHANGES**

Also reflected in Table 2 above are budget impacts of the Omnibus Pension Bill (Chapter 359). Chapter 359 moved the Minneapolis Employees Retirement Fund (MERF) into the Public Employees Retirement Association (PERA) and included a statutory General Fund appropriation of \$13.75 million per year for the FY 2012-13 biennium, and \$15 million per year thereafter. This appropriation is in addition to the existing statutory appropriation of \$9 million to MERF, which is now redirected to the MERF account within PERA.

Chapter 359, the Omnibus Pensions Bill, included changes to the major pension plans that will reduce the growth of benefits for participants and assist a return to financial stability for the pension plans after steep declines in the financial markets left them underfunded.

The Omnibus Pensions Bill made similar changes to each of the major statewide pension plans. For the Minnesota State Retirement System (MSRS) plan, the bill:

- reduces the interest rate for refunds from six to four percent;
- increases the vesting requirement from three to five years;

- caps the postretirement increase at two percent per year until the market value of the fund is 90 percent of liabilities;
- decreases the deferred annuities augmentation rate (interest on accounts for vested members who have left covered employment but have not yet retired) from 2.5 to two percent;
- eliminates the six percent interest paid on benefits that are suspended for retired employees who return to MSRS covered employment; and
- makes a variety of minor changes intended to reduce costs to the plan.

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***Various other pension changes enacted.***

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For the Teachers Retirement Association, the bill makes the same major changes, with the exception that no change was made to vesting requirements, and the employee and employer contribution rates were increased by two percent each, phased in over a period of four years.

For the Public Employees Retirement Association, the bill contained the same major changes made to the MSRS plan, with the exception that the deferred annuities augmentation rate was decreased to one percent, and contribution rates were increased by .25% each for employers and employees.

Similar sustainability changes were made to retirement plans for other state employees, including the correctional employees, the state patrol, judges, legislators, local correctional employees, police and firefighters, and teachers in St. Paul and Duluth.

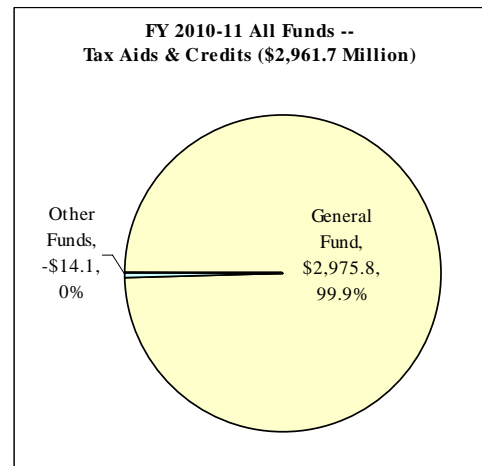
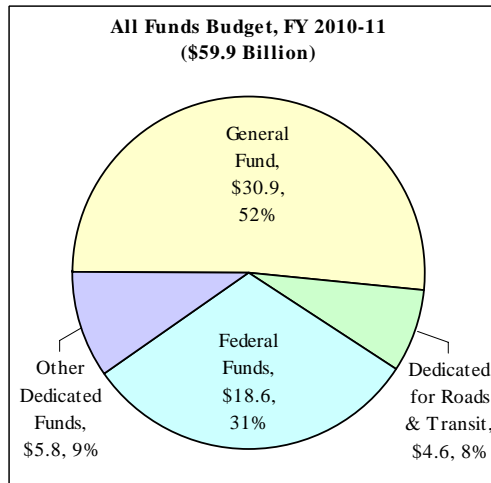
The Omnibus Pensions Bill also contained a variety of miscellaneous administrative and technical provisions, and changes of significance to particular individuals.

**OTHER FISCAL POLICY CHANGES**

State Government policy changes (Chapter 392) included a new requirement for the state Chief Information Officer to develop standards to enhance public access to electronic data maintained by state government. Chapter 392 also established a commission on service innovation. No state appropriations were provided to this commission, but the commission was allowed to solicit and receive private contributions. The 19-member commission is tasked with providing the legislature with a strategic plan to reengineer the delivery of state and local government services.

*For questions regarding this Chapter or for more information on the fiscal aspects of State Government Finance, please contact [tom.bottern@senate.mn](mailto:tom.bottern@senate.mn) or [kevin.lundeen@senate.mn](mailto:kevin.lundeen@senate.mn)*

## TAX AIDS AND CREDITS



***Spending for property tax aids and credits decreased \$482 million from the February 2010 forecast.***

State General Fund spending for tax aids and credits will total \$2.978 billion for the 2010-2011 biennium, a net decrease of \$482.3 million from the February forecast base. As summarized in Table 1, of the \$482.3 million, legislative action in 2010 decreased property tax aids and credits paid to local governments and school districts by \$416.0 million. Other General Fund changes included reductions of \$54 million in property tax refunds to individuals, \$12 million to various other tax aids and credits, and a \$10.1 million reduction in dedicated spending by eliminating a special timing account established in 2009. As a result, budget changes enacted in 2010 resulted in a savings of \$492.4 million from tax aids and credits.

The General Fund property tax aid and credit changes enacted in 2010 were contained in:

- Chapter 215, the Supplemental Budget Bill;
- First Special Session Chapter 1, the Omnibus State Budget Bill; and
- Chapter 389, the Omnibus Tax Policy Bill, which contained relatively minor tax aid and refunds spending changes.

**Table 1**  
**All Funds Biennial Spending--FY 2010-11 Tax Aids and Credits**  
*(dollars in thousands)*

<b>Fund/Program</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Adjusted Feb. Forecast</b>	<b>Legislative Changes</b>	<b>Current FY2010-11 Budget</b>
<b>General Fund</b>				
Property Tax Refunds	841,703	1,009,767	(53,891)	955,876
City Aid	915,108	1,062,980	(154,756)	908,224
County Program Aid	367,453	460,718	(100,048)	360,670
Market Value Homestead				
Credit	531,923	592,639	(161,214)	431,425
Other Tax Aids and Credits	372,086	331,959	(12,359)	319,600
<b>General Fund Total</b>	<b>3,028,273</b>	<b>3,458,063</b>	<b>(482,268)</b>	<b>2,975,795</b>
<b>General Fund Transfers Out</b>	(14,431)	(15,507)		(15,507)
<b>Special Revenue Fund</b>				
Aid to Local Government	569	628		628
<b>Health Care Access Fund</b>				
Tax Refund Interest (Open)	1,014	800		800
<b>Total - All Funds</b>	<b>3,015,425</b>	<b>3,443,984</b>	<b>(482,268)</b>	<b>2,961,716</b>

\* The 2010 Legislature also eliminated a special timing account established by the 2009 tax bill, with this \$10.1 million reduction in dedicated spending, General Fund budget savings

**Table 2**  
**General Fund Spending Changes--Tax Aids & Credits**  
*(dollars in thousands)*

<b>Change Items by Program</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b>Forecasted Spending*</b>	<b>1,706,454</b>	<b>1,751,609</b>	<b>3,458,063</b>	<b>1,802,032</b>	<b>1,831,272</b>	<b>3,633,304</b>
<b>Property Tax Refunds</b>						
Renters Refund		(52,300)	(52,300)			
Forest Land Credits		(4,348)	(4,348)			
PTR Interactions		2,757	2,757	12,092	3,480	15,572
<b>Subtotal, Property Tax Refunds</b>		<b>(53,891)</b>	<b>(53,891)</b>	<b>12,092</b>	<b>3,480</b>	<b>15,572</b>
<b>Local Aids</b>						
Local Government Aid **		(7,752)	(7,752)	(31,038)	(31,038)	(62,076)
Local Government Aid ***	(44,620)	(102,384)	(147,004)			
County Program Aid **		(48)	48	(43,768)	(43,768)	(87,536)
County Program Aid ***	(33,000)	(67,000)	(100,000)			
Market Value Homestead Credit **		(97,163)	(97,163)	(29,864)	(29,864)	(59,728)
Market Value Homestead Credit ***	(21,946)	(29,859)	(51,805)			
Agricultural Market Value Credit **		(37)	(37)	(330)	(330)	(660)
Agricultural Market Value Credit ***	(120)	(330)	(450)			
<b>Subtotal, Local Aids</b>	<b>(99,686)</b>	<b>(304,573)</b>	<b>(404,259)</b>	<b>(105,000)</b>	<b>(105,000)</b>	<b>(210,000)</b>
<b>Other Aids</b>						
Education Aid Shift Aid Changes****		(13,914)	(13,914)	13,914		13,914
St. Charles Aid Adjustment (Ch. 389)		50	50			
Per Capita Grants to Local Govt-Council on Local Results and Innovation				940	880	1,820
<b>Other Property Tax / Refund Changes</b>						
Political Contribution Refund	(4,300)	(6,100)	(10,400)			
Charter School Property Tax Exemption		(153)	(153)	(441)	(775)	(1,216)
Bovine Tuberculosis Credit		3	3	(17)		(17)
Tax Refund Delay Interest ***				750		750
Exempt Noncommercial Seasonal Recreation Lands				14	14	28
<b>Other Appropriations</b>						
(see Table 5 for detail)		346	346	77	27	104
Transfer from Metropolitan Council Fiscal Disparity Levy to General Fund for Fiscal Disparities Study		(50)	(50)	(50)		(50)
<b>Total Spending Changes</b>	<b>(103,986)</b>	<b>(378,282)</b>	<b>(482,268)</b>	<b>(77,286)</b>	<b>(101,374)</b>	<b>(178,660)</b>
<b>Total Spending</b>	<b>1,602,468</b>	<b>1,373,327</b>	<b>2,975,795</b>	<b>1,724,746</b>	<b>1,729,898</b>	<b>3,454,644</b>

***Aids to local governments were reduced \$404.3 million in FY 2010-2011.***

\* Adjusted February 2010 state budget forecast (see Summary Chapter).

\*\* Change made in Chapter 215.

\*\*\* Change made in 1<sup>st</sup> Special Session Chapter 1, unless otherwise noted.

\*\*\*\* Does not include \$1.9 billion of shift carried in Education chapter.



As illustrated in Table 3, Chapter 215, Article 13, made permanent annual reductions in city, county, and town aids and credits of \$105 million beginning in FY 2011 (pay 2010). In pay 2010, the reductions are divided evenly between cities and counties. Cuts for each city or county are taken first from market value credit reimbursements, and then if necessary from Local Government Aid (LGA) and County Program Aid (CPA). City reductions equal 3.4287 percent of each city's levy plus aid with a maximum loss of \$28 per capita. County reductions equal 1.82767 percent of levy plus aid.

<b>Reductions by Jurisdiction</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
<b>Counties</b>					
County Program Aid	(48)	(48)	(43,768)	(43,768)	(87,536)
Residential Market Value Credit	(52,448)	(52,448)			
Agricultural Market Value Credit	(4)	(4)			
<b>Subtotal, County Aid Changes</b>	<b>(52,500)</b>	<b>(52,500)</b>	<b>(43,768)</b>	<b>(43,768)</b>	<b>(87,536)</b>
<b>Cities</b>					
Local Government Aid	(7,752)	(7,752)	(31,038)	(31,038)	(62,076)
Residential Market Value Credit	(44,715)	(44,715)	(25,316)	(25,320)	(50,636)
Agricultural Market Value Credit	(33)	(33)	(151)	(151)	(302)
<b>Subtotal, City Aid Changes</b>	<b>(52,500)</b>	<b>(52,500)</b>	<b>(56,505)</b>	<b>(56,509)</b>	<b>(113,014)</b>
<b>Towns</b>					
Residential Market Value Credit			(4,548)	(4,548)	(9,096)
Agricultural Market Value Credit			(179)	(179)	(358)
<b>Subtotal, Town Aid Changes</b>			<b>(4,727)</b>	<b>(4,727)</b>	<b>(9,454)</b>
<b>Total Reduction</b>	<b>(105,000)</b>	<b>(105,000)</b>	<b>(105,000)</b>	<b>(105,004)</b>	<b>(210,004)</b>

***\$105 million of spending reductions in aid to local governments was permanent, carrying forward to FY 2012-2013.***

Beginning in FY 2012 (pay 2011), the total residential and agricultural market value credit reimbursements to cities and towns are permanently reduced by an amount equal to pay 2010 market value credit reimbursements in the January 2010 unallotments, prior to the Supreme Court ruling the Governor's unallotments illegal. The total reduction in reimbursements is \$30.2 million annually, including reductions of \$25.4 million for cities and reductions of \$4.7 million for towns.

Also beginning in FY 2012 (pay 2011) the annual appropriation for Local Government Aid to cities is permanently reduced by \$31 million, from \$558 million to \$527 million. County Program Aid is permanently reduced by \$43.8 million, from 241.5 million to \$197.7 million.

