

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

			2016	2017	2018	2019
Administration						
Agency Relocation						
<p>The Governor recommends \$1.5 million from the general fund to finance state agency relocation expenses that are not bond eligible. Relocation funds are used, for example, to pay for the costs of moving to a new location when a landlord does not renew a state agency's lease. This general fund cash proposal was included in the Governor's capital budget recommendations.</p>						
General	Expenditure		\$0	\$1,500	\$0	\$0
Capitol Complex Physical Security Upgrades						
<p>The Governor recommends funding for design, construction, and equipment to increase physical security in and around the Andersen, Freeman, Retirement Systems, and Transportation buildings. Upgrades in these buildings are not bond eligible. This proposal incorporates the recommendations of the Advisory Committee on Capitol Area Security. This general fund cash proposal was included in the Governor's capital budget recommendations.</p>						
General	Expenditure		\$0	\$7,700	\$0	\$0
Olmstead Plan Increased Capacity						
<p>The Governor recommends funding to continue implementation of the State's Olmstead Plan. The Olmstead Plan is a comprehensive plan to support people with disabilities with freedom of choice and opportunity in housing, employment, and healthcare in the most integrated setting. This proposal will fund staff to assist state agencies and the Governor's Council on Developmental Disabilities in carrying out this work.</p>						
General	Expenditure		\$0	\$148	\$148	\$148
Capitol Complex Child Care Facility Planning						
<p>The Governor recommends funding for the design and development of a child care facility on the Capitol Complex. Employees have expressed interest in child care near the workplace in recent employee engagement surveys. The facility is expected to allow the State to attract and retain employees in a competitive hiring environment.</p>						
General	Expenditure		\$0	\$300	\$150	\$150
Total For: Administration						
General	Expenditure		\$0	\$9,648	\$298	\$298

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2016 2017 2018 2019

Agriculture

Laboratory Capital Equipment Replacement

The Governor recommended funding from the general fund to replace lab equipment in the Department of Agriculture’s laboratory in the 2016 capital budget recommendation. The existing equipment, which is used for food safety and agricultural chemical and plant disease sample testing, has reached the end of its useful life and is not bond-eligible.

General	Expenditure	\$0	\$2,218	\$0	\$0
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Low-interest Loans for Replacement of Non-compliant Wells thru the AgBMP Loan Program

The Governor recommends expanding eligibility for the Ag Best Management Practices (AgBMP) Loan Program to include wells that do not comply with current program requirements. The AgBMP Loan Program will issue low-interest loans to finance replacement wells, treatment of well water, or other best management practices.

Clean Water Revolving Fund	Expenditure	\$0	\$0	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	\$0	\$0	\$0

Technical Changes to Grant Programs

The Governor recommends correcting language for grant programs administered by the Department of Agriculture. Specifically, these budget neutral changes will make food hub grants available the second year of the biennium, will clarify intended features of the newly authorized Ag Research, Education, Extension and Tech Transfer (AgREETT) Program, including allowing for five-year grant awards, and will correct inconsistencies in the new Advanced Biofuel, Renewable Chemical and Biomass Thermal Production Incentive Program.

General	Revenue	\$0	\$0	\$0	\$0
General	Expenditure	\$0	\$0	\$0	\$0
Agriculture Fund	Revenue	\$0	\$0	\$0	\$0
Agriculture Fund	Expenditure	\$0	\$0	\$0	\$0

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Agriculture

Total For: Agriculture

General	Revenue	\$0	\$0	\$0	\$0
General	Expenditure	\$0	\$2,218	\$0	\$0
Agriculture Fund	Revenue	\$0	\$0	\$0	\$0
Agriculture Fund	Expenditure	\$0	\$0	\$0	\$0
Clean Water Revolving Fund	Expenditure	\$0	\$0	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	\$0	\$0	\$0

Animal Health, Board of

HPAI preparedness and response funds language change

The Governor recommends expanding the eligible uses of funding appropriated to Board of Animal Health (BAH) for Highly Pathogenic Avian Influenza (HPAI) response to include retention of current staff. This change is budget neutral, and will allow the board to retain staff that is already trained in HPAI response in the event that another outbreak occurs.

General	Expenditure	\$0	\$0	\$0	\$0
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Total For: Animal Health, Board of

General	Expenditure	\$0	\$0	\$0	\$0
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Commerce

Pursue Federal Waiver to Expand MinnesotaCare

The Governor recommends that the Department of Human Services pursue a federal waiver to expand MinnesotaCare to 275% of poverty. The waiver application will be done in coordination with other state agencies. A FY 2017 appropriation made to the Department of Commerce in the 2015 Health and Human Services Appropriations Bill will be reallocated to the Department of Human Services to support coordinated waiver planning. Any changes to public health care programs will require future legislative action.

General	Expenditure	\$0	(\$213)	\$0	\$0
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Commerce

Funding Stability for Utility Rate Analysis

The Governor recommends an increase in the Department of Commerce Energy Regulation and Planning (ERP) unit's staff in order to advocate for the public interest in a timely manner in utility and energy proceedings before the Minnesota Public Utilities Commission. Funding will be moved from the general fund to the special revenue fund to allow the unit to assess regulated entities based on workload.

General	Revenue	\$0	(\$2,000)	(\$2,000)	(\$2,000)
General	Expenditure	\$0	(\$2,000)	(\$2,000)	(\$2,000)
Restricted Misc Special Rev	Revenue	\$0	\$2,832	\$2,832	\$2,832
Restricted Misc Special Rev	Expenditure	\$0	\$2,832	\$2,832	\$2,832

Petrofund Renewal

The Governor recommends extending the Department of Commerce's Petroleum Tank Release Cleanup Fund (Petrofund) program for five years, moving the sunset date from June 30, 2017 to June 30, 2022. This program is funded with dedicated fee revenue and serves as the federally mandated financial responsibility mechanism for the state's petroleum tank owners and ensures a timely response to clean up contamination from releases.

Petroleum Tank Release Cleanup	Revenue	\$0	\$0	\$10,498	\$10,498
Petroleum Tank Release Cleanup	Expenditure	\$0	\$0	\$10,498	\$10,498

Total For: Commerce

General	Revenue	\$0	(\$2,000)	(\$2,000)	(\$2,000)
General	Expenditure	\$0	(\$2,213)	(\$2,000)	(\$2,000)
Petroleum Tank Release Cleanup	Revenue	\$0	\$0	\$10,498	\$10,498
Petroleum Tank Release Cleanup	Expenditure	\$0	\$0	\$10,498	\$10,498
Restricted Misc Special Rev	Revenue	\$0	\$2,832	\$2,832	\$2,832
Restricted Misc Special Rev	Expenditure	\$0	\$2,832	\$2,832	\$2,832

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(Dollars in Thousands)

		2016	2017	2018	2019
Corrections					
Employee Compensation					
The Governor recommends fully funding compensation and benefit costs for Department of Corrections employees. The funding is essential to avoid layoffs and to properly manage the core responsibilities of the agency.					
General	Expenditure	\$3,131	\$10,111	\$10,111	\$10,111
Expand Challenge Incarceration Program (CIP)					
The Governor recommends funding to expand the Challenge Incarceration Program (CIP), a boot camp-like program for non-violent offenders. This program is proven to reduce recidivism and reduce the need for prison beds in the future. Funding would cover security, programming, supervision agents and offender housing for the CIP offered at the Togo and Willow River correctional facilities.					
General	Expenditure	\$2,610	\$3,163	\$4,075	\$5,044
Health Services					
The Governor recommends funding for more comprehensive medical and behavioral health services for the offender population. This includes: adding 24/7 nursing coverage at four additional correctional facilities; improving chronic care and infectious disease management, especially focused on Hepatitis C treatment and prescription medications; increasing discharge planning; and expanding mental health services. This adds eight behavioral therapists to provide additional hours of therapy, including on Saturdays. There has been a 20% increase in the number of offenders coming to prison with severe and persistent mental illness since 2009. This would also add 32 more correctional officers to provide additional security for the therapy groups.					
General	Expenditure	\$0	\$11,340	\$11,340	\$11,340
Information Technology					
The Governor recommends funding for information technology needs to ensure the functionality and timely updates for applications and systems used by the department, purchasing or leasing an electronic health records system and replacing the current victim notification system to meet the needs of victims. DOC maintains offender and victim data and criminal justice systems requiring the highest level of security to protect private data and avoid data breaches. Funding will also support changes to technical systems as a result of changes in federal standards, state laws and business efficiencies.					
General	Expenditure	\$0	\$6,100	\$0	\$0

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Corrections

Security Staffing

The Governor recommends funding to increase security staffing levels at correctional facilities. The increase would enhance prison security operations and ensure that critical posts are staffed as necessary. This request is the result of a comprehensive staffing analysis completed in 2015.

General	Expenditure	\$0	\$3,603	\$3,603	\$3,603
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Total For: Corrections

General	Expenditure	\$5,741	\$34,317	\$29,129	\$30,098
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Dentistry, Board of

Health Professional Services Program Technical Correction

The Governor recommends a correction to the Board of Dentistry's fiscal year 2016-2017 appropriation in the health and human services omnibus bill. The correction lowers the Health Professional Services Program appropriation by \$14,000 in each fiscal year and increases the Dentistry Board's appropriation by an equal amount. This fix reflects the dollar amounts carried in 2015 conference committee tracking and the Governor's Budget.

