



Governor Walz and Lieutenant Governor Flanagan's 2025 Budget

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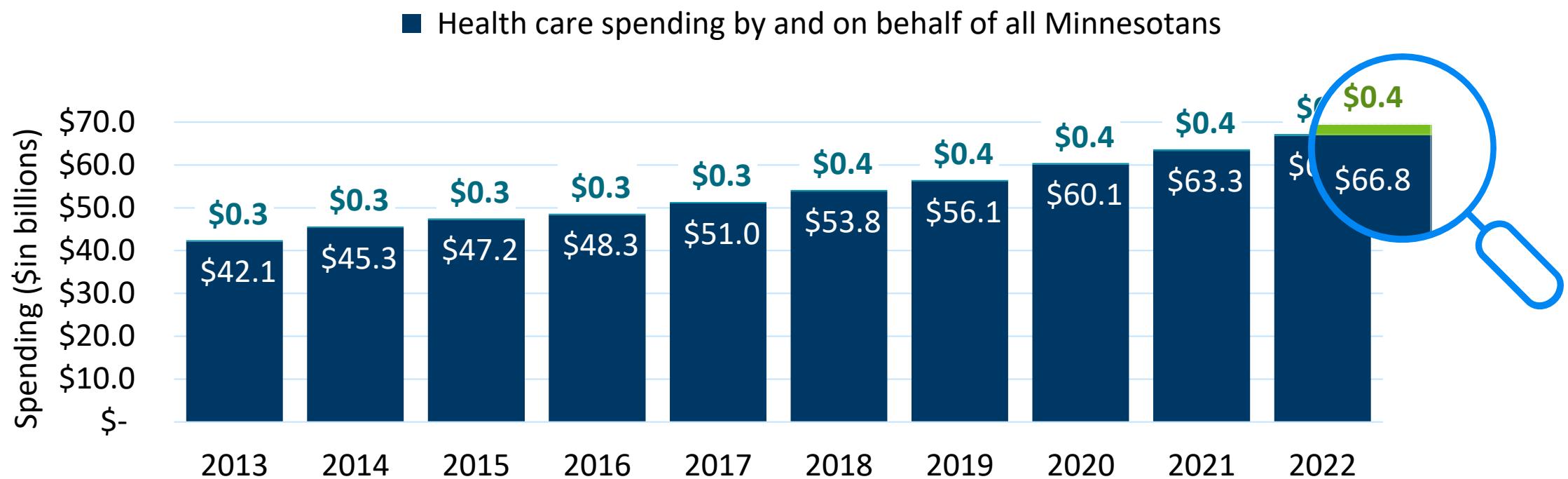
Senate Health and Human Services Committee | January 28, 2025



MDH Mission:
*“Our mission is to protect,
maintain and improve the
health of all Minnesotans.”*

Prevention and population-level solutions are chronically underfunded while medical costs balloon

Public health and health care spending in Minnesota, 2013-2022



Minnesota Health Economics Program, 2024;
Minnesota Center for Public Health Practice, 2024

Public health and prevention are smart investments—
public health saves more money than it costs.

For every \$1.00
invested in public
health interventions...

**the median return
is \$14.30.**

Masters et al., 2018

1/28/25

Spending \$35 million
on promoting physical
activity, healthy foods,
nonsmoking meant...

**\$365 million saved
by Minnesotans on
obesity-related
spending.**

*Statewide Health Improvement
Partnership, 2017*

Investing in health
outside of hospital
settings...

**reduces death from
all causes.**

Lieder et al., 2018



MDH FY 2026-27 Biennial Budget Request

- **Investing in Infectious Disease As Core Public Health**
- **Operating Adjustment**
- **Budget Neutral Proposals**
- **Rightsizing User Fees**
- **Clean Water Fund Proposals (Legacy Committee)**
- **MDH Budget Book: <https://mn.gov/mmb-stat/documents/budget/2026-27-biennial-budget-books/governors-recommendations-january/health.pdf>**