First Special Session Chapter 1 enacts onetime local property tax aid and credit reductions for counties, cities, and towns for FY 2010 and FY 2011 (pay 2009 and pay 2010) equal to the Governor's disallowed unallotments. Specifically, aid payments to local governments are reduced by \$99.7 million in FY 2010 (pay 2009) and \$200.3 million in FY 2011 (pay 2010). The reductions are identical to those imposed by the Governor's unallotments for pay 2009, and in

2010, the unallotments remained in effect.

<b>Table 4</b>				
<b>Local Government Aid Reductions (Ch. 1, 1st SS)</b>				
<i>(dollars in thousands)</i>				
<b><u>Reductions by Jurisdiction</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2012-13</u></b>
<b>Counties</b>				
County Program Aid	(33,000)	(67,000)	(100,000)	
Residential Market Value Credit				
Agricultural Market Value Credit				
<b>Subtotal, County Aid Reductions</b>	<b>(33,000)</b>	<b>(67,000)</b>	<b>(100,000)</b>	
<b>Cities</b>				
Local Government Aid	(44,620)	(102,384)	(147,004)	
Residential Market Value Credit	(19,566)	(25,916)	(45,482)	
Agricultural Market Value Credit				
<b>Subtotal City Aid Reductions</b>	<b>(64,186)</b>	<b>(128,300)</b>	<b>(192,486)</b>	
<b>Towns</b>				
Residential Market Value Credit	(2,379)	(4,645)	(7,024)	
Agricultural Market Value Credit	(121)	(355)	(476)	
<b>Subtotal, Town Aid Reductions</b>	<b>(2,500)</b>	<b>(5,000)</b>	<b>(7,500)</b>	
<b>Total Reduction</b>	<b>(99,686)</b>	<b>(200,300)</b>	<b>(299,986)</b>	

The reductions are based on a jurisdiction’s levy plus aid and are distributed one-third to counties and two-thirds to cities and townships. Cities and townships under 1,000 in population and with a tax base below average did not receive any aid reductions (454 of the smallest cities and 629 of townships are excluded from aid reductions). No city’s reduction exceeds 3.31 percent of annual aid plus levy for 2009, and 7.64 percent of annual aid plus levy for 2010. No township’s reduction exceeds 1.74 percent of annual aid plus levy for 2009, and 3.66 percent of annual aid plus levy for 2010.

Four counties with populations of approximately 5,000 or less did not receive any aid reduction. No county received an aid reduction of more than 1.19 percent of annual aid plus levy for 2009, and 2.41 percent of annual aid plus levy for 2010.

## **REDUCTIONS TO OTHER PROGRAMS**

First Special Session Chapter 1 also enacts temporary modifications resulting in onetime budget reductions to several refund programs that the Governor had attempted to unallot, including the following:

### **Renter’s Property Tax Refund**

The renter’s property tax refund program, often called the “renters’ credit,” is a state-paid refund that provides tax relief to renters whose rent and “implicit property taxes” are high relative to their incomes. “Rent constituting property taxes” is assumed to equal 19 percent of rent paid.

***Reductions in spending for renter’s property tax refunds and other payments were onetime in FY 2010-2011 only.***

In Chapter 1, the portion of the rent used to calculate the refund is reduced from 19 percent of rent paid to 15 percent, generating a savings of \$52.3 million to the General Fund in FY 2010-2011 only (see Table 2). This change affects 18,200 renters who file for a property tax refund and it will reduce the average refund by \$129, a 23 percent reduction (from an average of \$570 to \$441). For senior/disabled filers, it will impact 2,000 people and will reduce the average refund by \$144, from an average of \$635 to \$491. In FY 2012-2013, the percent of rent equal to property taxes will return to 19 percent.

### **Sustainable Forestry Initiative Act (SFIA) Payments**

The SFIA allows annual payments to be made to enrolled owners of forested land as an incentive to practice long-term sustainable forest management. The payment rate in 2008 was \$8.61 per acre. Chapter 1 caps SFIA payments at \$100,000 per enrollee for the FY 2011 payment only. The General Fund appropriation is reduced by \$4.3 million in FY 2011. This change reduces the SFIA payment for four of the 1,100 enrollees in the program.

### **Political Contribution Refund**

Chapter 1 temporarily eliminates Minnesota's political contribution refund program, which allows individuals who contribute to a Minnesota political party or to candidates for state office or the Minnesota legislature to apply for a refund of their contributions. The refunds are eliminated for any political contribution made between July 1, 2009, and June 30, 2011. This results in a savings of \$10.4 million in FY 2010-2011, and will affect approximately 90,000 refunds annually.

### **Special Timing Account**

First Special Session Chapter 1 eliminates a special timing account established in Minnesota Laws 2009, Chapter 88, Article 12, Section 21, which saves \$10.1 million, and is transferred to the General Fund as part of the General Fund budget balancing efforts.

### **NEW APPROPRIATIONS**

Chapter 389, the Omnibus Tax Policy Bill, contained several appropriations totaling \$346,000 in FY 2010-2011, as summarized in Table 5, including:

- Council on Local Results and Innovation: Eleven-member council was created to develop performance measures for counties and cities to gauge service-delivery efficiency and effectiveness by February 15, 2011. The council will also develop minimum standards for comprehensive performance measurement systems by February 15, 2012. \$6,000 in FY 2011 and \$2,000 in each fiscal year is appropriated from the General

Fund to the State Auditor to compile reports on city and county annual performance measurement efforts. The council expires January 1, 2020.

Counties and cities participating in the standard measures and comprehensive performance measurement programs in 2011-2013 may receive reimbursement of 14 cents per capita and are exempt from levy limits for taxes payable in the appropriate year. An appropriation of \$1.8 million was made for per capita payments starting in FY 2012-2013.

- **Property System Tax Benchmarks:** Revenue estimates prepared by the Department of Revenue must identify how property tax principles, including transparency, efficiency, equity, accountability, competition, and responsiveness, apply to the proposed changes. \$30,000 in FY 2011 and \$25,000 each year in FY 2012-2013 is appropriated to the Commissioner of Revenue to implement the benchmarks.

A 13-member property tax working group is also established to investigate ways to simplify Minnesota's property tax system and make advisory recommendations on how to make the system more understandable. Members shall serve without compensation. The working group must present its recommendations to the Legislature on or before February 1, 2012.

- **Tax Expenditure Review Study:** The Commissioner of Revenue is directed to develop a report containing recommendations for the periodic review and sunset or extension of tax expenditures. The report must include information on the effectiveness of new and existing tax expenditures in meeting general tax principles of transparency, efficiency, equity, accountability, competition, and responsiveness. Recommendations must be presented to the Legislature by February 15, 2011. A onetime appropriation of \$60,000 in FY 2011 is made to the Commissioner of Revenue for the tax expenditure review report.
- **Fiscal Disparities Study:** Directs the Commissioner of Revenue to conduct a study of a fiscal disparities program analyzing the extent to which the benefits of economic growth in the metropolitan area are shared, the impact on tax rates and distribution of homestead property tax burdens, and a description of other property tax, aid, and local development programs that interact with fiscal disparities.

The report must be delivered to the Legislature February 15, 2012. The study is funded with a transfer of \$100,000 from the Metropolitan Council's fiscal disparities levy to the state General Fund. \$50,000 is appropriated to the Department of Revenue (DOR) in FY 2011 and \$50,000 in FY 2012.

- **Ottertail County:** Ottertail County will receive a onetime \$200,000 payment to compensate for costs incurred for repair of flood-damaged roads and other infrastructure. The payment will be included in the county's December 2010 local aid payment.
- **Small Business Investment Credit Evaluation Study:** Chapter 216, the Economic Development Bill, directs the Commissioner of Revenue, in consultation with the Commissioners of Management and Budget and Employment and Economic Development, to contract for an evaluation of the effects of the Small Business Investment Credit on the Minnesota economy. The study must be completed by January 2014. \$100,000 is appropriated for the study in FY 2013 (this item is included in DOR's budget information in State Government).

<b>Table 5</b>					
<b>General Fund--Other Tax Aid and Credit Spending Changes</b>					
<i>(dollars in thousands)</i>					
<b>Other Appropriations*</b>	<b>FY 2011</b>	<b>FY 2010-11</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2012-13</b>
State Auditor - Council on Local Results and Innovation: Reporting (Ch. 389)	6	6	2	2	4
DOR - Property Tax Benchmarks (Ch. 389)	30	30	25	25	50
DOR - Tax Expenditure Study (Ch. 389)	60	60			
DOR - Fiscal Disparities Study (Ch. 389)	50	50	50		50
DOR - Ottertail County to Repair Flood Damaged Infrastructure	200	200			
<b>Appropriations Subtotal</b>	<b>346</b>	<b>346</b>	<b>77</b>	<b>27</b>	<b>104</b>

\* Chapter 216 appropriated \$100,000 in FY 2013 to the Dept. of Revenue to evaluate the impact of the Small Business Investment Tax Credit. This appropriation is carried in DOR budget under State Government.

## **OTHER FUNDS SPENDING CHANGES**

### **Angel Credit Fees**

In Chapter 216, the Economic Development Bill, the Legislature created a Small Business Investment Credit for angel or early state venture capital investments by individuals or funds. To qualify as a participating small business, investor, or fund, entities must apply to and be certified by the Department of Employment and Economic Development (DEED). Applications fees ranging from \$150 to \$1,000 are deposited into an administrative account in the Special Revenue Fund and amounts in the account are appropriated to DEED for administering the credit.

### **Conditional Use Fees**

Chapter 389, Article 9, the Omnibus Tax Policy Bill, updates and restructures the property classification for tax forfeited land and conditional use permits.

Part of this initiative includes an application fee of \$250 for use deeds; \$150 of the fee is refunded if the application is denied. Proceeds are deposited in a DOR revolving fund and are appropriated to the commissioner for administering the conditional use deed law.

<b>Table 6</b>					
<b>Nongeneral Fund Tax Aid and Credit Spending Changes</b>					
<i>(dollars in thousands)</i>					
<u>Other Funds Change Items</u>	<u>FY 2011</u>	<u>FY 2010-11</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2012-13</u>
<u>Special Revenue:</u>					
Small Business Investment Tax					
Credit Admin. Account					
Fees	155	155	100	120	220
Appropriation to DEED	(155)	(155)	(100)	(120)	(220)
<u>DOR Revolving Fund</u>					
Tax-Forfeited Land					
Mgt./Conditional Use Deeds					
Fees	14	14	14	14	28
Appropriation to DOR	(14)	(14)	(14)	(14)	(28)

For questions regarding this Chapter or for more information on the fiscal aspects of Tax Revenues, please contact [susan.vonmosch@senate.mn](mailto:susan.vonmosch@senate.mn).

## **CAPITAL INVESTMENT**

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Chapter 189, the 2010 Capital Investment Bill, authorized \$735 million of funding for capital improvements after the Governor's vetoes. Of this amount, \$620.3 million are general obligation bonds to be paid from the General Fund, and another \$18 million of general obligation bonds financed by user fees from Minnesota State Colleges and Universities revenues. The local bridge replacement program received \$66 million in funding, to be paid from dedicated transportation funds. In addition, \$22.8 million of cash was appropriated from the Trunk Highway Fund, and \$7.9 million of bonds, were authorized for maintenance and truck station facilities. Prior to vetoes, Chapter 189, authorized \$1.1 billion for a variety of statewide capital improvement projects.

### **DEBT SERVICE COSTS**

Minnesota's Management and Budget is the state agency primarily responsible for borrowing money to finance capital projects and managing debt. The Commissioner of Minnesota Management and Budget can issue general obligation bonds, general obligation trunk highway bonds, and certain types of revenue bonds. The debt service fund is used to collect moneys from other relevant funds and to make debt service payments on all of the state's outstanding bond issuances; most bond issuances are general obligation bonds paid for by General Fund appropriations transferred to the debt service fund.

The total spending from the debt service fund was increased by \$13 million from the February forecast of \$1.805 million to \$1.818 million enacted for fiscal years 2010 and 2011. This increase was provided for by an increase in the transfers in of \$2.9 million and reducing the budgetary fund balance by \$10.1 million. These various transactions and fund transfers are shown in Table 1.

As shown in Table 1, the February 2010 forecast for the debt service to be paid from the General Fund was \$955.6 million for the biennium. Even with the approval of these capital improvement authorizations, the General Fund spending for debt service is decreased by \$350,000 to \$955.3 for the biennium. The decrease is because the forecast assumed an additional \$725 million in general obligation bonds would be authorized. After vetoes, only \$620.3 million were authorized, resulting in lower debt service costs.

Other state government entities that can issue bonds are the Agricultural and Economic Development Authority, Higher Education Facilities Authority

Revenue Bonds, Housing Finance Authority Revenue Bonds, Iron Range Resources and Rehabilitation Agency, the Office of Higher Education, Public Facilities Authority Revenue Bonds, State Armory Building Commission, and the State Colleges and Universities Revenue Bonds. Table 1 shows the proposed transfer in by fund to the debt service fund for interest expense and principal to pay off the bonds that have been issued.