Health Related Boards (SGSR)	Expenditure	\$0	\$0	\$0	\$0
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Total For: Dentistry, Board of

Health Related Boards (SGSR)	Expenditure	\$0	\$0	\$0	\$0
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District Courts

Juror Per-Diem and Mileage Reimbursement

The Governor recommends funding to return the juror per diem to \$20/day and to increase the juror mileage reimbursement rate to 54 cents/mile, the current IRS rate. The per diem rate was decreased to \$10/day in 2008 through budget reductions. Current reimbursement rates do not always cover costs that jurors incur when providing this service.

General	Expenditure	\$0	\$1,547	\$1,547	\$1,547
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2016 2017 2018 2019

District Courts

Total For: District Courts

General	Expenditure	\$0	\$1,547	\$1,547	\$1,547
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Education

Voluntary Prekindergarten

The Governor recommends establishing a high-quality, voluntary prekindergarten program with a capped funding level. School districts and charter schools offering prekindergarten programming would be required to provide at least 350 hours of instruction each school year. Average Daily Membership (ADM) would be capped at 0.6. Funding for voluntary prekindergarten would be split between urban, suburban and greater Minnesota school districts, and charter schools. Funding would be awarded based on poverty rates and the lack of three- and four-star Parent Aware rated programs in the area. This recommendation also provides state aid to offset local levy increases related to additional pupils.

General	Expenditure	\$0	\$25,000	\$40,000	\$60,000
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Teacher Workforce Package

The Governor seeks to address the state teacher shortage issue by providing funding to recruit and retain teachers. This initiative focuses on diversifying and increasing the teacher workforce by: 1) lowering tuition for and funding recruitment of teacher candidates who agree to work in teacher shortage areas, 2) creating pathways for paraprofessionals to pursue full teacher licensure, 3) expanding the Minnesota American Indian Teacher Training Program, and 4) creating a Certificate of Advanced Professional Study (CAPS) program to create expedited pathways for already licensed teachers to add licenses especially in teacher shortage areas.

General	Expenditure	\$0	\$12,392	\$12,140	\$12,140
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Teacher Development and Evaluation

The Governor recommends funding for school districts, charter schools, cooperatives, and intermediate districts not participating in the alternative teacher professional pay system to facilitate implementation of the teacher development and evaluation program. The funding must be used for teacher development and evaluation activities.

General	Expenditure	\$0	\$10,000	\$0	\$0
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2016 2017 2018 2019

Education

Help Me Grow

The Governor recommends implementation of a comprehensive early childhood system to better connect children and families to resources that support healthy child development. This funding will establish a centralized, "no wrong door" access system for all Minnesota families with children prenatal through age 8; engage parents and community partners in design, implementation and outreach efforts; train providers and professionals; and develop a comprehensive data system to guide evaluation and continuous improvement. Help Me Grow is a joint effort of the Department of Education, the Department of Health, and the Department of Human Services.

General	Expenditure	\$0	\$1,000	\$0	\$0
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Full Service Community Schools

The Governor recommends \$2 million in funding for the Full Service Community Schools program to increase the number of schools receiving grants in 2017. These grant funds allow schools to partner with community agencies to provide on-site health and dental clinics, mental health services, family resource centers, college access information, out-of-school program information and other family support services.

General	Expenditure	\$0	\$2,000	\$0	\$0
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PBIS Implementation

The Governor recommends \$2.75 million to increase the number of sites implementing Positive Behavioral Interventions and Supports (PBIS) in schools and districts throughout Minnesota. This funding will increase the training, coaching, and evaluation supports available for schools and districts who are implementing PBIS.

General	Expenditure	\$0	\$2,750	\$0	\$0
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Restrictive Procedures Work Group

The Governor recommends \$1 million annually in ongoing funding to implement the recommendations from the Restrictive Procedures Work Group. This supports the goals and activities outlined in the Olmstead Plan. This proposal will help reduce the use of restrictive procedures in the school setting and it will help increase school district capacity to address the needs of students with disabilities who have behavioral challenges.

General	Expenditure	\$0	\$1,000	\$1,000	\$1,000
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(Dollars in Thousands)

2016 2017 2018 2019

Education

Metro Deaf Charter School

The Governor recommends changing statute to allow parents of deaf prekindergarten students to directly enroll their children in a charter that serves primarily deaf students without requiring placement by the resident district.

General	Expenditure	\$0	\$69	\$78	\$78
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GED

The Governor recommends fully funding General Education Development (GED) testing for FY2017. This will provide increased access for eligible individuals to complete the GED battery of tests by paying all of the student's testing fees (\$120 per individual).

General	Expenditure	\$0	\$120	\$0	\$0
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On-Line IEP System

The Governor recommends \$2 million in fiscal year 2017 and \$540,000 a year thereafter to build and maintain an online system for Individual Education Plans. Minnesota Laws 2013, Chapter 116, article 5, Section 31, subdivision 8 calls for an online reporting system to more effectively and efficiently collect special education data on students with Individualized Education Plan (IEPs). This will supplement the one time funding of \$1,763,000 that was appropriated for the project in 2014 and allow MDE to expand the functions of the online system to reduce paperwork for special education teachers.

General	Expenditure	\$0	\$2,000	\$540	\$540
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IT Enhancements and Security

The Governor recommends funding for four major technology improvements at the Department of Education: modernization and security upgrades to the mainframe which is responsible for school aid payments; upgrades to the Early Learning Scholarship Administration payment system; updates to the Career and Technical Education levy system; and enhancements to IT security to address data and system security needs.

General	Expenditure	\$0	\$4,385	\$0	\$0
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(Dollars in Thousands)

2016 2017 2018 2019

Education

Licensure via Portfolio Fees

The Governor recommends creating a statutory appropriation for Licensure via Portfolio. The 2015 education bill omitted language that gave the Department of Education the authority to spend fees collected from the Licensure via Portfolio program, which allows for an alternative avenue for licensure beyond the traditional teacher preparation program. This recommendation provides a funding source with which to fund all Licensure via Portfolio expenses.

Other Misc Special Revenue	Expenditure	\$0	\$34	\$30	\$30
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Alternative Compensation

The Governor recommends one-time funding of \$240,000 in 2016 to allow two schools entry into the Alternative Compensation (Q Comp) program that were not able to participate due to enrollment changes and the program funding cap.

General	Expenditure	\$240	\$0	\$0	\$0
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Board of Teaching - Operating Adjustment

The Governor recommends a deficiency appropriation in order to maintain the current level of service at the Board of Teaching. The Board receives a flat annual allocation, which is not sufficient to support the current staffing complement and other operating costs in the current biennium.

General	Expenditure	\$30	\$77	\$83	\$83
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Clarification of Special Education Tuition Billing

The Governor recommends minor budget neutral clarifications to special education tuition billing statutes to clarify the authority of cooperatives and intermediate districts to charge membership fees and access fees to recover unreimbursed costs of service for students with a disability back to the student's resident districts. This initiative would also require the cooperative or intermediate district to provide a description of the costs and the calculations used to determine the amount to be charged to the resident district to the Department of Education.

General	Expenditure	\$0	\$0	\$0	\$0
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Total For: Education

General	Expenditure	\$270	\$60,793	\$53,841	\$73,841
Other Misc Special Revenue	Expenditure	\$0	\$34	\$30	\$30

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Employment and Economic Development

Emerging Entrepreneur Fund

The Governor recommends a new Emerging Entrepreneur Fund to serve disadvantaged Minnesota businesses through financing and technical assistance. This proposal will consolidate the Urban Initiative Loan Program and the State Small Business Credit Initiative programs into one revolving loan fund to provide financing to minority-owned businesses, women-owned businesses, veteran-owned businesses, businesses in economically distressed areas, and businesses owned by an individual with a disability across the state. The combined fund includes a one time capitalization of \$5 million. This proposal will also consolidate the Business Development Competitive Grants program and provide \$1 million for a technical assistance competitive grant program to provide grants to nonprofit organizations focused on offering business development assistance and services to minorities, women, individuals with disabilities, rural, bioscience companies, entrepreneurs, and inventors.

General	Expenditure	\$0	\$6,000	\$0	\$0
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Youth at Work Grant Program Funding

The Governor recommends \$8 million in one-time funding for the Minnesota Youth at Work Competitive Grant Program to address unmet needs for youth educational and employment services and to connect “at risk” youth with high quality employment opportunities. This appropriation would fund a targeted grant round specifically for youth struggling at school, youth of color, youth who are transitioning out of foster care, and youth who are at risk of homelessness.

General	Expenditure	\$0	\$8,000	\$0	\$0
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Pathways to Prosperity

The Governor recommends \$4.1 million in one-time funding for the Pathways to Prosperity program to provide wrap-around and pre-employment services for individuals who face multiple barriers to employment. This competitive grant program helps adults succeed in well-paying careers by integrating basic skills education and career-specific training in fields where new skills are in high demand.