Budget Table and Fund

Governor's Recommendations (\$ in thousands)		
Fund	FY26-27	FY28-29
General Fund expenditures	5,631	6,658
General Fund revenues		
Net General Fund Cost (Savings)	5,631	6,658
SGSR expenditures	36,165	36,642
SGSR revenues	43,564	43,619
Net SGSR Fund Cost (Savings)	(7,399)	(6,977)
Health Care Access Fund	4,268	5,714
Clean Water Fund	30,240	
Grand Total Fiscal Impact	32,740	5,395

Investing in Infectious Disease As Core Public Health

Infectious Disease Prevention, Early Detection, and Outbreak Response, \$2.6M (GF)

- MMB Budget Book, page 15
- Ensures MDH can continue performing key prevention and control activities:
 - Disease investigations
 - Identifying outbreak sources
 - Conducting laboratory testing
 - Alerting the public and health care systems about health threats
 - Developing activities and guidelines to prevent the spread of the disease and curb outbreaks
- Necessary because federal funding has been flat or reduced, while costs have increased

Agency Operating Adjustment, \$3.03M (GF) and \$4.27M (HCAF)

- MMB Budget Book, page 20
- Increases agency operating budget to reflect rising costs of operations:
 - Salary and compensation-related costs
 - Rent, lease, utilities, MNIT, and legal services
- Without additional resources to address these cost pressures, both in funding and in flexibility to manage internal budgets, services delivered to Minnesotans will be impacted
 - Holding open vacancies or delaying hiring within certain programs can impact service delivery

Early Hearing Detection & Intervention Sunset Clause, \$0 budget-neutral (GF)

- MMB Budget book, page 31
- Eliminates the 2025 sunset clause for the advisory committee and reflects the expectation that the work of the advisory committee continue

Maternal and Child Health Advisory Task Force, \$0 budget-neutral (GF)

- MMB Budget book, page 34
- Replaces advisory “task force” with advisory “committee”
- Reflects the statutory language articulating that the task force shall not expire
- Allows advisory committee members to receive reimbursement for their expenses and for their time spent serving Minnesota's children, youth, and families

Restoring Funding to Local Public Health Cannabis Grants, \$0 budget-neutral (GF)

- MMB Budget book, page 37
- Restores partial funding for cannabis and substance misuse prevention grants to local and Tribal health departments to implement prevention programs that are catered to the needs of the communities they serve.

American Indian Health Special Emphasis Grants, \$0 budget-neutral (GF)

- MMB Budget book, page 27
- Removes the competitive grant award requirement for Tribal Nations for the American Indian Health Special Emphasis Grants to align with the principles of tribal sovereignty and self-determination of Tribal Nations

State Trauma Advisory Council, \$0 budget-neutral (GF)

- MMB Budget Book, page 22
- Reauthorizes the State Trauma Advisory Council (STAC), until June 30, 2035
- Guides statewide trauma system, a network of over 120 hospitals and 300 ambulance services working collaboratively to provide care to seriously injured people

PFAS Biomonitoring in Firefighters, \$0 budget-neutral (GF)

- MMB Budget Book, page 25
- Extends onetime transfer of funds from Minnesota Pollution Control Agency to MDH until 2027 to finalize the PFAS Biomonitoring in Firefighters project

Assisted Living Licensure Implementation, (\$4.1M), SGSR

- Increases funding to support oversight and response for Assisted Living Facilities (MMB Budget Book, page 41)
- There are 25% more providers than were initially anticipated seeking licensure in 2019, and it's expected to grow as the state's population ages
- Creates a new level of violation to better reflect actual, not potential, harm
- Increases per-bed fee to support the work

Licensing and Certification Licensure Implementation, \$0 net impact, SGSR

- Increases funding to ensure health and safety oversight of health care facilities (MMB Budget Book, page 76)
- As the volume and complexity of this regulatory work has increased, revenues are no longer sufficient to support work required in statute
- Adjusting fees will reflect actual staff time required to administer and enforce these important quality and safety regulations

Engineering Plan Review Fees, \$0 net impact, SGSR

- MMB Budget Book, page 50
- Under current law, MDH is required to review engineering plans for new construction and modifications in health care facilities for health and safety
- Adjusts fees to reflect actual staff time required for the reviews and to reflect the more complex nature of these reviews

HMO Fee Structure, (\$842,000), SGSR

- MMB Budget Book, page 68
- Increases the initial application fee and annual renewal fees to support more complex licensure and regulation of these entities
- There has been no fee increase since 1999, while the statutory requirements and corporate structures have gotten more complex