<b>Transfers in by Fund</b>	<b>FY2008-09</b>	<b>FY2010-11</b>	<b>FY2010-11</b>	<b>Change</b>	<b>Change</b>
	<b>Spending</b>	<b>Fcst. Base</b>	<b>Enacted Budget</b>	<b>Enacted FY2008-09</b>	<b>Enacted Fcst. Base</b>
Agricultural Fund	64	59	59	(5)	0
Building Fund	1,851	3,491	3,491	1,640	0
Game & Fish Fund	5	0	0	(5)	0
General Fund	862,131	955,633	955,283	93,152	(350)
Maximum Effort School					
Loan	3,789	4,676	4,676	887	0
Natural Resources Fund	20	18	18	(2)	0
Rural Farm Administration	21,433	19,275	19,275	(2,158)	0
Special Revenue Fund	494	598	598	104	0
Trunk Highway Fund	111,712	163,447	166,662	54,950	3,215
Investment Receipts	698,293	520,552	520,548	(177,179)	(4)
Balance Forward In	217,801	330,981	330,981	(3,764)	0
<b>Total Transfers In</b>	<b>1,917,593</b>	<b>1,998,730</b>	<b>2,001,591</b>	<b>83,998</b>	<b>2,861</b>
<b>Spending</b>	<b>1,586,612</b>	<b>1,804,788</b>	<b>1,817,791</b>	<b>231,179</b>	<b>13,003</b>
<i>Budgetary Balance</i>	<i>330,981</i>	<i>193,942</i>	<i>183,800</i>	<i>(147,181)</i>	<i>(10,142)</i>

## SUMMARY OF AUTHORIZED PROJECTS

Table 2 summarizes the approved capital improvement projects by agency. Table 1 depicted the biennial spending information on debt from various funds. Significant capital investments authorized and detailed in Table 2 include:

- \$108 million is for the higher education systems for asset preservation and replacement projects on the University of Minnesota and Minnesota State Colleges and Universities campuses, and another \$88 million was authorized for a variety of projects statewide for the campuses in the two systems;
- \$66 million was made available to repair and replace deficient local bridges;
- \$49 million is for transportation-related maintenance facilities;
- \$11.7 million is for a new airport terminal in Duluth;



- \$32 million to assist with the arts and culture partnerships by redeveloping Orchestra Hall in Minneapolis and the Ordway Center in St. Paul;
- \$15 million for health and medical concerns, including \$5 million for replacing the hyperbaric chamber in Hennepin County and \$10 million for expanding the Gillette Children’s Hospital in St. Paul;
- \$47.5 million to improved support services facilities for the sex offender program at Moose Lake;
- \$63 million for flood hazard mitigation projects in counties, municipalities, and watershed districts;
- \$15 million for the master plan entry and main building expansion at the state zoological gardens; and
- \$11 million for the Gorilla exhibit improvements at Como Zoo.

Language in Chapter 189 also removed the requirement that the commissioner of Natural Resources must not pay more than 12 percent above the appraised value to purchase the lands for Lake Vermillion State Park.

<b>Table 2</b> <b>Capital Investments 2010</b> <i>(dollars in thousands)</i>		
<u><b>AGENCY AND PROJECT</b></u>	<u><b>Fund</b></u>	<u><b>Chapter 189</b></u>
<b>ADMINISTRATION</b>		
Asset Preservation-Capitol Security- Governor's Residence		8,075
Statewide Repairs and Replacements(CAPRA)		2,000
Veterans, Firefighters and Police Memorial - Eagan		100
<b>Administration Total</b>	<b>Bond</b>	<b>10,175</b>
<b>AMATEUR SPORTS COMMISSION</b>		
National Volleyball Center - Rochester		4,000
Women's Hockey Center - Blaine		950
<b>Amateur Sports Commission Total</b>	<b>Bond</b>	<b>4,950</b>
<b>BOARD OF WATER AND SOIL RESOURCES(BOWSR)</b>		
Local Government Road Wetland Replacement		2,500
<b>BOWSR Total</b>	<b>Bond</b>	<b>2,500</b>
<b>CORRECTIONS</b>		
Department-wide Asset Preservation		8,000
Upgrade and Standardize Radio System - all Campuses(ARMER)		5,800
Oak Park Heights - Improve Perimeter/Security Fences Detection System		3,529
Oak Park Heights - Upgrade Security System		6,500
<b>Corrections Total</b>	<b>Bond</b>	<b>23,829</b>

<b>EMPLOYMENT AND ECONOMIC DEVELOPMENT</b>		
Duluth Zoo Asset Preservation and Improvements		200
Minneapolis - Orchestra Hall/Peavey Plaza Redevelopment		16,000
St. Paul - Design and Construct Ordway Center Arts Partnership		16,000
Greater Minnesota Business Development Program		10,000
Innovative Business/Public Infrastructure Grants		4,000
Ramsey County - Rice Street Bioscience Center		5,000
Redevelopment Grant Program		5,000
<b>Employment and Economic Development Total</b>	<b>Bond</b>	<b>56,200</b>
<b>HEALTH</b>		
Hennepin County Medical Center Hyperbaric Chamber Replacement		5,000
Ramsey County - Design, Construct Addition to Gillette Children's Hospital		10,000
<b>Health Total</b>	<b>Bond</b>	<b>15,000</b>
<b>HISTORICAL SOCIETY</b>		
Historic Sites Asset Preservation		3,400
County and Local Historic Preservation Grants		1,000
<b>Historical Society Total</b>	<b>Bond</b>	<b>4,400</b>
<b>HUMAN SERVICES</b>		
Moose Lake Sex Offender Program Expansion		47,500
Systemwide Asset Preservation		2,000
Memorials/Grave Markers for Deceased Residents		125
<b>Human Services Total</b>	<b>Bond</b>	<b>49,625</b>
<b>METROPOLITAN COUNCIL</b>		
Metropolitan Regional Parks		10,500
Inver Grove Heights Rock Island Swing Bridge		1,000
Metropolitan Cities Wastewater Inflow & Infiltration Abatement Grants		3,000
Minneapolis Veterans Memorial Park		2,000
Bloomington Old Cedar Avenue Bridge		2,000
Como Zoo and Conservatory Infrastructure		11,000
<b>Metropolitan Council Total</b>	<b>Bond</b>	<b>29,500</b>
<b>MILITARY AFFAIRS</b>		
Asset Preservation		4,000
Facility Life Safety Improvements		1,000
Facility ADA Alterations		900
Cedar Street Armory - Design and Renovation		5,000
Troop Support Activity Facility Renovation - Camp Ripley		1,000
<b>Military Affairs Total</b>	<b>Bond</b>	<b>11,900</b>
<b>MINNESOTA STATE COLLEGES AND UNIVERSITIES</b>		
Higher Education Asset Preservation and Replacement(HEAPR)		52,000
North Hennepin Business and Technical Addition and Renovation		14,782
Classroom Renovations and Demolition		3,883
Lake Superior College Health Science Addition		12,098
Metropolitan State University Classroom Center Addition		5,860
Mesabi Range Community and Technical College Industrial Shop		5,477
Alexandria Technical College Law Enforcement Center Renovation		200
Minnesota State CTC Library and Classroom Addition		5,448
St. Cloud Technical College Allied Health Center Renovation		5,421
Normandale Community College Academic Center Student Services		1,000
<b>Minnesota State Colleges and Universities Total</b>	<b>Bond</b>	<b>106,169</b>
<b>MINNESOTA STATE ACADEMIES</b>		

Blind Campus Independent Living Residential Construction		500
Asset Preservation		2,000
<b>Minnesota State Academies Total</b>	<b>Bond</b>	<b>2,500</b>
<b>NATURAL RESOURCES</b>		
Dam Repair, Reconstruction, Removal		4,000
Diseased Shade Tree Removal and Replacement		3,000
Flood Hazard Mitigation		63,500
Groundwater Monitoring		1,000
Hennepin County Fort Snelling Upper Bluff Building Renovations		1,200
Minnesota Forests for the Future		500
Reinvest in Minnesota(RIM) Critical Habitat Match		3,000
Forest Roads and Bridges		1,000
State Forest Land Reforestation		3,000
State Parks, Recreation Areas, Trails Acquisition and Water Access		4,659
State, Regional Parks and Recreational Areas Acquisition		3,750
State Trails and Connections Rehabilitation		4,000
Regional Trails, Connections and Other Projects		3,972
Statewide Asset Preservation		1,000
Wildlife and Aquatic Management Areas Acquisition and Development		1,000
<b>Natural Resources Total</b>	<b>Bond</b>	<b>98,581</b>
<b>PERPICH ARTS CENTER</b>		
Alpha Building Demolition		755
Delta Dorm Windows Project		489
Pre-Fabrication Storage Building		129
<b>Perpich Arts Center Total</b>	<b>Bond</b>	<b>1,373</b>
<b>POLLUTION CONTROL AGENCY</b>		
Capital Assistance Program - Perham Resource Recovery Facility		5,075
Closed Landfill Bonding		8,700
<b>Pollution Control Agency Total</b>	<b>Bond</b>	<b>13,775</b>
<b>PUBLIC FACILITIES AUTHORITY</b>		
Drinking Water Capitalization Grant - State Match		10,800
Clean Water Capitalization Grant - State Match		19,200
Wastewater Infrastructure Fund		27,000
<b>Public Facilities Authority Total</b>	<b>Bond</b>	<b>57,000</b>
<b>PUBLIC SAFETY</b>		
Emergency Management Training Facility - Camp Ripley		6,000
Emergency Operations Center - Arden Hills		2,250
Marshall Safety Training Facility		1,000
Minneapolis Emergency Operations Center		750
<b>Public Safety Total</b>	<b>Bond</b>	<b>10,000</b>
<b>TRANSPORTATION</b>		
Local Bridge Replacement	TF-Bond	66,000
Railroad Grade Warning Devices Replacement		2,500
Rochester Maintenance Facility	THF Bond	26,430
Maple Grove Truck Station	THF-Cash	15,800
Little Falls Truck Station	THF-Cash	3,300
Maplewood Bridge Crew Building	THF-Cash	3,000
Willmar and Plymouth Truck Station Design Fees	THF-Cash	700
Duluth International Airport Design and Construct New Terminal		11,700

Minnesota Valley Regional Rail Authority	5,000	
Rail Service Improvements	2,000	
Northstar Extension from Big Lake to St. Cloud Area	1,000	
Thief River Falls Regional Airport Multi-purpose Hangar	2,097	
<b>Transportation Total</b>	<b>139,527</b>	
UNIVERSITY OF MINNESOTA		
Higher Education Asset Preservation and Replacement(HEAPR)	56,000	
Folwell Hall - Minneapolis	23,000	
General Laboratory Renovation - System-wide	6,667	
Physics and Nanotechnology	4,000	
<b>University of Minnesota Total</b>	<b>89,667</b>	<b>Bond</b>
VETERANS AFFAIRS		
Minneapolis Building 17 Renovation	9,450	
Asset Preservation	4,000	
Luverne Veterans Home Entrance Enclosure	450	
<b>Veterans Affairs Total</b>	<b>13,900</b>	<b>Bond</b>
ZOOLOGICAL GARDENS		
Master Plan Entry and Main Building Renovation and Expansion	15,000	
Asset Preservation and Exhibit Renewal	6,000	
<b>Zoological Gardens Total</b>	<b>21,000</b>	<b>Bond</b>
MANAGEMENT AND BUDGET		
<b>Bond Sale Expense</b>	<b>1,079</b>	<b>Bond</b>
<b>Cancellations</b>	<b>27,562</b>	<b>Bond</b>
SUMMARY, CHAPTER 189		
Total Projects Authorized	735,088	
General Obligation Bonds - Net	620,287	
General Obligation Bonds - User Financed	18,056	
State Transportation Fund Bonds	66,000	
Trunk Highway Cash	22,800	
Trunk Highway Bonds - Net	7,945	
<b>Chapter 189 Total</b>	<b>735,088</b>	

*For questions regarding this Chapter or for more information on the fiscal aspects of Capital Investment, please contact David.Jensen@senate.mn*

**APPENDICES**

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**Appendix 1A**  
**Biennial Spending by Budget Area, Agency and Fund**  
**All Funds, FY 2010-2011**