General	Expenditure	\$0	\$4,100	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Employment and Economic Development

Capacity Building Grants Program

The Governor recommends \$2 million in one-time funding for a pilot Capacity Building program that will expand community-based organizations' ability to address disparities faced by communities of color, particularly in the areas of employment and economic opportunity. This program will provide grants to help community-based organizations increase their organizational and staff capacity in areas including financial management, governance, human resources, information technology, and strategic planning.

General	Expenditure	\$0	\$2,000	\$0	\$0
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Redevelopment Grant Program Funding

The Governor recommends \$2 million in one-time funding for the Redevelopment Grant Program, a statewide resource that helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and puts land back into productive use. Grants pay up to half of redevelopment costs for a qualifying site, with a 50-percent local match.

General	Expenditure	\$0	\$2,000	\$0	\$0
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Border-to-Border Broadband Infrastructure Grant Program Funding

The Governor recommends an appropriation of \$100 million for Minnesota's Border-to-Border Broadband Grant program, which funds the build-out of infrastructure to promote the expansion of broadband service to areas of Minnesota that are unserved and/or underserved.

General	Transfer Out	\$0	\$100,000	\$0	\$0
Restricted Misc Special Rev	Transfer In	\$0	\$100,000	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	\$100,000	\$0	\$0

Total For: Employment and Economic Development

General	Expenditure	\$0	\$22,100	\$0	\$0
General	Transfer Out	\$0	\$100,000	\$0	\$0
Restricted Misc Special Rev	Transfer In	\$0	\$100,000	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	\$100,000	\$0	\$0

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2016 2017 2018 2019

Explore Minnesota Tourism

Mille Lacs Promotion

The Governor recommends \$300 thousand to market, promote, and reposition the Lake Mille Lacs area. This funding will be provided as a grant to the Mille Lacs Area Tourism Association to help attract new and diversified tourism opportunities to the Lake Mille Lacs area.

General	Expenditure	\$0	\$300	\$0	\$0
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Total For: Explore Minnesota Tourism

General	Expenditure	\$0	\$300	\$0	\$0
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Gambling Control Board

Increased Costs for Information Technology Services

The Governor recommends additional funding to cover anticipated cost increases for existing information technology services and increases for services now provided by the board that must be provided by MN.IT (the state's information technology agency) starting in fiscal year 2017. This funding would enable the board to maintain its existing service levels to regulate lawful gambling.

Other Misc Special Revenue	Expenditure	\$0	\$47	\$136	\$139
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Total For: Gambling Control Board

Other Misc Special Revenue	Expenditure	\$0	\$47	\$136	\$139
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Guardian ad Litem Board

Compliance with Federal and State Mandates and Court Orders

The Governor recommends funding to hire additional guardians ad litem (persons advocating for the best interests of children in juvenile and family court proceedings). Federal and state laws require the appointment of guardians ad litem in court proceedings where there is an allegation of abuse or neglect of a child. The additional guardians are required to meet the expected mandated caseloads.

General	Expenditure	\$0	\$1,581	\$1,581	\$1,581
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Total For: Guardian ad Litem Board

General	Expenditure	\$0	\$1,581	\$1,581	\$1,581
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(Dollars in Thousands)

		2016	2017	2018	2019
Health					
Public Health Laboratory Equipment					
The Governor recommended funding to purchase equipment for the agency's Public Health Lab that has reached the end of its useful life and is not bond-eligible. New, more technologically advanced pieces of equipment will allow the agency to conduct testing in the areas of environmental contaminants, foodborne illness, infectious disease, and newborn screening. This proposal was included in the Governor's 2016 Capital Budget recommendations.					
General	Expenditure	\$0	\$2,335	\$0	\$0
Ensuring Patient Safety and Preventing Misuse of Medical Cannabis					
The Governor recommends allowing non-certifying health care providers and other emergency health providers access to limited information from the medical cannabis patient registry for use in treating patients experiencing a medical emergency. This request funds required modifications to the medical cannabis patient registry system to allow these providers access to limited information about the dosage and composition of medical cannabis products distributed to patients. The addition of intractable pain as a qualifying medical condition is expected to significantly increase the number of patients enrolled in the medical cannabis program, adding urgency to the need for health care providers to access medical cannabis dispensing information when patients experience a medical emergency.					
General	Expenditure	\$0	\$50	\$0	\$0
Minnesota Health Care System Study					
The Governor recommends funding a study to compare the costs and benefits of a universal/single-payer health care system versus a free market insurance-based approach, including analysis on total public and private health care spending in Minnesota.					
Health Care Access	Expenditure	\$0	\$500	\$0	\$0
Family Home Visiting Services					
The Governor recommends expanding evidence-based home visiting to offer these services to all pregnant and parenting teens. Teen parents and their children are at particularly high risk for poor maternal and child outcomes. Evidence-based home visiting results in improved prenatal health, fewer childhood injuries, fewer subsequent pregnancies, improved school readiness, and higher rates of maternal employment. Once fully implemented, this expansion is projected to serve an additional 4,100 families each year.					
General	Expenditure	\$0	\$10,731	\$19,610	\$28,495

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Health

Addressing Emerging Contaminants in Drinking Water

The Governor recommends giving communities seeking to address emerging, not-yet-regulated contaminants in their drinking water systems the same priority as those that address regulated contaminants when applying for grants and loans from the Drinking Water Revolving Fund. This proposal complements the Governor’s Capital Budget recommendation to increase funding for the Drinking Water Revolving Fund. Due to the proposed expansion in the number of loans and grants for communities, this proposal also includes two additional staff positions needed to review grant and loan applications, evaluate project plans prior to construction, provide technical assistance during the planning and construction phases, and inspect construction of approved projects.

General	Expenditure	\$0	\$230	\$230	\$230
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Health Information Exchange

The Governor recommends redirecting an existing appropriation for the electronic health records loan program to fund health information exchange activities that can more effectively improve care coordination and quality. Activities will include grants and technical assistance to small, independent providers for critical systems improvements; development of best practices to maintain the privacy and security of health data; an evaluation of Minnesota’s approach to health information exchange; and an assessment of how health information exchange affects health care costs, health care quality, and health outcomes. This is a zero cost proposal and does not involve any additional state spending.

Restricted Misc Special Rev	Expenditure	\$0	\$0	\$0	\$0
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Total For: Health

General	Expenditure	\$0	\$13,346	\$19,840	\$28,725
Health Care Access	Expenditure	\$0	\$500	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	\$0	\$0	\$0

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Higher Education, Office of

Equity and Opportunity Initiative- Grants to increase completion

The Governor recommends creating a competitive grant program at the Office of Higher Education with the goal of narrowing gaps in post-secondary attainment. In 2014 graduation rates for students of color at state colleges were more than 10% points lower than their white peers. These grants would fund research-driven best practices that facilitate student retention and completion at higher education institutions. Institutions receiving grant money would receive a decreasing percentage of their original funding in the years after the first year of implementation, requiring institutions to incorporate these best practices into their regular operations.

General	Expenditure	\$0	\$20,000	\$0	\$0
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Occupational Scholarship Pilot Program, technical changes

The Governor recommends administrative funds that were appropriated for the new Occupational Scholarship Pilot in FY 2017 be available in 2016 so that the office can fund the start-up work required for a successful launch of that program. Additionally the Office of Higher Education is requesting authority to transfer unused funds from each line item of this program so that the money may be used most effectively. This would allow the transfer of funds between grants and mentoring & outreach line items as needed and would still prohibit the transfer of these funds for administrative purposes. The MnSCU College Occupational Scholarship Pilot will provide low-income students pursuing credentials or associates degrees in high demand occupations with free tuition and mentoring at MnSCU institutions.

General	Expenditure	\$225	(\$225)	\$0	\$0
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Total For: Higher Education, Office of

General	Expenditure	\$225	\$19,775	\$0	\$0
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Housing Finance

Closing the Homeownership Gap: Downpayment and Closing Cost Assistance

The Governor recommends \$5 million in one-time funding for the Homeownership Assistance Fund program, which provides downpayment and closing cost assistance to low- and moderate- income first time homebuyers. A contributing factor to the homeownership disparity between white households and households of color in Minnesota can be a lack of money available for entry costs, including downpayment and closing costs. This appropriation would help close this gap and help these households become homeowners.

General	Expenditure	\$0	\$5,000	\$0	\$0
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Housing Finance

Closing the Homeownership Gap: Homeownership Capacity Training

The Governor recommends \$1 million in one-time funding for the Enhanced Homeownership Capacity Initiative. This pilot program provides intensive homebuyer and financial education to prospective low- to moderate- income homebuyers, with an emphasis on serving households of color. These comprehensive services are provided by nonprofit and community housing organizations that receive grants following a competitive request for proposal process.

General	Expenditure	\$0	\$1,000	\$0	\$0
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Landlord Guarantee Fund Pilot

The Governor recommends \$250 thousand for a new Landlord Guarantee Fund pilot program. The purpose of the pilot program is to provide a guarantee to incentivize landlords to rent to tenants they would otherwise not likely rent to, including those who are homeless, living in a segregated setting such as an institution or shelter, or have a criminal record.