Food, Pools and Lodging License Fees and Delegated Agency Support, \$0 net impact, SGSR

- MMB Budget Book, page 45
- Increases fees to maintain existing support of education, licensing, construction plan review and inspections at food and beverage, lodging, public swimming pools, manufactured home parks, recreational camping areas and youth camps across Minnesota
- Licensees and the number of required inspections have increased significantly since 2017
- Aligns the collection schedule of the Statewide Hospitality Fee from establishments licensed by the 26 local delegated agency programs

Radioactive Materials, \$0 net impact, SGSR

- MMB Budget Book, page 62
- Increases fees for annual licenses, license applications, license amendments, and general license device registrations for the MDH radioactive materials regulator program to comply with its agreement with the Nuclear Regulatory Commission to protect public health and safety

X-ray Radiation Inspection Fee Restructure, \$83,000, SGSR

- MMB Budget Book, page 71
- Increases funding to support program operations, compliance, and education to reduce unnecessary ionizing radiation exposure
- Shifts inspections from a fixed 4-year cycle to a risk-based approach, considering radiation dangers

Asbestos Abatement Language Clarification, (\$376,000), SGSR

- MMB Budget Book, page 65
- Increases appropriation to increase capacity in our asbestos abatement regulatory program and increases project permit fees for asbestos abatement work
- Revenues have not kept pace with the operating expenses and additional funds are needed to maintain the current level of service to protect the public from asbestos exposure

Maintaining Safe and Healthy Drinking Water User Fees

Public Water Supply Fee, (\$296,000), SGSR

- MMB Budget Book, page 53
- 80% of Minnesotan rely on public water systems for their drinking water from almost 7000 systems across the state
- Increases fees to maintain current work and add capacity needed to provide regulatory oversight and technical assistance to the 7000 public water systems

Well Management Fee Increase, (\$1.54M), SGSR

- MMB Budget Book, page 58
- Increases fees to maintain well management program to ensure the construction, maintenance, and sealing of wells and borings are conducted in a manner that protects public health, groundwater, and the environment

Statewide Beach Portal, \$600,000 (CWF)

- MMB Budget Book, page 79
- Increases transparency on beach water quality and safety
- Optimizes and expands the functionality of the beach portal to ensure Minnesotans and tourists can find all beach alerts and beach monitoring results throughout the state

Drinking Water Contaminants of Emerging Concern, \$11.85M (CWF)

- MMB Budget Book, page 82
- Allows MDH to continue providing health risk guidance for contaminants of emerging concern (CECs) in drinking water and respond to new studies and information related to the health effects of per- and polyfluoroalkyl substances

Clean Water Legacy Fund Proposals

Future of Drinking Water, \$500,000 (CWF)

- MMB Budget Book, page 88
- Implements the Drinking Water Action Plan and designs a structured approach to ensure periodic review and assessment of Plan progress
- Includes a cost-benefit analysis of interventions to protect private well users, policy development focused on risk management of emerging threats, and follow-up on select recommendations from the University of Minnesota's Future of Drinking Water report

Groundwater and Restoration Protection Strategies, \$3.5M (CWF)

- MMB Budget Book, page 91
- Develops Groundwater Restoration and Protection Strategies (GRAPS) for watersheds that are engaged in developing a local comprehensive water plan, referred to as the “One Watershed One Plan”
- Provides clear and concise information and strategies to local water managers (i.e., counties, soil and water conservation districts, and watershed districts)

Clean Water Legacy Fund Proposals

Private Well Initiative, \$6M (CWF)

- MMB Budget Book, page 95
- Identifies private wells in Minnesota and provides information to private well owners on well water testing
- Makes technical assistance available for addressing water quality issues

Source Water Protection, \$7.79M (CWF)

- MMB Budget Book, page 100
- Maintains wellhead protection plan development and implementation efforts, increases funds available to grants to public water systems, accelerates protection efforts for public water supplies that use surface waters as sources
- Increases integration of drinking water protection into Minnesota's new "One Watershed One Plan" local water planning approach
- Provides for development of a drinking water ambient monitoring program



Thank you!

For questions about any of these proposals, please contact:

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