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>E-12 EDUCATION</b>				
<b>Education Aids</b>				
General Fund	13,669,167	13,257,837	(1,947,359)	11,310,478
Special Revenue Fund	21,725	22,585	0	22,585
Endowment & Permanent School Fund	55,270	45,851	0	45,851
Federal Fund	1,263,908	2,549,124	77	2,549,201
Maximum Effort School Loan Fund	0	0	0	0
Gift Fund	288	127	0	127
Arts & Cultural Heritage Fund	0	0	0	0
<b>Total for Education Aids</b>	<b>15,010,358</b>	<b>15,875,524</b>	<b>(1,947,282)</b>	<b>13,928,242</b>
<b>Department of Education</b>				
General Fund	43,427	41,886	(1,927)	39,959
Special Revenue Fund	0	0	0	0
Endowment & Permanent School Fund	0	0	0	0
Endowt & Perm School Fund Trans Out	0	0	0	0
Federal Fund	0	0	0	0
Maximum Effort School Loan Fund	0	0	0	0
Max. Effort School Loan Fund Transfers Out	0	0	0	0
Gift Fund	0	0	0	0
Arts & Cultural Heritage Fund	0	8,500	0	8,500
Environment and Natural Resources Fund	0	0	300	300
<b>Total for Department of Education</b>	<b>43,427</b>	<b>50,386</b>	<b>(1,627)</b>	<b>48,759</b>
<b>Faribault Academies</b>				
General Fund	23,689	23,824	0	23,824
Special Revenue Fund	5,100	5,031	0	5,031
Federal Fund	625	500	0	500
Gift Fund	298	98	0	98
<b>Total for Faribault Academies</b>	<b>29,712</b>	<b>29,453</b>	<b>0</b>	<b>29,453</b>
<b>Center for Arts Education</b>				
General Fund	13,957	14,174	0	14,174
Special Revenue Fund	1,884	1,763	0	1,763
Federal Fund	517	255	0	255
Gift Fund	28	6	0	6
Arts & Cultural Heritage Fund	0	1,000	0	1,000
<b>Total for Center for Arts Education</b>	<b>16,386</b>	<b>17,198</b>	<b>0</b>	<b>17,198</b>

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b><u>E-12 Totals by Fund</u></b>				
General Fund	13,750,240	13,337,721	(1,949,286)	11,388,435
Special Revenue Fund	28,709	29,379	0	29,379
Endowment & Permanent School Fund	55,270	45,851	0	45,851
Endowt & Perm School Fund Trans Out	0	0	0	0
Federal Fund	1,265,050	2,549,879	77	2,549,956
Maximum Effort School Loan Fund	0	0	0	0
Max. Effort School Loan Fund Transfers Out	0	0	0	0
Gift Fund	614	231	0	231
Arts & Cultural Heritage Fund	0	9,500	0	9,500
Environment and Natural Resources Fund	0	0	300	300
<b>Total E-12 Education</b>	<b>15,099,883</b>	<b>15,972,561</b>	<b>(1,948,909)</b>	<b>14,023,652</b>
<b>HIGHER EDUCATION</b>				
<b>Office of Higher Education</b>				
General Fund	372,400	372,800	(567)	372,233
General Fund Transfer Out	(406)	0	0	0
Federal Fund	10,986	10,215	0	10,215
Special Revenue Fund	2,444	986	48	1,034
<b>Total for Office of Higher Education</b>	<b>385,424</b>	<b>384,001</b>	<b>(519)</b>	<b>383,482</b>
<b>Minnesota State Colleges &amp; Universities</b>				
General Fund	1,348,300	1,280,130	(60,467)	1,219,663
Environment and Natural Resources Fund	301	0	0	0
Federal Fund	15,273	63,893	0	63,893
<b>Total for MnSCU</b>	<b>1,363,874</b>	<b>1,344,023</b>	<b>(60,467)</b>	<b>1,283,556</b>
<b>University of Minnesota</b>				
General Fund	1,386,764	1,303,128	(86,120)	1,217,008
Clean Water Fund	0	1,055	0	1,055
Environment and Natural Resources Fund	6,540	1,780	7,796	9,576
Federal Fund	15,273	74,050	0	74,050
Health Care Access Fund	4,314	4,314	0	4,314
Parks and Trails Fund	0	400	0	400
Special Revenue Fund	44,500	44,500	93	44,593
<b>Total for University of Minnesota</b>	<b>1,457,391</b>	<b>1,429,227</b>	<b>(78,231)</b>	<b>1,350,996</b>
<b>Mayo Foundation</b>				
General Fund	2,452	2,651	0	2,651
<b>Total for Mayo Foundation</b>	<b>2,452</b>	<b>2,651</b>	<b>0</b>	<b>2,651</b>
<b><u>Higher Ed Totals by Fund</u></b>				
General Fund (1)	3,109,916	2,958,709	(147,154)	2,811,555
General Fund Transfer Out	(406)	0	0	0

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Clean Water Fund	0	1,055	0	1,055
Environment and Natural Resources Fund	6,841	1,780	7,796	9,576
Federal Fund	41,532	148,158	0	148,158
Health Care Access Fund	4,314	4,314	0	4,314
Parks and Trails Fund	0	400	0	400
Special Revenue Fund	46,944	45,486	141	45,627
<b>Total Higher Education</b>	<b>3,209,141</b>	<b>3,159,902</b>	<b>(139,217)</b>	<b>3,020,685</b>
<b>HEALTH AND HUMAN SERVICES</b>				
<b>-</b>				
<b>Department of Human Services</b>				
General Fund	8,917,636	9,071,968	46,297	9,118,265
General Fund Transfers Out	(278,170)	(282,838)	101,170	(181,668)
State Government Special Revenue Fund	891	1,130	0	1,130
Health Care Access Fund	739,564	1,400,324	(273,588)	1,126,736
Special Revenue Fund	782,861	829,882	0	829,882
Federal Fund	9,584,320	12,339,901	0	12,339,901
Federal TANF Fund	419,881	429,386	0	429,386
Gift Fund	58	110	0	110
Endowment Fund	1	4	0	4
<b>Total for Dept of Human Services</b>	<b>20,167,042</b>	<b>23,789,867</b>	<b>(126,121)</b>	<b>23,663,746</b>
<b>Department of Health</b>				
General Fund	160,717	133,250	(2,380)	130,870
General Fund Transfers Out	(5,865)	0	0	0
Environment & Natural Resources Fund	0	0	594	594
Petroleum Tank Release Cleanup Fund	1	0	0	0
State Government Special Revenue Fund	82,759	91,978	303	92,281
Health Care Access Fund	27,649	80,012	237	80,249
Special Revenue Fund	105,840	128,427	0	128,427
Federal Fund	411,798	472,064	150	472,214
Federal TANF Fund	21,916	23,466	0	23,466
Environmental Fund	0	190	0	190
Remediation Fund	1,104	504	0	504
Clean Water Fund	0	3,750	0	3,750
Medical Education Endowment Fund	161,888	171,318	0	171,318
Gift Fund	31	11	0	11
<b>Total for Dept of Health</b>	<b>967,838</b>	<b>1,104,970</b>	<b>(1,096)</b>	<b>1,103,874</b>
<b>Health Related Boards</b>				
State Government Special Revenue Fund	25,565	28,301	728	29,029
Special Revenue Fund	526	428	0	428
Federal Fund	8	196	0	196
<b>Total for Health Related Boards</b>	<b>26,099</b>	<b>28,925</b>	<b>728</b>	<b>29,653</b>
<b>Emergency Medical Services Board</b>				
General Fund	7,374	6,350	(135)	6,215



<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
State Government Special Revenue Fund	1,436	1,415	0	1,415
Special Revenue Fund	2,686	46	0	46
Federal Fund	379	620	0	620
Gift Fund	0	2	0	2
<b>Total for EMS Board</b>	<b>11,875</b>	<b>8,433</b>	<b>(135)</b>	<b>8,298</b>
<b>Council on Disability</b>				
General Fund	1,144	1,048	0	1,048
Special Revenue Fund	393	317	0	317
<b>Total for Council on Disability</b>	<b>1,537</b>	<b>1,365</b>	<b>0</b>	<b>1,365</b>
<b>Ombudsman for MH/DD</b>				
General Fund	3,130	3,310	0	3,310
Special Revenue Fund	3	0	0	0
<b>Total for MH/DD Ombudsman</b>	<b>3,133</b>	<b>3,310</b>	<b>0</b>	<b>3,310</b>
<b>Ombudsperson for Families</b>				
General Fund	520	530	0	530
Special Revenue Fund	287	0	0	0
<b>Total for Families Ombudsperson</b>	<b>807</b>	<b>530</b>	<b>0</b>	<b>530</b>
<b><u>HHS Totals by Fund</u></b>				
General Fund	9,090,521	9,216,456	43,782	9,260,238
General Fund Transfers Out	(284,035)	(282,838)	101,170	(181,668)
State Government Special Revenue Fund	110,651	122,824	1,031	123,855
Health Care Access Fund	767,213	1,480,336	(273,351)	1,206,985
Special Revenue Fund	892,596	959,100	0	959,100
Environment & Natural Resources Fund	0	0	594	594
Federal Fund	9,996,505	12,812,781	150	12,812,931
Federal TANF Fund	441,797	452,852	0	452,852
Environmental Fund	0	190	0	190
Remediation Fund	1,104	504	0	504
Clean Water Fund	0	3,750	0	3,750
Petroleum Tank Release Cleanup Fund	1	0	0	0
Medical Education Endowment Fund	161,888	171,318	0	171,318
Gift Fund	89	123	0	123
Endowment Fund	1	4	0	4
<b>Total Health and Human Services</b>	<b>21,178,331</b>	<b>24,937,400</b>	<b>(126,624)</b>	<b>24,810,776</b>
<b>AGRICULTURE, VETERANS AND MILITARY AFFAIRS</b>				
<b>Department of Agriculture</b>				
General Fund	91,678	73,170	(6,711)	66,459
General Fund Transfer Out	(3,055)	0	0	0
Special Revenue Fund	6,888	7,948	40	7,988
Agricultural Fund	35,074	42,904	20	42,924

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Remediation Fund	2,841	4,776	0	4,776
Gift Fund	106	88	0	88
Environment and Natural Resources Fund	600	0	0	0
Outdoor Heritage Fund	0	2,000	0	2,000
Clean Water Fund	0	8,960	0	8,960
Federal Fund	12,776	23,168	0	23,168
<b>Total for Department of Agriculture</b>	<b>146,908</b>	<b>163,014</b>	<b>(6,651)</b>	<b>156,363</b>
<b>Animal Health Board</b>				
General Fund	13,053	10,550	(228)	10,322
Special Revenue Fund	30	760	0	760
Federal Fund	2,395	3,454	0	3,454
<b>Total for Animal Health Board</b>	<b>15,478</b>	<b>14,764</b>	<b>(228)</b>	<b>14,536</b>
<b>Agriculture Utilization Research Inst.</b>				
General Fund	6,200	5,766	(200)	5,566
<b>Total for AURI</b>	<b>6,200</b>	<b>5,766</b>	<b>(200)</b>	<b>5,566</b>
<b>Department of Military Affairs</b>				
General Fund	43,934	44,011	0	44,011
Special Revenue Fund	1,454	2,695	0	2,695
Federal Fund	134,675	157,274	0	157,274
<b>Total for Dept of Military Affairs</b>	<b>180,063</b>	<b>203,980</b>	<b>0</b>	<b>203,980</b>
<b>Department of Veterans Affairs</b>				
General Fund	119,846	119,555	150	119,705
General Fund Transfer Out	(88,040)	(87,589)	0	(87,589)
Special Revenue Fund	151,010	151,674	0	151,674
Gift Fund	955	1,236	0	1,236
Federal Fund	1,953	6,897	0	6,897
<b>Total for Dept of Veterans Affairs</b>	<b>185,724</b>	<b>191,773</b>	<b>150</b>	<b>191,923</b>
<b><u>Ag and Vets Totals by Fund</u></b>				
General Fund	274,711	253,052	(6,989)	246,063
General Fund Transfer Out	(91,095)	(87,589)	0	(87,589)
Special Revenue Fund	159,382	163,077	40	163,117
Agricultural Fund	35,074	42,904	20	42,924
Remediation Fund	2,841	4,776	0	4,776
Gift Fund	1,061	1,324	0	1,324
Environment and Natural Resources Fund	600	0	0	0
Outdoor Heritage Fund	0	2,000	0	2,000
Clean Water Fund	0	8,960	0	8,960
Federal Fund	151,799	190,793	0	190,793
<b>Total Ag, Vets and Military Affairs</b>	<b>534,373</b>	<b>579,297</b>	<b>(6,929)</b>	<b>572,368</b>