General	Expenditure	\$0	\$250	\$0	\$0
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Total For: Housing Finance

General	Expenditure	\$0	\$6,250	\$0	\$0
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Human Rights

Enhance Statewide Outreach, Education and Enforcement (Regional Offices)

The Governor recommends funding to staff a team of individuals responsible for coordinating education and enforcement activities to ensure that the Human Rights Act is being followed. The team will work on issues in the area of systemic and institutional bias, discrimination, and community distrust. The funding will be used to hire an Enforcement Officer in St. Cloud, staff to travel throughout the state to address these issues, and additional staffing to maintain quality assurance in enforcement activities and appeals review.

General	Expenditure	\$0	\$900	\$800	\$800
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Total For: Human Rights

General	Expenditure	\$0	\$900	\$800	\$800
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Human Services

Increase Inpatient Psychiatric Beds within Direct Care & Treatment

The Governor recommends expanding access to and quality of care at state-operated mental health hospitals. This includes a stand-alone Competency Restoration Program, higher capacity at community behavioral health hospitals, increased staffing at Anoka Metro Regional Treatment Center, and resources for compliance with quality standards, licensing and accreditation.

General	Revenue	\$0	\$4,141	\$7,560	\$7,560
General	Expenditure	\$0	\$32,268	\$40,171	\$39,604

Minnesota Security Hospital Staffing for Improved Client Care and Staff Safety

The Governor recommends implementing the recommendations of the Forensic Services Work Group. This includes clinical direction and direct care staff at the Minnesota Security Hospital. It enhances staffing to achieve a therapeutic treatment environment and improve patient and staff safety.

General	Revenue	\$0	\$2,224	\$3,267	\$4,779
General	Expenditure	\$0	\$24,515	\$35,591	\$49,090

Minnesota State Operated Community Services (MSOCS) Structural Deficit

The Governor recommends providing bridge funding to a program that provides residential and vocational support services for people with disabilities, given an ongoing structural deficit in its enterprise fund. Minnesota State Operated Community Services (MSOCS) operates homes throughout the state of Minnesota. An annual operating deficit of \$14 million is caused by the current fee structure not covering the high cost of providing services to the MSOCS population. \$14 million of the recommendation is to replenish funds transferred to MSOCS from state operated services in 2016.

General	Expenditure	\$0	\$28,000	\$0	\$0
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State Operated Services (SOS) Operating Adjustment

The Governor recommends an increase in compensation funding for the Department of Human Service's Direct Care and Treatment State Operated Services programs. State Operated Services provides residential and treatment programs and services for people with mental illness, developmental disabilities, chemical dependency, and traumatic brain injury who cannot be served by the private sector. The agency is experiencing compensation pressures due to negotiated salary increases, as well as increased costs of employer-paid benefits for current employees.

General	Revenue	\$534	\$1,052	\$1,438	\$1,438
General	Expenditure	\$3,456	\$6,190	\$8,228	\$8,228

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(Dollars in Thousands)

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Human Services

MN Sex Offender Program (MSOP) Operating Adjustment

The Governor recommends an increase in operating funding for the Minnesota Sex Offender Program (MSOP). MSOP provides services to individuals who have been court-ordered to receive sex offender treatment. MSOP is experiencing compensation pressures due to negotiated salary increases, increased costs of employer-paid benefits, and higher costs for clients with complex medical needs. This increase will allow the program to meet these increasing costs and continue to deliver care to their clients.

General	Revenue	\$509	\$700	\$819	\$819
General	Expenditure	\$3,395	\$4,669	\$5,457	\$5,457

Close Child and Adolescent Behavioral Health Facility and Establish Mental Health Grant

The Governor recommends closing the Child and Adolescent Behavioral Health Services program, a state-operated children’s psychiatric hospital located in Willmar. The Governor also recommends grants to private hospitals to ensure services are available for those in need of the level of care previously provided by the Child and Adolescent Behavioral Health Services program.

General	Revenue	\$0	\$0	(\$1,500)	(\$1,500)
General	Expenditure	\$0	\$0	(\$2,986)	(\$3,849)

MSOP Reform and County Share for Provisional Discharges

The Governor recommends reforms to the Minnesota Sex Offender Program. These reforms include biannual evaluations of each client and restructuring of the appeals process.

General	Revenue	\$0	\$956	\$719	\$876
General	Expenditure	\$0	\$5,326	\$2,701	\$2,701

Community Addiction Recovery Enterprise (C.A.R.E.) Brainerd Program

The Governor recommends transitioning the Four Winds Community Addiction Recovery Enterprise program in Brainerd from the state to a Tribal provider. The program delivers culturally- specific inpatient services to Native American adults with chemical addiction. The Department of Human Services will prepare the facility for transition and provide a grant to the new provider to support the transition.

General	Expenditure	\$0	\$2,190	\$431	\$231
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

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(Dollars in Thousands)

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Human Services

Create a Law Enforcement Agency within the Office of Special Investigations

The Governor recommends establishing a Law Enforcement Agency within the Office of Special Investigation (OSI) in the Direct Care and Treatment Administration. This division would be able to conduct criminal investigations, arrests, transportation, and fugitive apprehension efforts and would work in collaboration with the larger OSI department.

General	Expenditure	\$0	\$250	\$250	\$250
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Expand Transitions to Community Initiative

The Governor recommends helping more people transition out of state-operated mental health facilities after completing treatment. The Transitions to Community Initiative would be expanded to serve those who are hospitalized in a state-operated Community Behavioral Health Hospital or are on the waiting list for Anoka Metro Regional Treatment Center, but who could be successfully served in their community. In addition, individuals who are 65 or older would receive additional resources to support their transition to the community.

General	Expenditure	\$0	\$1,108	\$2,543	\$3,763
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Managing Corporate Foster Care Capacity

The Governor recommends expanding exceptions to the corporate foster care moratorium to allow additional beds to be established for targeted populations. This recommendation allows the state to increase options for serving people with complex needs.

General	Expenditure	\$0	\$1,746	\$4,407	\$6,295
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Mental Health and Criminal Justice Initiative

The Governor recommends greater support for people with mental illnesses who are involved with the criminal justice system. Grants will help develop community programming for those who have been found not competent to stand trial. In addition, four new community-based teams of mental health providers will serve people with mental illness at high risk of involvement with the criminal justice system.

General	Expenditure	\$0	\$1,670	\$1,895	\$649
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(Dollars in Thousands)

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Human Services

Alignment with Child Care Development Block Grant Reauthorization Act

The Governor recommends aligning Minnesota with the requirements of the federal Child Care Development Block Grant Reauthorization Act. This recommendation reduces program complexities, improves health and safety, provides stable child care services, and supports parents' efforts to achieve independence from public assistance.

General	Expenditure	\$0	\$11,148	\$27,088	\$33,301
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Increasing Child Care Assistance Program Maximum Rates to 50th Percentile

The Governor recommends increasing the maximum reimbursement rates for the Child Care Assistance Program (CCAP) to the 50th percentile of the biennial provider market rate survey. Maximum rates would first be updated based on the 2016 survey and adjusted in an on-going basis as required by the Child Care Development Block Grant Reauthorization Act. Reimbursement rate increases will encourage more providers to participate in the CCAP program and increase access to high quality, early care and education options.

General	Expenditure	\$0	\$17,133	\$76,664	\$94,199
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Early Learning Facilities

The Governor recommends appropriating \$5.0 million general fund for the Early Childhood Facilities grant program. Grant awards will be exempt from requirements that facilities must be owned by a political subdivision. This recommendation was also included in the Governor's capital budget.

General	Expenditure	\$0	\$5,000	\$0	\$0
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Perspectives

The Governor recommends \$2.0 million general fund for the expansion and rehabilitation of the Perspectives Family Center to serve homeless and at-risk families. This project includes a new therapeutic early childhood education center, expanded children's mental health services and earth science programs.

General	Expenditure	\$0	\$2,000	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Human Services

MA Services for Children with Poorly Controlled Asthma

The Governor recommends covering enhanced asthma care for children with poorly controlled asthma who are enrolled in Medical Assistance or MinnesotaCare. In 2014, approximately 5,800 children on Medical Assistance visited the emergency room due to their asthma. The enhanced coverage includes a home assessment for asthma triggers, targeted asthma education services, and allergen-reducing products.

General	Expenditure	\$0	\$343	\$994	\$1,354
Health Care Access	Expenditure	\$0	\$6	\$19	\$26

Family Home Visiting Services in Medical Assistance

The Governor recommends higher Medical Assistance payments for public health nurse home visits that use evidence-based practices. Nurse home visits provide an opportunity to educate parents about infant care and healthy parenting and to assess a mother's health. Medical Assistance currently covers nurse home visits, but this recommendation provides a higher payment to providers who use methods that have been proven to improve child health.

General	Expenditure	\$0	\$186	\$467	\$559
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Federal Alignment for Foster Care

The Governor recommends bringing Minnesota into compliance with federal mandates for child foster care placement and services. It would amend state statutes related to educational stability, case transfer and state court processes. Costs are associated with changes to the Social Services Information System.

General	Expenditure	\$0	\$12	\$2	\$2
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Child Protection Grant Allocation Formula Change

The Governor recommends modifying the county performance withhold formula by removing the requirement that data on face-to-face visits be applied to child protection grant allocations. This recommendation changes the distribution formula and does not change the overall appropriation.