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>ENVIRONMENT, ENERGY AND NATURAL RESOURCES</b>				
<b>Pollution Control Agency</b>				
General Fund	53,583	20,942	(1,725)	19,217
Environmental Fund	130,360	129,071	535	129,606
Remediation Fund	76,448	75,397	0	75,397
Special Revenue Fund	36,955	32,299	(790)	31,509
State Govt Special Revenue Fund	98	100	0	100
Gift Fund	2,327	2,849	0	2,849
Environment and Natural Resources Fund	571	425	0	425
Clean Water Fund	0	51,161	(4,055)	47,106
Federal Fund	43,126	50,795	158	50,953
<b>Total for PCA</b>	<b>343,468</b>	<b>363,039</b>	<b>(5,877)</b>	<b>357,162</b>
<b>Minnesota Zoo</b>				
General Fund	14,193	13,136	(462)	12,674
Natural Resources Fund	275	320	0	320
Special Revenue Fund	22,795	24,847	0	24,847
Gift Fund	5,193	4,652	0	4,652
<b>Total for Minnesota Zoo</b>	<b>42,456</b>	<b>42,955</b>	<b>(462)</b>	<b>42,493</b>
<b>Department of Natural Resources</b>				
General Fund	256,700	231,706	(9,536)	222,170
General Fund Transfer Out	(4,522)	0	0	0
Natural Resources Fund	154,519	162,189	460	162,649
Game & Fish Fund	188,997	198,208	395	198,603
Permanent School Fund	202	406	0	406
Remediation Fund	1,696	1,196	0	1,196
Special Revenue Fund	44,342	41,368	0	41,368
Gift Fund	3,321	3,678	0	3,678
Minnesota Future Resources Fund	131	131	0	131
Environment and Natural Resources Fund	26,476	15,148	14,801	29,949
Parks & Trails Fund	0	36,901	0	36,901
Outdoor Heritage Fund	0	75,769	51,444	127,213
Clean Water Fund	0	14,525	4,000	18,525
Federal Fund	33,505	75,399	205	75,604
<b>Total for DNR</b>	<b>705,367</b>	<b>856,624</b>	<b>61,769</b>	<b>918,393</b>
<b>Metropolitan Council - Metro Parks</b>				
General Fund	8,000	7,620	(412)	7,208
Natural Resources Fund	9,440	10,140	300	10,440
Environment and Natural Resources Fund	2,500	1,290	0	1,290
Parks & Trails Fund	0	27,781	0	27,781
Clean Water Fund	0	400	400	800
<b>Total for Met Council - Parks</b>	<b>19,940</b>	<b>47,231</b>	<b>288</b>	<b>47,519</b>

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>Minnesota Conservation Corps</b>				
General Fund	1,000	910	0	910
Natural Resources Fund	980	980	0	980
<b>Total for MCC</b>	<b>1,980</b>	<b>1,890</b>	<b>0</b>	<b>1,890</b>
<b>Board of Water &amp; Soil Resources</b>				
General Fund	52,397	33,565	(3,757)	29,808
Special Revenue Fund	5,018	4,340	(310)	4,030
Environment and Natural Resources Fund	1,851	3,007	2,653	5,660
Outdoor Heritage Fund	0	9,058	6,895	15,953
Clean Water Fund	0	38,224	1,100	39,324
Federal Fund	5,620	3,349	0	3,349
<b>Total for Board of Water</b>	<b>64,886</b>	<b>91,543</b>	<b>6,581</b>	<b>98,124</b>
<b>Science Museum of Minnesota</b>				
General Fund	2,500	2,374	0	2,374
Environment and Natural Resources Fund	524	300	0	300
<b>Total for Science Museum</b>	<b>3,024</b>	<b>2,674</b>	<b>0</b>	<b>2,674</b>
<b>Legislative-Citizen Comm. MN Resources</b>				
Environment and Natural Resources Fund	1,512	1,254	0	1,254
<b>Total for LCC</b>	<b>1,512</b>	<b>1,254</b>	<b>0</b>	<b>1,254</b>
<b>Public Utilities Commission</b>				
General Fund	10,381	10,866	0	10,866
Special Revenue Fund	3,804	5,522	0	5,522
Federal Fund	0	667	0	667
<b>Total for PUC</b>	<b>14,185</b>	<b>17,055</b>	<b>0</b>	<b>17,055</b>
<b>Department of Commerce</b>				
General Fund	44,176	46,977	(1,145)	45,832
General Fund Transfer Out	(28)	0	0	0
Petroleum Tank Release Cleanup Fund	21,297	32,554	(55)	32,499
Workers Compensation Special Fund	1,567	1,502	0	1,502
Special Revenue Fund	52,659	67,829	0	67,829
State Govt Special Revenue Fund	210	0	0	0
Gift Fund	0	6	0	6
Environment and Natural Resources Fund	342	2,000	0	2,000
Federal Fund	262,291	609,272	0	609,272
<b>Total for Dept of Commerce</b>	<b>382,514</b>	<b>760,140</b>	<b>(1,200)</b>	<b>758,940</b>
<b><u>Environment and Energy Totals by Fund</u></b>				
General Fund	442,930	368,096	(17,037)	351,059
General Fund Transfer Out	(4,550)	0	0	0
Environmental Fund	130,360	129,071	535	129,606

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Remediation Fund	78,144	76,593	0	76,593
Natural Resources Fund	165,214	173,629	760	174,389
Game & Fish Fund	188,997	198,208	395	198,603
Permanent School Fund	202	406	0	406
Petroleum Tank Release Cleanup Fund	21,297	32,554	(55)	32,499
Workers Compensation Special Fund	1,567	1,502	0	1,502
Special Revenue Fund	165,573	176,205	(1,100)	175,105
State Govt Special Revenue Fund	308	100	0	100
Gift Fund	10,841	11,185	0	11,185
Minnesota Future Resources Fund	131	131	0	131
Environment and Natural Resources Fund	33,776	23,424	17,454	40,878
Parks & Trails Fund	0	64,682	0	64,682
Outdoor Heritage Fund	0	84,827	58,339	143,166
Clean Water Fund	0	104,310	1,445	105,755
Federal Fund	344,542	739,482	363	739,845
<b>Total Environment &amp; Energy</b>	<b>1,579,332</b>	<b>2,184,405</b>	<b>61,099</b>	<b>2,245,504</b>
<b>ECONOMIC DEVELOPMENT</b>				
<b>Dept of Employment and Economic Dev.</b>				
General Fund	152,950	86,973	(4,092)	82,881
General Fund - Transfers Out	(22,744)	0	0	0
Petroleum Tank Release Cleanup Fund	14,252	15,233	(7,833)	7,400
Health Care Access Fund	0	1,000	(998)	2
Special Revenue Fund	39,604	68,025	255	68,280
Workforce Development Fund	99,694	99,848	0	99,848
Federal Fund	509,614	542,665	625	543,290
Remediation Fund	2,848	1,400	0	1,400
Gift Fund	2,145	935	0	935
<b>Total for DEED</b>	<b>798,363</b>	<b>816,079</b>	<b>(12,043)</b>	<b>804,036</b>
<b>Public Facilities Authority</b>				
General Fund	100	186	(18)	168
Special Revenue Fund	0	0	10	10
Clean Water Fund	0	32,700	0	32,700
<b>Total for PFA</b>	<b>100</b>	<b>32,886</b>	<b>(8)</b>	<b>32,878</b>
<b>Explore Minnesota Tourism</b>				
General Fund	25,255	21,162	(555)	20,607
Special Revenue Fund	2,830	3,122	0	3,122
Federal Fund	193	144	0	144
<b>Total for Explore Minnesota</b>	<b>28,278</b>	<b>24,428</b>	<b>(555)</b>	<b>23,873</b>
<b>Housing Finance Agency</b>				
General Fund	135,257	86,768	(2,412)	84,356
General Fund - Transfer Out	(135,257)	(86,512)	2,156	(84,356)

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Federal Fund	0	71,697	0	71,697
<b>Total for Housing Finance Agency</b>	<b>0</b>	<b>71,953</b>	<b>(256)</b>	<b>71,697</b>
<b>Labor and Industry</b>				
General Fund	1,851	1,760	(40)	1,720
State Government Special Revenue Fund	50,678	57,637	1,325	58,962
Special Revenue Fund	10,285	10,946	0	10,946
Workforce Development Fund	1,379	2,058	0	2,058
Federal Fund	10,054	10,293	0	10,293
Workers Compensation Special Fund	188,931	191,851	0	191,851
<b>Total for Labor and Industry</b>	<b>263,178</b>	<b>274,545</b>	<b>1,285</b>	<b>275,830</b>
<b>Workers Compensation Court of Appeals</b>				
Workers Compensation Special Fund	3,190	3,406	0	3,406
<b>Total for Workers Comp Court of Appeals</b>	<b>3,190</b>	<b>3,406</b>	<b>0</b>	<b>3,406</b>
<b>Mediation Services</b>				
General Fund	3,574	3,366	(165)	3,201
Special Revenue Fund	43	44	0	44
<b>Total for Mediation Services</b>	<b>3,617</b>	<b>3,410</b>	<b>(165)</b>	<b>3,245</b>
<b>Historical Society</b>				
General Fund	50,559	45,958	(1,036)	44,922
Special Revenue Fund	2,006	1,880	0	1,880
Arts and Cultural Heritage Fund	0	22,000	0	22,000
<b>Total for Historical Society</b>	<b>52,565</b>	<b>69,838</b>	<b>(1,036)</b>	<b>68,802</b>
<b>Public Broadcasting</b>				
General Fund	14,820	4,030	(149)	3,881
<b>Total for Public Broadcasting</b>	<b>14,820</b>	<b>4,030</b>	<b>(149)</b>	<b>3,881</b>
<b>Arts Board</b>				
General Fund	20,427	17,248	(543)	16,705
Special Revenue Fund	15	6	0	6
Federal Fund	1,289	1,868	0	1,868
Arts and Cultural Heritage Fund	0	43,300	0	43,300
Gift Fund	92	100	0	100
<b>Total for Arts Board</b>	<b>21,823</b>	<b>62,522</b>	<b>(543)</b>	<b>61,979</b>
<b>Humanities Commission</b>				
General Fund	500	500	0	500
Arts and Cultural Heritage Fund	0	2,100	0	2,100
<b>Total for Humanities Commission</b>	<b>500</b>	<b>2,600</b>	<b>0</b>	<b>2,600</b>
<b>Accountancy Board</b>				

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
General Fund	837	1,010	(40)	970
Special Revenue Fund	71	0	0	0
<b>Total for Accountancy Board</b>	<b>908</b>	<b>1,010</b>	<b>(40)</b>	<b>970</b>
<b>Arch, Eng, Surveying, Landscape</b>				
General Fund	1,438	1,630	(65)	1,565
<b>Total for Arch, Eng, Surveying, Landscape</b>	<b>1,438</b>	<b>1,630</b>	<b>(65)</b>	<b>1,565</b>
<b>Barbers Examiners Board</b>				
General Fund	398	381	69	450
<b>Total for Barbers Examiners Board</b>	<b>398</b>	<b>381</b>	<b>69</b>	<b>450</b>
<b>Cosmetologists Examiners Board</b>				
General Fund	1,188	1,342	395	1,737
<b>Total for Cosmetologists Examiners Board</b>	<b>1,188</b>	<b>1,342</b>	<b>395</b>	<b>1,737</b>
<b>Combative Sports Commission</b>				
General Fund	130	160	0	160
Special Revenue Fund	43	312	0	312
<b>Total for Combative Sports Comm</b>	<b>173</b>	<b>472</b>	<b>0</b>	<b>472</b>
<b>Region 3 - Occupation Tax (OPEN)</b>				
General Fund	1,163	1,164	0	1,164
General Fund - Transfer Out	(1,163)	(1,164)	0	(1,164)
<b>Total for Region 3 Occupation Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Iron Range Resources and Rehabilitation</b>				
Special Revenue	1	0	0	0
Iron Range Resources & Rehab Fund	79,988	47,639	0	47,639
Economic Protection Trust Fund	3,697	4,256	0	4,256
<b>Total for Iron Range Resources &amp; Rehab</b>	<b>83,686</b>	<b>51,895</b>	<b>0</b>	<b>51,895</b>
<b>MN Science &amp; Technology Authority</b>				
General Fund	0	0	297	297
<b>Total for MN Science &amp; Tech Authority</b>	<b>0</b>	<b>0</b>	<b>297</b>	<b>297</b>
<b><u>Econ Dev Totals by Fund</u></b>				
General Fund	410,447	273,638	(8,354)	265,284
General Fund Transfer Out	(159,164)	(87,676)	2,156	(85,520)
Petroleum Tank Release Cleanup Fund	14,252	15,233	(7,833)	7,400
State Government Special Revenue Fund	50,678	57,637	1,325	58,962
Health Care Access Fund	0	1,000	(998)	2
Special Revenue Fund	54,898	84,335	265	84,600