General	Expenditure	\$0	\$0	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

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Human Services

Economic Stability for Families

The Governor recommends an increase to the Minnesota Family Investment Program cash grant by \$100 per month. This change will help address the growing number of children who are homeless, increase the economic stability of families, and support state efforts to increase school achievement. Temporary Assistance for Needy Families resources are made available through a related Department of Revenue recommendation to fund the Working Family Tax Credit in the general fund.

General	Expenditure	\$0	\$4,002	\$12,706	\$12,300
Federal	Expenditure	\$0	\$23,660	\$24,102	\$24,281
Federal	Transfer Out	\$0	(\$23,660)	(\$24,102)	(\$24,281)

American Indian Initiatives

The Governor recommends grants to enhance the human services work being done by tribal nations. It will enable tribal nations to provide culturally responsive services to members and families of the White Earth Nation, Red Lake Nation and the Mille Lacs Band of Ojibwe.

General	Expenditure	\$0	\$2,845	\$1,900	\$1,900
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SNAP Employment and Training Improvements

The Governor recommends redirecting existing federal reimbursements to the Supplemental Nutrition Assistance Program Employment and Training program to expand opportunities for "Able Bodied Adults without Dependents." This recommendation assists in overcoming barriers to employment and creates greater self-sufficiency through work training and career development.

General	Revenue	\$0	(\$4,400)	\$0	\$0
General	Expenditure	\$0	\$8	\$0	\$0

Child Support Disregard Language Clarification

The Governor recommends clarifying statutes that allow child support, both current and arrears, be included in the child support disregard for the Minnesota Family Investment Program. The child support disregard was passed during the 2015 legislative session.

General	Expenditure	\$0	\$0	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

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(Dollars in Thousands)

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Human Services

Pursue Federal Waiver to Expand MinnesotaCare

The Governor recommends that the Department of Human Services pursue a federal waiver to expand MinnesotaCare to 275% of poverty. The waiver application will be done in coordination with other state agencies. A FY 2017 appropriation made to the Department of Commerce in the 2015 Health and Human Services Appropriations Bill will be reallocated to the Department of Human Services to support coordinated waiver planning. Any changes to public health care programs will require future legislative action.

General	Expenditure	\$0	\$213	\$0	\$0
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5% Primary Care and Mental Health Rate Increase

The Governor recommends a five percent rate increase for primary care and mental health providers for services provided to Medical Assistance and MinnesotaCare enrollees.

General	Expenditure	\$0	\$15,301	\$28,752	\$31,244
Health Care Access	Expenditure	\$0	\$4,182	\$11,392	\$12,650

Treatment of Spousal Assets for Medical Assistance Eligibility

The Governor recommends bringing Minnesota into compliance with federal anti-spousal impoverishment rules for people seeking long term care services through a Home and Community Based Services waiver program and/or Community First Services and Supports. It also seeks to mitigate the impact by raising the asset amount that can be protected to the maximum level allowed under federal law.

General	Expenditure	\$0	\$4,633	\$12,968	\$13,865
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MinnesotaCare Federal Compliance and Renewals Simplification

The Governor recommends changes to MinnesotaCare to comply with federal rules for the basic health plan as well as enrollment and renewal changes to better align with other health care insurance affordability programs.

Health Care Access	Expenditure	\$0	\$425	\$50	\$50
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

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(Dollars in Thousands)

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Human Services

Refinance Medical Assistance Adults without Children to Health Care Access Fund

The Governor recommends that Medical Assistance costs for adults without children be paid from the Health Care Access Fund. Over 200,000 adults without children are enrolled in Medical Assistance. The Health Care Access Fund has historically supported coverage for this group.

General	Expenditure	(\$4,735)	(\$51,426)	(\$107,688)	(\$132,625)
Health Care Access	Expenditure	\$4,735	\$51,426	\$107,688	\$132,625

Update Value of Provider and Premium Tax Expansion Transfer

The Governor recommends increasing a transfer from the Health Care Access Fund to the General Fund to reflect the current value of provider and premium tax revenue paid on services delivered to Medical Assistance enrollees through managed care and provider rates. The current amount is set in statute and has not been updated since 2005.

General	Transfer In	\$0	\$74,000	\$74,000	\$74,000
Health Care Access	Transfer Out	\$0	\$74,000	\$74,000	\$74,000

Certified Community Behavioral Health Clinics (CCBHC)

The Governor recommends establishing community clinics that provide comprehensive care to children and adults with complex mental and chemical health conditions. This is part of a national demonstration project that tests a new model of care and payment method to improve patient outcomes while remaining financially sustainable.

General	Expenditure	\$0	\$188	\$4,965	\$3,096
Health Care Access	Expenditure	\$0	\$0	\$161	\$211

Disability Waiver Rate Setting Simplification

The Governor recommends reducing the administrative burden for counties and individuals who receive waiver services by simplifying the rate exception process used in the Disability Waiver Rate Setting System. The recommendation also makes technical changes to banding statutes and aligns county, tribe and lead agency terminology.

General	Expenditure	\$0	\$0	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

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(Dollars in Thousands)

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Human Services

U.S. Department of Labor Ruling & Workforce Study

The Governor recommends complying with the U.S. Department of Labor’s Home Care Worker Final Rule with a targeted 2.72 percent rate increase for the Personal Care Assistance, Consumer Support Grants and Consumer Directed Community Support Programs. The Final Rule requires all home care workers be paid overtime after forty hours per week, including travel time between multiple worksites.

General	Expenditure	\$0	\$18,183	\$20,111	\$20,260
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Special Populations Chemical Dependency Rate Correction

The Governor recommends continuing rate enhancements for chemical dependency treatment providers who serve special populations. This is a technical correction that clarifies statute to ensure these providers can continue receiving this rate enhancement, which supports their ability to provide treatment that is tailored to the populations they serve.

General	Expenditure	\$0	\$105	\$142	\$145
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Home and Community Based Care Providers Licensure Update

The Governor recommends a new and stable fee structure for Home and Community Services that adequately funds the licensing and maltreatment-related activities conducted by the Department. The proposed model charges all licensees a base rate plus an additional one-half of one percent of provider’s 245D payment over \$100,000. This recommendation allows the Licensing Division to respond in a timely manner to maltreatment complaints and licensing violations, as well as conduct ongoing monitoring and technical assistance. This proposal also adds individual community living support as a basic 245D service and transfers all licensing fee operations from the State Government Special Revenue fund to the Special Revenue fund.

General	Expenditure	\$0	(\$935)	(\$935)	(\$935)
Restricted Misc Special Rev	Revenue	\$0	\$6,728	\$6,412	\$6,498
Restricted Misc Special Rev	Expenditure	\$0	\$6,437	\$6,521	\$6,607
State Government Special Rev	Revenue	\$0	(\$4,000)	(\$3,600)	(\$3,600)
State Government Special Rev	Expenditure	\$0	(\$3,709)	(\$3,709)	\$3,709

Expand Crisis Housing Assistance Eligibility

The Governor recommends broadening eligibility for the crisis housing assistance program, which helps people receiving residential or inpatient mental health care maintain their housing. This change maximizes current program appropriations, which have not been fully utilized in recent years.

General	Expenditure	\$0	\$0	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Human Services

Nursing Facility Value Based Reimbursement System Implementation Drafting Error

The Governor recommends correcting a drafting error in law that describes how nursing facilities are to be paid under Medicaid. The words "other care related costs" were inadvertently omitted from the final law that was enacted by the 2015 legislature.

General	Expenditure	\$0	\$0	\$0	\$0
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Total For: Human Services

General	Revenue	\$1,043	\$4,673	\$12,303	\$13,972
General	Transfer In	\$0	\$74,000	\$74,000	\$74,000
General	Expenditure	\$2,116	\$136,871	\$176,824	\$191,084
Federal	Expenditure	\$0	\$23,660	\$24,102	\$24,281
Federal	Transfer Out	\$0	(\$23,660)	(\$24,102)	(\$24,281)
Health Care Access	Expenditure	\$4,735	\$56,039	\$119,310	\$145,562
Health Care Access	Transfer Out	\$0	\$74,000	\$74,000	\$74,000
Restricted Misc Special Rev	Revenue	\$0	\$6,728	\$6,412	\$6,498
Restricted Misc Special Rev	Expenditure	\$0	\$6,437	\$6,521	\$6,607
State Government Special Rev	Revenue	\$0	(\$4,000)	(\$3,600)	(\$3,600)
State Government Special Rev	Expenditure	\$0	(\$3,709)	(\$3,709)	\$3,709

Labor and Industry

Increase Minority and Female Participation in Registered Apprenticeship Programs

The Governor recommends \$250 thousand per year for an increase in staff to the Apprenticeship Program which is funded by the workforce development fund. The increase would provide funding for additional staff to allow the program to increase minority, female, and veteran outreach and participation in apprenticeships; to promote apprenticeship; and to develop and register new programs.

Workforce Development	Expenditure	\$0	\$250	\$250	\$250
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Total For: Labor and Industry

Workforce Development	Expenditure	\$0	\$250	\$250	\$250
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

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Management and Budget

IT Security - Solidifying Data Security and Disaster Recovery Responsiveness for Statewide Systems

The Governor recommends funding to enhance security and disaster recovery in statewide information technology systems. Statewide information technology systems cover critical functions in human resources and financial management. This increase will allow upgrades and improvements that support disaster prevention, planning, and response activities for these systems used by almost all state agencies.