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Iron Range Resources & Rehab Fund	79,988	47,639	0	47,639
Workforce Development Fund	101,073	101,906	0	101,906
Federal Fund	521,150	626,667	625	627,292
Workers Compensation Special Fund	192,121	195,257	0	195,257
Remediation Fund	2,848	1,400	0	1,400
Arts and Cultural Heritage Fund	0	67,400	0	67,400
Clean Water Fund	0	32,700	0	32,700
Economic Protection Trust Fund	3,697	4,256	0	4,256
Gift Fund	2,237	1,035	0	1,035
<b>Total Economic Development</b>	<b>1,274,225</b>	<b>1,422,427</b>	<b>(12,814)</b>	<b>1,409,613</b>
<b>JUDICIARY</b>				
<b>Supreme Court</b>				
General Fund	89,067	86,951	(1,417)	85,534
Special Revenue Fund	3,115	2,938	0	2,938
Federal Fund	10,311	10,851	0	10,851
Gift Fund	184	184	0	184
<b>Total for Supreme Court</b>	<b>102,677</b>	<b>100,924</b>	<b>(1,417)</b>	<b>99,507</b>
<b>Court of Appeals</b>				
General Fund	20,103	20,570	(324)	20,246
Federal Fund	13	0	0	0
<b>Total for Court of Appeals</b>	<b>20,116</b>	<b>20,570</b>	<b>(324)</b>	<b>20,246</b>
<b>District Courts</b>				
General Fund	494,646	500,232	(20,648)	479,584
Special Revenue Fund	757	366	429	795
Federal Fund	2,243	1,980	0	1,980
Gift Fund	81	33	0	33
<b>Total for District Courts</b>	<b>497,727</b>	<b>502,611</b>	<b>(20,219)</b>	<b>482,392</b>
<b>Tax Court</b>				
General Fund	1,575	1,636	(37)	1,599
Special Revenue Fund	4	0	0	0
<b>Total for Tax Court</b>	<b>1,579</b>	<b>1,636</b>	<b>(37)</b>	<b>1,599</b>
<b>Uniform Laws Commission</b>				
General Fund	110	102	(2)	100
<b>Total for Uniform Laws Commission</b>	<b>110</b>	<b>102</b>	<b>(2)</b>	<b>100</b>
<b>Board of Judicial Standards</b>				
General Fund	821	958	(24)	934
Special Revenue Fund	7	0	0	0
<b>Total for Board of Judicial Standards</b>	<b>828</b>	<b>958</b>	<b>(24)</b>	<b>934</b>
<b>Public Defense Board</b>				



<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
General Fund	134,061	132,056	(1,893)	130,163
Special Revenue Fund	47	2,671	0	2,671
Federal Fund	0	2,380	0	2,380
Gift Fund	374	317	0	317
<b>Total for Public Defense Board</b>	<b>134,482</b>	<b>137,424</b>	<b>(1,893)</b>	<b>135,531</b>
<b>Legal Professional Board</b>				
Special Revenue Fund	10,039	10,830	0	10,830
<b>Total for Legal Prof Board</b>	<b>10,039</b>	<b>10,830</b>	<b>0</b>	<b>10,830</b>
<b>Guardian Ad Litem Board</b>				
General Fund	0	0	12,367	12,367
<b>Total for Guardian Ad Litem Board</b>	<b>0</b>	<b>0</b>	<b>12,367</b>	<b>12,367</b>
<b>Judiciary Totals By Fund</b>				
General Fund	740,383	742,505	(11,978)	730,527
Special Revenue Fund	13,969	16,805	429	17,234
Federal Fund	12,567	15,211	0	15,211
Gift Fund	639	534	0	534
<b>Total Judiciary</b>	<b>767,558</b>	<b>775,055</b>	<b>(11,549)</b>	<b>763,506</b>
<b>PUBLIC SAFETY</b>				
<b>Department of Public Safety</b>				
General Fund	187,185	166,122	2,170	168,292
Special Revenue Fund	29,031	48,625	2,233	50,858
Federal Fund	142,984	195,871	0	195,871
State Govt Special Revenue Fund	68,963	136,909	0	136,909
Trunk Highway Fund	746	3,882	0	3,882
Environmental Fund	136	138	0	138
Gift Fund	86	58	0	58
<b>Total for Dept of Public Safety</b>	<b>429,131</b>	<b>551,605</b>	<b>4,403</b>	<b>556,008</b>
<b>POST Board</b>				
Special Revenue Fund	9,517	8,024	75	8,099
<b>Total for POST Board</b>	<b>9,517</b>	<b>8,024</b>	<b>75</b>	<b>8,099</b>
<b>Private Detective Board</b>				
General Fund	238	246	(5)	241
Special Revenue Fund	7	0	0	0
<b>Total for Private Detective Board</b>	<b>245</b>	<b>246</b>	<b>(5)</b>	<b>241</b>
<b>Human Rights</b>				
General Fund	8,045	7,048	(320)	6,728
Special Revenue Fund	297	276	0	276
Federal Fund	6	0	0	0
<b>Total for Human Rights</b>	<b>8,348</b>	<b>7,324</b>	<b>(320)</b>	<b>7,004</b>

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>Department of Corrections</b>				
General Fund	929,598	902,214	(8,864)	893,350
Special Revenue Fund	33,360	30,562	0	30,562
Federal Fund	5,371	45,892	0	45,892
Gift Fund	33	30	0	30
<b>Total for Dept of Corrections</b>	<b>968,362</b>	<b>978,698</b>	<b>(8,864)</b>	<b>969,834</b>
<b>Sentencing Guidelines</b>				
General Fund	1,206	1,208	(29)	1,179
Special Revenue Fund	3	0	0	0
Gift Fund	35	1	0	1
<b>Total for Sentencing Guidelines</b>	<b>1,244</b>	<b>1,209</b>	<b>(29)</b>	<b>1,180</b>
<b><u>Public Safety Totals by Fund</u></b>				
General Fund	1,126,272	1,076,838	(7,048)	1,069,790
Federal Fund	148,361	241,763	0	241,763
Gift Fund	154	89	0	89
Special Revenue Fund	72,215	87,487	2,308	89,795
State Government Special Revenue Fund	68,963	136,909	0	136,909
Trunk Highway Fund	746	3,882	0	3,882
Environmental Fund	136	138	0	138
<b>Total Public Safety</b>	<b>1,416,847</b>	<b>1,547,106</b>	<b>(4,740)</b>	<b>1,542,366</b>
<b>TRANSPORTATION</b>				
<b>Department of Transportation</b>				
General Fund	60,679	35,456	(3,152)	32,304
General Fund Transfer Out	(15,000)	0	0	0
Trunk Highway Fund (2)	2,549,822	2,560,655	139,800	2,700,455
State Airports Fund	36,482	42,792	0	42,792
County State Aid Highway Fund	881,211	1,043,063	0	1,043,063
Municipal State Aid Street Fund	223,879	282,229	0	282,229
Special Revenue Fund	55,180	96,290	0	96,290
State Govt Special Revenue Fund	12,512	2,641	0	2,641
Highway User Tax Distribution Fund	379	388	0	388
Transit Assistance Fund	14,774	46,950	7	46,957
Federal Fund	567,829	749,422	1,000	750,422
Federal Fund - ARRA	1,234	44,572	0	44,572
<b>Total for Dept of Transportation</b>	<b>4,388,981</b>	<b>4,904,458</b>	<b>137,655</b>	<b>5,042,113</b>
<b>Metropolitan Council - Transit</b>				
General Fund	176,770	144,470	(24,796)	119,674
Transit Assistance Fund	245,650	321,202	68	321,270
<b>Total for Met Council Transit</b>	<b>422,420</b>	<b>465,672</b>	<b>(24,728)</b>	<b>440,944</b>
<b>Department of Public Safety</b>				
General Fund	15,795	15,918	12	15,930

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
General Fund Transfer Out	(1,584)	(1,584)	0	(1,584)
Trunk Highway Fund	164,037	171,978	(191)	171,787
Highway User Tax Distribution Fund	15,154	17,906	179	18,085
Special Revenue Fund	120,807	166,190	192	166,382
State Govt Special Revenue Fund	3,099	3,088	0	3,088
Gift Fund	158	184	0	184
Federal Fund	39,174	27,411	0	27,411
<b>Total for Dept of Public Safety</b>	<b>356,640</b>	<b>401,091</b>	<b>192</b>	<b>401,283</b>
<b><u>Transportation Totals by Fund</u></b>				
General Fund	253,244	195,844	(27,936)	167,908
General Fund Transfer Out	(16,584)	(1,584)	0	(1,584)
Trunk Highway Fund	2,713,859	2,732,633	139,609	2,872,242
State Airports Fund	36,482	42,792	0	42,792
County State Aid Highway Fund	881,211	1,043,063	0	1,043,063
Municipal State Aid Street Fund	223,879	282,229	0	282,229
Special Revenue Fund	175,987	262,480	192	262,672
Highway User Tax Distribution Fund	15,533	18,294	179	18,473
Federal Fund	608,237	821,405	1,000	822,405
Transit Assistance Fund	260,424	368,152	75	368,227
State Govt Special Revenue Fund	15,611	5,729	0	5,729
Gift Fund	158	184	0	184
<b>Total Transportation</b>	<b>5,168,041</b>	<b>5,771,221</b>	<b>113,119</b>	<b>5,884,340</b>
<b>STATE GOVERNMENT</b>				
<b>Legislature</b>				
General Fund	138,177	144,459	(2,784)	141,675
Health Care Access Fund	356	356	0	356
Special Revenue Fund	54	0	0	0
Federal Fund	33	0	0	0
Outdoor Heritage Fund	0	705	600	1,305
Arts & Cultural Heritage Fund	0	20	0	20
Clean Water Fund	0	25	0	25
Parks & Trails Fund	0	15	0	15
Gift Fund	75	4	0	4
State Airports Fund	16	179	0	179
<b>Total for Legislature</b>	<b>138,711</b>	<b>145,763</b>	<b>(2,184)</b>	<b>143,579</b>
<b>Governor's Office</b>				
General Fund	6,996	7,180	(372)	6,808
Special Revenue Fund	964	2,062	(42)	2,020
<b>Total for Governor's Office</b>	<b>7,960</b>	<b>9,242</b>	<b>(414)</b>	<b>8,828</b>
<b>State Auditor</b>				
General Fund	16,820	19,420	(110)	19,310
Special Revenue Fund	242	129	0	129

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>Total for State Auditor</b>	<b>17,062</b>	<b>19,549</b>	<b>(110)</b>	<b>19,439</b>
<b>Attorney General</b>				
General Fund	51,495	46,316	(1,390)	44,926
General Fund Transfer Out	(2,081)	0	0	0
State Government Special Revenue Fund	3,811	3,654	0	3,654
Special Revenue Fund	461	302	8	310
Federal Fund	2,120	2,765	0	2,765
Environmental Fund	15	290	0	290
Remediation Fund	262	500	0	500
<b>Total for Attorney General</b>	<b>56,083</b>	<b>53,827</b>	<b>(1,382)</b>	<b>52,445</b>
<b>Secretary of State</b>				
General Fund	12,271	11,819	(354)	11,465
General Fund Transfer Out	(541)	0	0	0
Special Revenue Fund	6,743	5,344	2,400	7,744
Federal Fund	1,914	0	0	0
Gift Fund	342	56	0	56
<b>Total for Secretary of State</b>	<b>20,729</b>	<b>17,219</b>	<b>2,046</b>	<b>19,265</b>
<b>Campaign Finance &amp; Public Discl Bd</b>				
General Fund	1,434	1,496	(36)	1,460
Special Revenue Fund	1,877	5,540	0	5,540
<b>Total for Camp Finance &amp; Public Discl Bd</b>	<b>3,311</b>	<b>7,036</b>	<b>(36)</b>	<b>7,000</b>
<b>Campaign Financing Checkoff Subsidy</b>				
General Fund	3,939	3,520	0	3,520
General Fund Transfer Out	(3,939)	(3,520)	0	(3,520)
<b>Total for Camp Financing Checkoff Subsidy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Investment Board</b>				
General Fund	302	302	(7)	295
Special Revenue Fund	5,397	4,938	0	4,938
<b>Total for Investment Board</b>	<b>5,699</b>	<b>5,240</b>	<b>(7)</b>	<b>5,233</b>
<b>Administrative Hearings</b>				
General Fund	653	680	(16)	664
Special Revenue Fund	4	0	0	0
Workers Compensation Special Fund	14,454	14,500	0	14,500
<b>Total for Administrative Hearings</b>	<b>15,111</b>	<b>15,180</b>	<b>(16)</b>	<b>15,164</b>
<b>Office of Enterprise Technology (OET)</b>				
General Fund	23,059	11,516	(540)	10,976
Special Revenue Fund	8,691	11,700	0	11,700
<b>Total for OET</b>	<b>31,750</b>	<b>23,216</b>	<b>(540)</b>	<b>22,676</b>