General	Expenditure	\$0	\$10,000	\$0	\$0
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Diversity and Inclusion: Recruiting and Retaining a Diverse Workforce

The Governor recommends increasing funding in the Enterprise Human Resources Office to recruit and retain a diverse state workforce. This proposal provides information technology systems and tools, training, and leadership to support state agency efforts to improve accessibility, increase inclusion, and attract diverse employees.

General	Expenditure	\$0	\$2,600	\$2,000	\$2,000
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Paid Parental Leave

The Governor recommends six weeks of paid parental leave for state employees after the birth or adoption of a child. Employees covered are those eligible under Family and Medical Leave Act (FMLA) criteria. This proposal provides funding to agencies with critical operations for personnel costs associated with paid parental leave.

General	Expenditure	\$0	\$2,000	\$2,000	\$2,000
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Increased Debt Service for Bonding Bill

The Governor recommends funding to cover debt service costs necessary to fund the projects included in his 2016 capital budget recommendations.

General	Expenditure	\$0	\$8,172	\$29,699	\$54,063
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Human Rights, Procurement and Affirmative Action Audit

The Governor recommends funding to conduct an audit of the implementation of human rights, procurement, and affirmative action laws and policies. The audit is intended to identify actions the State of Minnesota can take to eliminate barriers and maximize inclusive participation from underrepresented groups. Resources may also support the implementation of recommendations.

General	Expenditure	\$0	\$500	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Management and Budget

Total For: Management and Budget

General	Expenditure	\$0	\$23,272	\$33,699	\$58,063
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Marriage and Family Therapy, Board of

Operating Increase

The Governor recommends increased funding from the state government special revenue fund for unanticipated contested cases, information technology, and staffing costs. This will allow the board to maintain staffing levels. There is no fee increase associated with this proposal. The board currently collects enough fee revenue to offset the requested operating increase.

Health Related Boards (SGSR)	Expenditure	\$40	\$50	\$50	\$50
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Total For: Marriage and Family Therapy, Board of

Health Related Boards (SGSR)	Expenditure	\$40	\$50	\$50	\$50
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Mediation Services, Board of

Data Base Project Phase II

The Governor recommends \$250 thousand in FY 2017 and \$100 thousand per year, starting in FY 2018, to complete the Case Management Database project. The installation and maintenance of Phase II will provide for more efficient automated meeting notifications, electronic voting, and electronic filing for case related documents.

General	Expenditure	\$0	\$250	\$100	\$100
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BMS Office for Collaboration and Dispute Resolution (OCDR) Staff Supplement

The Governor recommends \$138 thousand in FY 2017 and \$147 thousand in FY 2018 for the Office for Collaboration and Dispute Resolution to increase staff to meet a growing demand for services. The Office serves the executive, legislative, and judicial branches, as well as state and local governments and their stakeholders, in matters involving dispute resolution, public policy problem solving, and collaboration.

General	Expenditure	\$0	\$138	\$147	\$147
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All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Mediation Services, Board of

Total For: Mediation Services, Board of

General	Expenditure	\$0	\$388	\$247	\$247
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Metropolitan Council - Transportation

Metropolitan Area Transit Sales Tax

The Governor recommends enactment of a half-cent local sales tax in the seven county metropolitan area to expand the regional transit system. Sales tax revenues would allow for the construction of 20 new bus and rail transitways and almost a 30% expansion of bus operations over ten years. The revenues would replace over \$500 million in state bonding for transitway capital costs and \$500 million in general fund revenues for the state's 10% share of transitway operating costs. Transitway corridors would include 3 new light rail lines, 8 Bus Rapid Transit (BRT) lines and 9 Arterial BRT lines. The bus system expansion would include new routes, increased service frequency, new shelters, vehicles, and improved transit centers and other facilities. The half-cent sales tax would raise approximately \$170.6 million in fiscal year 2017, \$270.5 million in fiscal year 2018 and \$283.2 million in fiscal year 2019.

General	Revenue	\$0	\$0	\$0	\$0
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Total For: Metropolitan Council - Transportation

General	Revenue	\$0	\$0	\$0	\$0
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Military Affairs

National Guard Security Improvements

The Governor recommends \$1.562 million in fiscal year 2016-2017 to improve security at national guard facilities across the state. \$1.234 million is to install card reader systems at training and community centers, and \$328 thousand is to support having armed guards in place at Camp Ripley. Ongoing costs will support the increased cost of employing, training and supplying armed guards.

General	Expenditure	\$1,562	\$248	\$248	\$248
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Total For: Military Affairs

General	Expenditure	\$1,562	\$248	\$248	\$248
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Minnesota State Colleges and Universities

Operating Support and Protecting Affordability

The Governor recommends an ongoing increase of \$21 million a year to fund operating cost increases at Minnesota State Colleges and Universities. This additional funding will allow MnSCU to maintain the planned tuition rates for the 2016-2017 school year without reducing services. The \$21 million in supplemental funding will be distributed directly to MnSCU's 37 separately-accredited colleges and universities across Minnesota to fund core operations; no funds will be retained in the system office.

General	Expenditure	\$0	\$21,000	\$21,000	\$21,000
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Total For: Minnesota State Colleges and Universities

General	Expenditure	\$0	\$21,000	\$21,000	\$21,000
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Minnesota State Retirement System

Judges Plan Direct Appropriation

The Governor recommends funding for the Judges Retirement plan within the Minnesota State Retirement System (MSRS). Currently, the Judge's plan is only 53.3% funded, and the funded ratio is projected to decline overtime. This appropriation will increase the plan's funded ratio over time and improve the long term sustainability of the plan.

General	Expenditure	\$0	\$6,000	\$6,000	\$6,000
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Total For: Minnesota State Retirement System

General	Expenditure	\$0	\$6,000	\$6,000	\$6,000
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MN.IT Services

Securing the State

The Governor recommends funding to enhance cyber security across state government. This funding will be used to improve data storage security, acquire additional security software and tools, and provide targeted support to small and mid-sized agencies.

General	Expenditure	\$0	\$20,204	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

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(Dollars in Thousands)

2016 2017 2018 2019

MN.IT Services

Enterprise Web Content Management System

The Governor recommends funding to enable state agencies to build and maintain their public facing websites in an easier to use format. This proposal will improve agency websites and constituent interaction by developing and deploying a modern web content management system for use across state government.

General	Expenditure	\$0	\$5,000	\$0	\$0
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Information and Telecommunications Account Clarification

The Governor recommends a statutory clarification for the Information and Telecommunications Account in the special revenue fund to include explicit authority for agencies to transfer funds into the account. Current statute refers to the collection of a charge for purchases rather than a transfer of funds.

General	Expenditure	\$0	\$0	\$0	\$0
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Total For: MN.IT Services

General	Expenditure	\$0	\$25,204	\$0	\$0
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Natural Resources

NorthMet Legal Support Costs

The Governor recommends funding for legal support costs related to the Department of Natural Resource's environmental review and permitting decisions for the NorthMet mining project.

General	Expenditure	\$1,599	\$2,370	\$0	\$0
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Parks and Trails Operation Funding

The Governor recommends funding for increased operational costs for parks and trails operations. Funding will be used to cover increased staff costs and support the modernization of services and maintenance activities.

General	Expenditure	\$0	\$3,000	\$0	\$0
State Park	Expenditure	\$0	\$2,300	\$1,000	\$1,000

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Natural Resources

Pineland Sands Lands and Water Study

The Governor recommends funding to support a study of the impact of changes in land use from forest land to irrigated agriculture in the Pineland Sands aquifer along the Crow Wing River. The study will include a review of the environmental effects on drinking and surface water as well as plant and animal species. The results of the study will be used to inform permitting decisions in the area.

General	Expenditure	\$0	\$1,500	\$0	\$0
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Mille Lacs Operations

The Governor recommends operational funding for the Mille Lacs fisheries management station proposed in the bonding bill. This includes staff to support the fish hatchery and maintenance of the station.

General	Expenditure	\$0	\$197	\$197	\$197
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DNR Aviation Supplemental Budget

The Governor recommends one-time funding from the game and fish fund for the increased costs associated with the purchase of a Department of Natural Resources helicopter.

Game And Fish (Operations)	Expenditure	\$670	\$0	\$0	\$0
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DNR Enforcement Bill - Wild Rice License Reciprocity with Tribal Authorities

The Governor recommends a policy change to allow tribal members, licensed to harvest wild rice through a tribally issued permit or licensee, to harvest rice anywhere in the state without a state ricing license. Revenue in the wild rice management account in the game and fish fund are estimated to be reduced by \$4,000 annually.

Wild Rice Management	Revenue	\$0	(\$4)	(\$4)	(\$4)
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Cost Recovery for Admin of Local and Regional Grants

The Governor recommends allocating 2.5 percent of the Lottery in Lieu Account for administrative costs related to the Park and Trail grants programs. This funding would provide \$25,000 in administrative funding to the agency.