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>Administration Dept</b>				
General Fund	45,386	43,612	(719)	42,893
General Fund Transfer Out	(40)	0	0	0
Special Revenue Fund	54,482	77,238	(7)	77,231
Arts & Cultural Heritage Fund	0	14,400	0	14,400
Federal Fund	4,608	3,431	50	3,481
Gift Fund	34	78	0	78
<b>Total for Administration Dept</b>	<b>104,470</b>	<b>138,759</b>	<b>(676)</b>	<b>138,083</b>
<b>Capitol Area Architect &amp; Planning Bd</b>				
General Fund	766	721	(17)	704
Special Revenue Fund	11	4	0	4
Gift Fund	0	0	0	0
<b>Total for Capitol Area Arch &amp; Planning Bd</b>	<b>777</b>	<b>725</b>	<b>(17)</b>	<b>708</b>
<b>MN Management &amp; Budget (MMB)</b>				
General Fund	40,050	48,730	(1,903)	46,827
General Fund Tr Out (MAPS Replacement)	0	(7,094)	0	(7,094)
Special Revenue Fund	29,224	15,416	(20)	15,396
<b>Total for Finance Dept</b>	<b>69,274</b>	<b>57,052</b>	<b>(1,923)</b>	<b>55,129</b>
<b>MMB Non-Operating</b>				
General Fund	47,024	8,428	(3,000)	5,428
General Fund Transfer Out	(7,796)	(8,382)	0	(8,382)
Federal Fund	9,702	8,132	0	8,132
Remediation Fund	0	0	0	0
<b>Total for Finance Non-Operating</b>	<b>48,930</b>	<b>8,178</b>	<b>(3,000)</b>	<b>5,178</b>
<b>Indirect Costs</b>				
General Fund	(39,389)	(28,664)	0	(28,664)
<b>Total for Indirect Costs</b>	<b>(39,389)</b>	<b>(28,664)</b>	<b>0</b>	<b>(28,664)</b>
<b>Revenue Dept</b>				
General Fund	253,220	257,955	2,737	260,692
General Fund Tr Out (Integrated Tax System)	0	(1,708)	0	(1,708)
Health Care Access Fund	3,362	3,510	0	3,510
Special Revenue Fund	7,749	15,449	14	15,463
State Airports Fund	0	2	0	2
Highway Users Tax Distribution Fund	4,366	4,366	0	4,366
Environmental Fund	602	608	0	608
<b>Total for Revenue Dept</b>	<b>269,299</b>	<b>280,182</b>	<b>2,751</b>	<b>282,933</b>
<b>Amateur Sports Commission</b>				
General Fund	2,105	540	(13)	527
Gift Fund	0	7	0	7

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>Total for Amateur Sports Commission</b>	<b>2,105</b>	<b>547</b>	<b>(13)</b>	<b>534</b>
<b>Black Minnesotans Council</b>				
General Fund	660	632	(14)	618
Special Revenue Fund	254	0	0	0
Gift Fund	21	26	0	26
<b>Total for Black Minnesotans Council</b>	<b>935</b>	<b>658</b>	<b>(14)</b>	<b>644</b>
<b>Chicano Latino Affairs Council</b>				
General Fund	622	596	(15)	581
Special Revenue Fund	47	0	0	0
Gift Fund	11	0	0	0
<b>Total for Chicano Latino Affairs Council</b>	<b>680</b>	<b>596</b>	<b>(15)</b>	<b>581</b>
<b>Asian-Pacific Council</b>				
General Fund	577	550	(13)	537
Special Revenue Fund	73	28	0	28
Gift Fund	4	8	0	8
<b>Total for Asian-Pacific Council</b>	<b>654</b>	<b>586</b>	<b>(13)</b>	<b>573</b>
<b>Indian Affairs Council</b>				
General Fund	914	1,000	(23)	977
Special Revenue Fund	65	0	0	0
Arts & Cultural Heritage Fund	0	1,900	0	1,900
Federal Fund	96	206	0	206
<b>Total for Indian Affairs Council</b>	<b>1,075</b>	<b>3,106</b>	<b>(23)</b>	<b>3,083</b>
<b>Gambling Control Board</b>				
Special Revenue Fund	5,700	5,880	0	5,880
<b>Total for Gambling Control Bd</b>	<b>5,700</b>	<b>5,880</b>	<b>0</b>	<b>5,880</b>
<b>Racing Commission</b>				
Special Revenue Fund	3,553	3,836	(48)	3,788
<b>Total for Racing Commission</b>	<b>3,553</b>	<b>3,836</b>	<b>(48)</b>	<b>3,788</b>
<b>Contingent Accounts</b>				
General Fund	0	1,250	(750)	500
State Government Special Revenue Fund	0	800	0	800
Trunk Highway Fund	0	400	0	400
Highway Users Tax Distribution Fund	0	250	0	250
State Airports Fund	0	100	0	100
Workers Compensation Special Fund	0	200	0	200
<b>Total for Contingent Accounts</b>	<b>0</b>	<b>3,000</b>	<b>(750)</b>	<b>2,250</b>
<b>Tort Claims</b>				
General Fund	279	322	0	322

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Trunk Highway Fund	754	1,200	0	1,200
<b>Total for Tort Claims</b>	<b>1,033</b>	<b>1,522</b>	<b>0</b>	<b>1,522</b>
<b>Minn State Retirement System</b>				
General Fund	5,383	4,751	0	4,751
<b>Total MSRS</b>	<b>5,383</b>	<b>4,751</b>	<b>0</b>	<b>4,751</b>
<b>Local Pension Aids</b>				
General Fund	55,268	55,254	0	55,254
<b>Total Local Pension Aids</b>	<b>55,268</b>	<b>55,254</b>	<b>0</b>	<b>55,254</b>
<b><u>State Government Totals by Fund</u></b>				
General Fund	668,011	642,385	(9,339)	633,046
General Fund Transfer Out	(14,397)	(20,704)	0	(20,704)
Health Care Access Fund	3,718	3,866	0	3,866
Special Revenue Fund	125,591	147,866	2,305	150,171
Federal Fund	18,473	14,534	50	14,584
Outdoor Heritage Fund	0	705	600	1,305
Arts & Cultural Heritage Fund	0	16,320	0	16,320
Clean Water Fund	0	25	0	25
Parks & Trails Fund	0	15	0	15
Gift Fund	487	179	0	179
State Government Special Revenue Fund	3,811	4,454	0	4,454
Environmental Fund	617	898	0	898
Remediation Fund	262	500	0	500
Trunk Highway Fund	754	1,600	0	1,600
Highway Users Tax Distribution Fund	4,366	4,616	0	4,616
Workers Compensation Special Fund	14,454	14,700	0	14,700
State Airports Fund	16	281	0	281
<b>Total State Government</b>	<b>826,163</b>	<b>832,240</b>	<b>(6,384)</b>	<b>825,856</b>
<b>TAXES - AIDS AND CREDITS (3)</b>				
<b>General Fund</b>				
Property Tax Refunds	841,703	1,009,767	(53,891)	955,876
City Aid	915,108	1,062,980	(154,756)	908,224
County Program Aid	367,453	460,718	(100,048)	360,670
Market Value Homestead Credit	531,923	592,639	(161,214)	431,425
Other Tax Aids and Credits	372,086	331,959	(12,359)	319,600
<b>General Fund Total</b>	<b>3,028,273</b>	<b>3,458,063</b>	<b>(482,268)</b>	<b>2,975,795</b>
<b>General Fund Transfers Out</b>	<b>(14,431)</b>	<b>(15,507)</b>	<b>0</b>	<b>(15,507)</b>
<b>Special Revenue Fund</b>				
Aid to Local Government	569	628	0	628
<b>Health Care Access Fund</b>				

<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Tax Refund Interest (Open)	1,014	800	0	800
<b>Total Taxes</b>	<b>3,015,425</b>	<b>3,443,984</b>	<b>(482,268)</b>	<b>2,961,716</b>
<b>DEBT SERVICE &amp; CAPITAL PROJECTS</b>				
<b>General Fund</b>				
Debt Service	862,151	955,633	(350)	955,283
Capital Projects	20,495	27,400	0	27,400
<b>General Fund Total</b>	<b>882,646</b>	<b>983,033</b>	<b>(350)</b>	<b>982,683</b>
<b>General Fund Transfers Out</b>	<b>(862,131)</b>	<b>(955,633)</b>	<b>350</b>	<b>(955,283)</b>
<b>Debt Service Fund</b>	<b>1,586,612</b>	<b>1,804,788</b>	<b>13,003</b>	<b>1,817,791</b>
<b>Total Debt Service &amp; Capital Projects</b>	<b>1,607,127</b>	<b>1,832,188</b>	<b>13,003</b>	<b>1,845,191</b>
<b>OTHER</b>				
<b>General Fund Total</b>	<b>88,791</b>	<b>19,469</b>	<b>(11,338)</b>	<b>8,131</b>
<b>Special Revenue Fund</b>	<b>866</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Other</b>	<b>89,657</b>	<b>19,469</b>	<b>(11,338)</b>	<b>8,131</b>
<b>TOTALS BY FUND (ALL BUDGET AREAS):</b>				
General Fund	33,866,385	33,525,809	(2,635,295)	30,890,514
General Fund Transfers Out	(1,446,793)	(1,451,531)	103,676	(1,347,855)
Agricultural Fund	35,074	42,904	20	42,924
Arts & Cultural Heritage Fund	0	93,220	0	93,220
Clean Water Fund	0	150,800	1,445	152,245
County State Aid Highway Fund	881,211	1,043,063	0	1,043,063
Debt Service Fund	1,586,612	1,804,788	13,003	1,817,791
Economic Protection Trust Fund	3,697	4,256	0	4,256
Endowment Fund	1	4	0	4
Endowment & Permanent School Fund	55,270	45,851	0	45,851
Environment and Natural Resources Fund	41,217	25,204	26,144	51,348
Environmental Fund	131,113	130,297	535	130,832
Federal Fund	13,108,216	18,160,673	2,265	18,162,938
Federal TANF Fund	441,797	452,852	0	452,852
Game and Fish Fund	188,997	198,208	395	198,603
Gift Fund	16,280	14,884	0	14,884
Health Care Access Fund	776,259	1,490,316	(274,349)	1,215,967
Highway User Tax Distribution Fund	19,899	22,910	179	23,089
Iron Range Resources & Rehab Fund	79,988	47,639	0	47,639
Maximum Effort School Loan Fund	0	0	0	0
Medical Education Endowment Fund	161,888	171,318	0	171,318



<b>Budget Area/Agency/Fund</b>	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
Minnesota Future Resources Fund	131	131	0	131
Municipal State Aid Street Fund	223,879	282,229	0	282,229
Natural Resources Fund	165,214	173,629	760	174,389
Outdoor Heritage Fund	0	87,532	58,939	146,471
Parks and Trails Fund	0	65,097	0	65,097
Permanent School Fund	202	406	0	406
Petroleum Tank Release Cleanup Fund	35,550	47,787	(7,888)	39,899
Remediation Fund	85,199	83,773	0	83,773
Special Revenue Fund	1,737,299	1,972,848	4,580	1,977,428
State Airports Fund	36,498	43,073	0	43,073
State Government Special Revenue Fund	250,022	327,653	2,356	330,009
Transit Assistance Fund	260,424	368,152	75	368,227
Trunk Highway Fund	2,715,359	2,738,115	139,609	2,877,724
Workers Compensation Special Fund	208,142	211,459	0	211,459
Workforce Development Fund	101,073	101,906	0	101,906
<b>TOTAL - ALL BUDGET AREAS</b>	<b>55,766,103</b>	<b>62,477,255</b>	<b>(2,563,551)</b>	<b>59,913,704</b>

**Appendix 2A – Human Services**  
**Biennial Spending by Agency & Fund**  
**All Funds, FY 2010-11**  
*(dollars in thousands)*

	<b>FY 2008-09 Spending</b>	<b>FY 2010-11 Budget (02/10 Forecast)</b>	<b>Legislative Changes</b>	<b>FY 2010-11 Revised Budget</b>
<b>Totals by Agency</b>				
<b>Department of Human Services</b>	<b>20,167,042</b>	<b>23,789,867</b>	<b>(126,121)</b>	<b>23,663,746</b>
General Fund	8,917,636	9,071,968	46,297	9,118,265
General Fund Transfers Out	(278,170)	(282,838)	101,170	(181,668)
State Government Special Revenue Fund	891	1,130		1,130
Health Care Access Fund	739,564	1,400,324	(273,588)	1,126,736
Special Revenue Fund	782,861	829,882		829,882
Federal Fund	9,584,320	12,339,901		12,339,901
Federal TANF Fund	419,881	429,386		429,386
Gift Fund	58	110		110
Endowment Fund	1	4		4
<b>Department of Health</b>	<b>967,838</b>	<b>1,104,970</b>	<b>(1,096)</b>	<b>1,103,874</b>
General Fund	160,717	133,250	(2,380)	130,870
General Fund Transfers Out	(5,865)			
Environment & Natural Resources Fund			594	594
Petroleum Tank Release Cleanup Fund	1			
State Government Special Revenue Fund	82,759	91,978	303	92,281
Health Care Access Fund	27,649	80,012	237	80,249
Special Revenue Fund	105,840	128,427		128,427
Federal Fund	411,798	472,064	150	472,214
Federal TANF Fund	21,916	23,466		23,466
Environmental Fund		190		190
Remediation Fund	1,104	504		504
Clean Water Fund		3,750		3,750
Medical Education Endowment Fund	161,888	171,318		171,318
Gift Fund	31	11		11
<b>Health Related Boards</b>	<b>26,099</b>	<b>28,925</b>	<b>728</b>	<b>29,653</b>
State Government Special Revenue Fund	25,565	28,301	728	29,029
Special Revenue Fund	526	428		428
Federal Fund	8	196		196
<b>Emergency Medical Services Board</b>	<b>11,875</b>	<b>8,433</b>	<b>(135)</b>	<b>8,298</b>
General Fund	7,374	6,350	(135)	6,215
State Government Special Revenue Fund	1,436	1,415		1,415
Special Revenue Fund	2,686	46		46
Federal Fund	379	620		620
Gift Fund		2		2
<b>Council on Disability</b>	<b>1,537</b>	<b>1,365</b>		<b>1,365</b>
General Fund	1,144	1,048		1,048
Special Revenue Fund	393	317		317