Local Trls Grants Lott In Lieu	Expenditure	\$0	\$0	\$0	\$0
State Pks & Trls Lott In Lieu	Revenue	\$0	\$0	\$0	\$0
State Pks & Trls Lott In Lieu	Expenditure	\$0	\$0	\$0	\$0

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Natural Resources

Total For: Natural Resources

General	Expenditure	\$1,599	\$7,067	\$197	\$197
Game And Fish (Operations)	Expenditure	\$670	\$0	\$0	\$0
Local Trls Grants Lott In Lieu	Expenditure	\$0	\$0	\$0	\$0
State Park	Expenditure	\$0	\$2,300	\$1,000	\$1,000
State Pks & Trls Lott In Lieu	Revenue	\$0	\$0	\$0	\$0
State Pks & Trls Lott In Lieu	Expenditure	\$0	\$0	\$0	\$0
Wild Rice Management	Revenue	\$0	(\$4)	(\$4)	(\$4)

Nursing Home Administrators, Board of

Criminal Background Check Technical Correction

The Governor recommends a technical correction to state statute governing the collection of background check fees by health-related licensing boards. Current statute requires fees collected by the boards be appropriated to the Administrative Services Unit within the Board of Nursing Home Administrators for payment to the Federal Bureau of Investigation (FBI) and the Minnesota Bureau of Criminal (BCA), which results in increased administrative burden. This proposal allows each board to pay the FBI and BCA directly by appropriating fee revenue to the board that collects it.

Restricted Misc Special Rev	Expenditure	\$0	\$0	\$0	\$0
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Total For: Nursing Home Administrators, Board of

Restricted Misc Special Rev	Expenditure	\$0	\$0	\$0	\$0
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Ombudsman for Mental Health and Developmental

Jensen/Olmstead Staff

The Governor recommends staff funding for Jensen Settlement and Olmstead Plan-related work conducted by the office. The agency plays a central role in Jensen/Olmstead activities: it was appointed consultant to the Federal Court and all parties in the Jensen Settlement, must review and monitor Behavioral Incident Reporting forms related to seclusion and restraints as part of this agreement, and is an Ex-Officio member of the state's Olmstead Subcabinet. The agency has seen a considerable increase in workload in recent years but has not been appropriated additional dollars for more staff.

General	Expenditure	\$100	\$250	\$250	\$250
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Ombudsman for Mental Health and Developmental

Total For: Ombudsman for Mental Health and Developmental

General	Expenditure	\$100	\$250	\$250	\$250
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Pharmacy, Board of

Operating Increase

The Governor recommends increased funding from the state government special revenue fund for unanticipated contested cases, information technology, and staffing costs. This will allow the board to maintain staffing levels. There is no fee increase associated with this proposal. The board currently collects enough fee revenue to offset the requested operating increase.

Health Related Boards (SGSR)	Expenditure	\$115	\$145	\$145	\$145
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Total For: Pharmacy, Board of

Health Related Boards (SGSR)	Expenditure	\$115	\$145	\$145	\$145
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Physical Therapy, Board of

Operating Increase

The Governor recommends increased funding from the state government special revenue fund for unanticipated information technology and staffing costs. This will allow the board to maintain staffing levels. There is no fee increase associated with this proposal. The board currently collects enough fee revenue to offset the requested operating increase.

Health Related Boards (SGSR)	Expenditure	\$40	\$60	\$60	\$60
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Total For: Physical Therapy, Board of

Health Related Boards (SGSR)	Expenditure	\$40	\$60	\$60	\$60
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Pollution Control

Metropolitan Landfill Contingency Action Trust (MLCAT) Revisions

The Governor recommends allowing the Metropolitan Landfill Contingency Action Trust (MLCAT), an account established to fund necessary remedial work in metro area landfills, to be invested with the State Board of Investment (SBI). This is estimated to generate approximately \$500,000 in investment income annually.

Remediation Fund	Revenue	\$0	\$491	\$531	\$568
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NorthMet Legal Support Costs

The Governor recommends funding for legal support costs related to the Pollution Control Agency environmental review and permitting decisions for the NorthMet mining project.

General	Expenditure	\$143	\$1,289	\$0	\$0
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Administration of Additional Funds at Public Facilities Authority (PFA) Programs

The Governor recommends funding for the review of new municipal water infrastructure projects associated with the Governor’s bonding recommendation which will increase the loans and grants available for municipal water infrastructure projects through Public Facilities Authority. This funding is expected to allow the agency to issue approximately 10% more permits and manage 12 additional projects each year.

General	Expenditure	\$0	\$324	\$324	\$324
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Economic Equity in Water Program Fees

The Governor recommends funding for rule making costs associated with restructuring water program permit fees. Activities supported through water program permit fees include monitoring, technical assistance, training, inspections, evaluation and enforcement. A change in the fee structure is proposed as a result of an Office of Legislative Auditor report issued in 2002 and Water Infrastructure Listening Sessions recently held throughout the state.

General	Expenditure	\$0	\$108	\$108	\$108
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Pollution Control

St Louis River Area of Concern (SLRAOC) Remediation

The Governor recommends funding for staff to work with the Environmental Protection Agency on a multi state and federal clean-up effort in the St. Louis River Area of Concern. Funding to conduct the clean-up as a result of industrial and other pollution to this area of the Great Lakes is included in the Governor’s capital budget recommendations.

General Expenditure \$0 \$125 \$125 \$125

Total For: Pollution Control

General	Expenditure	\$143	\$1,846	\$557	\$557
Remediation Fund	Revenue	\$0	\$491	\$531	\$568

Public Employment Relations Board

Public Employment Labor Relations Board (PERB) Funding

The Governor recommends funding for the Public Employment Labor Relations Board (PERB) to operate the board, hire hearing officers, and hear and resolve unfair labor practice charges.

General Expenditure \$0 \$400 \$400 \$400

Total For: Public Employment Relations Board

General	Expenditure	\$0	\$400	\$400	\$400
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Public Safety - Public Safety

DNA Lab

The Governor recommends additional funding for the Bureau of Criminal Apprehension DNA lab. Case submissions to the DNA lab have increased 57% over the past 5 years and continue to increase. Current turnaround time is 83 days. This funding will provide for eight forensic scientists and would reduce turnaround time to 30 days.

General Expenditure \$0 \$650 \$1,000 \$1,000

Total For: Public Safety - Public Safety

General	Expenditure	\$0	\$650	\$1,000	\$1,000
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Public Safety - Transportation

MNLARS Operation Fee

The Governor recommends extending the current \$1.00 technology surcharge for the Minnesota License and Registration System (MNLARS) until June 30, 2019 in order to fund the ongoing transition and operational costs of the new system. The new system is being deployed in phases and this extension would cover the costs of operating the phases that are in production while the other phases are still being developed using the funds from the current fee. In addition, the extension will allow for post deployment analysis time to determine the operating costs of the complete system based on a period of actual expenditures with a report to the legislature in 2019.

Restricted Misc Special Rev	Revenue	\$0	\$10,000	\$10,000	\$10,000
Restricted Misc Special Rev	Expenditure	\$0	\$10,000	\$10,000	\$10,000

State Patrol Academy Funding

The Governor recommends an additional \$4.5 million per year from the trunk highway fund for the state patrol. The funds will be used to recruit, equip, hire and train new troopers on a regular and predictable basis by allowing an annual State Patrol Academy. This funding will stabilize staffing levels from year to year, while also supporting a focus on diversity recruitment.

Trunk Highway	Expenditure	\$0	\$4,500	\$4,500	\$4,500
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Total For: Public Safety - Transportation

Restricted Misc Special Rev	Revenue	\$0	\$10,000	\$10,000	\$10,000
Restricted Misc Special Rev	Expenditure	\$0	\$10,000	\$10,000	\$10,000
Trunk Highway	Expenditure	\$0	\$4,500	\$4,500	\$4,500

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Public Utilities Commission

Implementing Legislative Changes

The Governor recommends \$225 thousand in FY 2016 and \$450 thousand per year, starting in FY 2017, for additional staff and on-going rulemaking costs associated with the implementation of legislative changes made in 2015 and unanticipated complexity in implementing legislative changes made in 2013. The 2015 changes include distributed generation rates and terms; multi-year rate plans; natural gas extension projects; energy-intensive, trade-effected rates; biennial distribution planning and cost recovery; and updating distributed generation interconnection technical requirements. The additional resources for 2013 changes provide for solar energy standards and community solar garden implementation. These costs will be recovered through assessments on regulated utilities with no net cost to the general fund.

General	Revenue	\$225	\$450	\$450	\$450
General	Expenditure	\$225	\$450	\$450	\$450

Implementing the Department of Commerce's proposed 2016 Legislative Session Energy Bill

The Governor recommends \$127 thousand in FY 2017 and \$64 thousand each year, starting in FY 2018, for an increase in staff to manage increased work associated with a proposed Department of Commerce Energy Bill that includes changes to solar energy generating system permitting requirements. The Public Utilities Commission currently processes applications for solar projects that are over 50 megawatts, and the proposed Energy Bill would lower that threshold to solar projects that are over 25 megawatts, and in some instances, over 10 megawatts, requiring more responsibility for permit application processing for the PUC. These costs will be recovered through assessments on regulated utilities with no net cost to the general fund.