<b>Ombudsman for MH/DD</b>	<b>3,133</b>	<b>3,310</b>		<b>3,310</b>
General Fund	3,130	3,310		3,310
Special Revenue Fund	3			
<b>Ombudsperson for Families</b>	<b>807</b>	<b>530</b>		<b>530</b>
General Fund	520	530		530
Special Revenue Fund	287			
<b>Total for Health &amp; Human Services</b>	<b>21,178,331</b>	<b>24,937,400</b>	<b>(126,624)</b>	<b>24,810,776</b>
<b>Totals by Fund</b>				
General Fund	9,090,521	9,216,456	43,782	9,260,238
General Fund Transfers Out	(284,035)	(282,838)	101,170	(181,668)
State Government Special Revenue Fund				
Health Care Access Fund	110,651	122,824	1,031	123,855
Special Revenue Fund	767,213	1,480,336	(273,351)	1,206,985
Environment & Natural Resources Fund	892,596	959,100		959,100
Federal Fund			594	594
Federal TANF Fund	9,996,505	12,812,781	150	12,812,931
Environmental Fund	441,797	452,852		452,852
Remediation Fund		190		190
Clean Water Fund	1,104	504		504
Petroleum Tank Release Cleanup Fund		3,750		3,750
Medical Education Endowment Fund	1			
Gift Fund	161,888	171,318		171,318
Endowment Fund	89	123		123
	1	4		4
<b>Total for Health and Human Services Budget Division</b>	<b>21,178,331</b>	<b>24,937,400</b>	<b>(126,624)</b>	<b>24,810,776</b>

<b>Table 3A – Human Services General Fund Spending Changes (dollars in thousands)</b>						
	FY 2010	FY 2011	FY 2010-11	FY 2012	FY 2013	FY 2012-13
<b>Adjusted February 2010 Forecast*</b>	<b>4,221,028</b>	<b>4,794,467</b>	<b>9,216,456</b>	<b>5,726,779</b>	<b>6,014,050</b>	<b>11,740,829</b>
<b>DEPARTMENT OF HUMAN SERVICES</b>						
<i>Continuing Care Change Items</i>	<b>(23,199)</b>	<b>(34,148)</b>	<b>(57,347)</b>	<b>(16,354)</b>	<b>(12,204)</b>	<b>(28,558)</b>
Delay Crisis Intervention Training	(200)		(200)			
Capture Underspending for Support Adults with SMI	(3,300)		(3,300)			
Capture Underspending for Mothers First and Native American Grants	(389)		(389)			
CD Provider Rate Reduction	(3,622)	(6,055)	(9,677)	(6,068)	(6,182)	(12,250)
Reduce Adult MH Cultural Specific Treatment		(300)	(300)			
Limit PCA Maximum Hours	(825)	(1,326)	(2,151)	(1,569)	(1,666)	(3,235)
Suspend Nursing Facility Rebasing	(3,420)	(2,520)	(5,940)	(3,429)	(3,605)	(7,034)
Region 10 Quality Assurance		100	100			
One-Time LTC Facility Increases		168	168	4		4
Temporary Disabilities Waiver Growth Limits		(2,116)	(2,116)	(4,542)	(2,038)	(6,580)
Suspend ICF/MR Occupancy Rate Adjustment	(225)	(225)	(450)	(157)	(157)	(314)
Eliminate CD Grants	(393)	(393)	(786)	(393)	(393)	(786)
Delay Essential Community Services Grants		(959)	(959)			
Eliminate One-Time Funding for County Redesign Council	(350)		(350)			
Reduce Adult Mental Health Grants	(5,000)	(7,704)	(12,704)			
Suspend Construction Project Grants	(3,600)	(3,600)	(7,200)			
Suspend DD Waiver Growth Factor-18 Months	(1,493)	(4,481)	(5,974)			
Reduce ICF/MR Variable Rate Adjustment-One-Time	(182)		(182)			
Delay Continuing Care Grant Payments		(2,500)	(2,500)			
Eliminate Never Implemented Program for Adult MH Specialty Care Grants	(200)	(200)	(400)	(200)	(200)	(400)
Shift HIV Funding		(2,037)	(2,037)		2,037	2,037
<i>Economic Support Change Items</i>	<b>(28,067)</b>	<b>(29,485)</b>	<b>(57,552)</b>	<b>(13,092)</b>	<b>(13,635)</b>	<b>(26,727)</b>
Eliminate Never Implemented Program for Child MH Specialty Care Grants	(200)	(200)	(400)	(200)	(200)	(400)
Supplemental Services Rate Reduction	(467)	(706)	(1,173)	(700)	(700)	(1,400)
Reduce CCSA Grants	(16,900)	(18,250)	(35,150)	(3,241)	(3,241)	(6,482)

	FY 2010	FY 2011	FY 2010-11	FY 2012	FY 2013	FY 2012-13
Capture One-Time BSF Underspending		(7,500)	(7,500)	-	-	-
Increase Food Shelf Grants	400	63	463	63	63	126
Technical Rider Language Correction				130	(360)	(230)
Increase Funding for MFAP-One Time		150	150			
Capture Underspending for Adoption Assistance Relative Custody Grants	(900)		(900)			
Reduce Child Support Enforcement Grants	(3,400)	(1,249)	(4,649)			
Cancel AICW Carryforward Balance	(600)		(600)			
Reduce Emergency GA-One-Time	(5,267)		(5,267)			
Reduce Emergency MSA-One-Time	(733)		(733)			
Eliminate SNAP Asset Limits & Increase Income Eligibility		90	90	183	183	366
Reduce Work Participation Cash Bonus		(1,583)	(1,583)	(3,323)	(3,376)	(6,699)
TANF Rider Correction (Technical)				(5,704)	(5,704)	(11,408)
Eliminate Child Support Program Provider Bonus		(300)	(300)	(300)	(300)	(600)
<b><i>State Operated Services Changes</i></b>	<b>(422)</b>	<b>1,367</b>	<b>945</b>	<b>(5,693)</b>	<b>(5,736)</b>	<b>(11,429)</b>
SOS Operating Budget Reduction	(422)	(4,588)	(5,010)	(4,004)	(4,004)	(8,008)
Reduce MSOP for Corrections Costs (Offsetting Revenue)				418	419	837
Modify Interagency Agreement with DOC for CD Treatment		(145)	(145)	(145)	(145)	(290)
SOS Redesign		6,100	6,100	(1,962)	(2,006)	(3,968)
<b><i>Health Care Programs Changes</i></b>	<b>(11,276)</b>	<b>184,928</b>	<b>173,652</b>	<b>419,903</b>	<b>442,130</b>	<b>862,033</b>
Medical Provider Reduction-Specialty Care	(1,905)	(8,283)	(10,188)	(15,609)	(16,283)	(31,892)
Medical Provider Reduction-Basic Care	(2,100)	(405)	(2,505)			
MA Prescription Coverage by 2-Way Video		(23)	(23)	(40)	(50)	(90)
Study Transfer of Fiscal Note Duties		50	50			
Reduce MA to Medicare Rates		(4,988)	(4,988)	(1,696)	(1,607)	(3,303)
Modify Rate for Rehabilitation Services		160	160	159	158	317
Inpatient Hospital Rate Reduction				(8,564)	(12,009)	(20,573)
MA Expansion for Adults without Children Below 75% FPG (Offsetting Revenue)		247,511	247,511	394,224	488,536	882,760
Birth Center Licensing		(15)	(15)	(168)	(307)	(475)
Terminate MnDHO January 2011		(2,314)	(2,314)	(3,590)	-	(3,590)

	FY 2010	FY 2011	FY 2010-11	FY 2012	FY 2013	FY 2012-13
Require Health Plan Coverage for Private Duty Nursing		(818)	(818)	(3,609)	(4,967)	(8,576)
Claim Enhanced FFP for Health Care Home Services		(1,424)	(1,424)	(3,658)	(2,219)	(5,877)
Asthma Demonstration Project		20	20	6		6
HCMC & Ramsey County IGT Demonstration Program				(6,977)	(16,858)	(23,835)
Critical Access Dental Modifications		731	731	(4,402)	(5,422)	(9,824)
Housing with Services Modifications		(3,717)	(3,717)	(4,772)	(5,293)	(10,065)
Managed Care Non-Administration 3% Reduction		(28,755)	(28,755)	(37,481)	(44,106)	(81,587)
ER Withhold to Reduce ER Visits		(227)	(227)	(604)	(649)	(1,253)
Delay Hospital Rebasing until 1-1-2013		(9,225)	(9,225)	(35,403)	(58,698)	(94,101)
Increase Managed Care Withhold	(3,788)	(8,413)	(12,201)	7,298	5,953	13,251
Additional Inpatient Hospital Payment Delay		(5,500)	(5,500)	5,500		5,500
Non-Inpatient Acute Payment Delay		(23,400)	(23,400)	23,400		23,400
Eliminate GF Funds for Outreach Incentives	(1,196)	(6,374)	(7,570)			
Aligning Asset Limits		(6,100)	(6,100)			
Reduce GAMC Funding	(41,700)		(41,700)			
Mental Health Urgent Care		(32)	(32)	(238)	(239)	(477)
Modify Hospital Rate Reductions		(118)	(118)	(87)		(87)
GAMC-Eliminate Transfer to HCAF		(98,737)	(98,737)			
GAMC-Coordinated Care Grants	5,500	65,500	71,000	65,500	65,500	131,000
GAMC-Prescription Drug Payments	4,375	51,875	56,250	51,875	51,875	103,750
GAMC-2-Month Continuation	28,000		28,000			
GAMC-Temporary Uncompensated Care	1,538	28,462	30,000			
Delay Youth ACT		(513)	(513)	(1,161)	(1,185)	(2,346)
<i>Administration Changes</i>						
DHS Operating Budget Reduction	(5,180)	(8,221)	(13,401)	(7,303)	(7,303)	(14,606)
<b>Total Department of Human Services</b>	<b>(68,144)</b>	<b>114,441</b>	<b>46,297</b>	<b>377,461</b>	<b>403,252</b>	<b>780,713</b>
<b><u>DEPARTMENT OF HEALTH</u></b>						
Operating Budget Reduction	(1,139)	(852)	(1,991)	(1,044)	(1,044)	(2,088)
Birth Defects Information System (Offsetting Revenue from Birth Record Surcharge)		965	965	1,533	2,077	3,610

	FY 2010	FY 2011	FY 2010-11	FY 2012	FY 2013	FY 2012-13
Delay Rural Hospital Capital Improvement Grants	(1,755)		(1,755)			
Eliminate Lead Base Grants	(25)	(25)	(50)	(25)	(25)	(50)
Restore Office of Unlicensed Professionals		74	74			
Transfer CALS Program		377	377	377	377	754
<b>Total Department of Health</b>	<b>(2,919)</b>	<b>539</b>	<b>(2,380)</b>	<b>841</b>	<b>1,385</b>	<b>2,226</b>
<b><u>EMERGENCY MEDICAL SERVICES BOARD</u></b>						
Correct 2009 Appropriation Tracking Error	247		247			
Transfer CALS Program		(382)	(382)	(382)	(382)	(764)
<b>Total Emergency Medical Services Board</b>	<b>247</b>	<b>(382)</b>	<b>(135)</b>	<b>(382)</b>	<b>(382)</b>	<b>(764)</b>
<b>Total General Fund Spending Changes for Health and Human Services Budget Division</b>	<b>(70,816)</b>	<b>114,598</b>	<b>43,782</b>	<b>377,920</b>	<b>404,255</b>	<b>782,175</b>
<b>Total Spending</b>	<b>4,150,162</b>	<b>4,909,065</b>	<b>9,260,188</b>	<b>6,014,699</b>	<b>6,418,305</b>	<b>12,525,004</b>

\* Reflects the February 2010 Forecasted as adjusted to include the Supreme Court reversal of the Governor's 2009 unallotments.