General	Revenue	\$0	\$127	\$64	\$64
General	Expenditure	\$0	\$127	\$64	\$64

Total For: Public Utilities Commission

General	Revenue	\$225	\$577	\$514	\$514
General	Expenditure	\$225	\$577	\$514	\$514

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Racing Commission

Race Horse Rescue/Retirement Funding

The Governor recommends that civil fine revenue collected by the commission be dedicated to supporting horses after they are no longer able to race. The funding will be used to support organizations and individuals involved in race horse rescue and retraining race horses for other equestrian activities such as trail riding, jumping, or adoption as a pet.

General	Revenue	\$0	(\$27)	(\$27)	(\$27)
General	Expenditure	\$0	\$0	\$0	\$0
Other Misc Special Revenue	Revenue	\$0	\$27	\$27	\$28
Other Misc Special Revenue	Expenditure	\$0	\$27	\$27	\$28

Total For: Racing Commission

General	Revenue	\$0	(\$27)	(\$27)	(\$27)
General	Expenditure	\$0	\$0	\$0	\$0
Other Misc Special Revenue	Revenue	\$0	\$27	\$27	\$28
Other Misc Special Revenue	Expenditure	\$0	\$27	\$27	\$28

Revenue

Tax Refund Fraud Protection

The Governor recommends funding to enhance Department of Revenue efforts to identify and reject attempted tax refund fraud. As identity thieves use stolen information to file fraudulent tax refunds under a victim's name, the department needs to take steps to protect Minnesota taxpayers, their refunds, and the state's general fund. Additional staffing and technological resources will improve the agency's ability to identify and respond to attempted tax refund fraud, utilize analytics capabilities, and enhance our systems to prevent fraudulent refunds. These improvements will allow the agency to serve tax filers on a timely basis, and will better protect Minnesota's financial resources.

General	Expenditure	\$0	\$2,625	\$2,125	\$2,125
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Total For: Revenue

General	Expenditure	\$0	\$2,625	\$2,125	\$2,125
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Statewide Equity

Governor's Equity Proposal

The Governor recommends \$33 million to expand economic opportunities and eliminate disparities for Minnesotans of color throughout the state. These funds are not yet committed, but will be allocated based on input from communities during the 2016 Legislative Session.

General	Expenditure	\$0	\$33,480	\$0	\$0
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Total For: Statewide Equity

General	Expenditure	\$0	\$33,480	\$0	\$0
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Supreme Court

Safe and Secure Courthouse Initiative

The Governor recommends one-time funding to establish a competitive grant program for courthouse safety and security improvements. The Chief Justice will establish an advisory panel of justice partners and county government officials to develop grant criteria, accept applications, review proposals, and make grant awards. Counties are currently responsible for the entire cost of providing courthouse safety and security.

General	Expenditure	\$0	\$20,000	\$0	\$0
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Total For: Supreme Court

General	Expenditure	\$0	\$20,000	\$0	\$0
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Tax Policy Aids and Credits

Child and Dependent Care Credit Expansion

The Governor recommends expansion of the Minnesota Child and Dependent Care Credit to 92,000 new families by moving the income cap for eligibility from \$39,000 to \$112,000 for families with one child and \$124,000 for families with two children. Also included is an increase in the maximum credit available to eligible families. The Minnesota credit would remain refundable, unlike the federal credit. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	(\$46,800)	(\$51,300)	(\$55,700)
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Tax Policy Aids and Credits

K-12 Education Credit Expansion

The Governor recommends expansion of the K-12 education credit to 18,00 new families by moving the phase-out threshold from \$33,500 to \$45,000. The Governor also recommends funding the Department of Revenue's costs of \$400,000 per year for administering the expansion of the K-12 credit. These costs include review, audit and appeal of claims, additional taxpayer assistance capacity and for educational outreach to taxpayers. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	(\$5,700)	(\$5,800)	(\$5,900)
General	Expenditure	\$0	\$400	\$400	\$400

Expand the Working Family Credit to the Middle Class

The Governor recommends expansion of the Working Family Credit by providing access to the maximum amount of the credit at lower income levels, providing access to the credit for those making up to \$55,000, and increasing the amount of the credit for over 286,000 taxpayers already receiving it. This change would make 24,000 new taxpayers eligible for the credit. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	(\$39,400)	(\$40,800)	(\$43,100)
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Replace Working Family Credit TANF Funds with General Funds

The Governor recommends replacing the amount of Temporary Assistance for Needy Families (TANF) funds used to pay for the Minnesota Working Family Credit with funding from the general fund. Under current law, the Working Family Credit is funded with a combination of general fund and TANF dollars. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	(\$23,660)	(\$24,102)	(\$24,281)
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Modernize Railroad Property Tax

The Governor recommends modernizing outdated assessment practices, removing outdated rules and updating the property that is taxable for railroads. The total commercial and industrial (C/I) levy would be increased by an amount equal to the amount of revenue the eligible railroad property would generate in future years, keeping taxes unchanged for other businesses paying the C/I levy. Also included in this recommendation is funding of \$224k in FY 2017 for programming in the integrated tax system, and smaller ongoing administrative cost of \$56k in future years for the Department of Revenue. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	\$0	\$13,250	\$23,760
General	Expenditure	\$0	\$224	\$56	(\$3,084)

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Tax Policy Aids and Credits

Senior Citizen Property Tax Deferral Enhancement

The Governor recommends changes the Senior Citizen Property Tax Deferral Program to lower the ownership and occupancy requirements from 15 years to 5 years and move the application deadline from July 1 to October 1. These changes would increase participation in the program. This was included in the Governor's 2015 tax proposal.

General	Expenditure	\$0	\$0	\$150	\$210
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Home Office Deduction Calculation

The Governor recommends implementing a consistent method of calculating the home office deduction for the purposes of the property tax refund. This proposal moves Minnesota closer to conformity with the federal tax code by matching the IRS tax treatment of the home office deduction for purposes of the property tax refund, regardless of the calculation method used. This change will ensure that all taxpayers who claim the deduction are treated the same when they file for a state property tax refund. This was included in the Governor's 2015 tax proposal.

General	Expenditure	\$0	(\$250)	(\$330)	(\$420)
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Corporate Tax Reform

The Governor recommends a set of reforms for taxes for corporations by ending advantageous tax breaks for certain types of businesses, leveling the playing field for certain business transactions, and making corporate taxes simpler by providing clarity to current laws. This package includes seven proposals and was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	\$7,300	\$8,700	\$11,000
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Modernize Construction and Demolition Waste Management Rate

The Governor recommends an update to the Construction and Demolition Waste Management Rate. Effective July 1st, 2016, this change would delete the outdated conversion rate of \$2.00 per ton used in the taxation of construction and demolition waste. The old conversion rate will be replaced with commissioner authority to determine the conversion rate each year, which will ensure the rate keeps pace with changes in waste hauling practices and is equitable between those measuring the waste in yards or tons. This proposal provides a more accurate tax on this waste, and brings it in line with conversion rates for industrial waste. This was included in the Governor's 2015 proposal.

General	Revenue	\$0	\$120	\$140	\$140
Environmental	Revenue	\$0	\$280	\$320	\$330

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Tax Policy Aids and Credits

Properly Align Motor Vehicle Lease Revenue

The Governor recommends realigning the allocation of funds for revenue generated from sales tax on motor vehicle leases. Due to an error in state statute, the County State Aid Highway (CSAH) and Transit Assistance Funds are receiving a state sales tax allocation that is higher than intended. This change would correct this error, reducing the amounts allocated to these two funds and increasing the amount allocated to the general fund. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$4,400	\$4,700	\$5,000	\$5,100
County State Aid Highway	Revenue	(\$2,200)	(\$2,350)	(\$2,500)	(\$2,550)
Transit Assistance	Revenue	(\$2,200)	(\$2,350)	(\$2,500)	(\$2,550)

Stop Tobacco Smuggling

The Governor recommends enhancing tobacco enforcement with more anti-smuggling resources and an increase in penalties on law breakers to ensure that honest businesses are not at a competitive disadvantage. This proposal includes an ongoing agency cost to expand the tobacco enforcement team, which would allow for more inspections, assessments, and seizures. This item also creates a new penalty for non-compliance, including licensure suspension and civil and criminal penalties. This was included in the Governor's 2015 tax proposal.

General	Revenue	\$0	\$2,126	\$2,126	\$2,126
General	Expenditure	\$0	\$1,036	\$1,036	\$1,036

Estate Tax Recapture Related to Eminent Domain

The Governor recommends a change in law to eliminate the requirement that an heir of farmland must pay recapture tax when the farmland is acquired by government units through eminent domain. This change resolves a situation not originally anticipated when the law was drafted. This was included in the Governor's 2015 tax proposal.

General	Revenue	(\$50)	(\$50)	(\$50)	(\$50)
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Compressed Natural Gas Definition and Gasoline Equivalent Fix

The Governor recommends aligning the energy content calculation of compressed natural gas (CNG) with the federal and industry standard, and making a corresponding change to the tax rate so it continues to align with the current gasoline tax rate. This change provides a simpler, easier to understand tax for businesses. This was included in the Governor's 2015 proposal.

Highway Users Tax Distribution	Revenue	\$0	(\$100)	(\$110)	(\$110)
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Tax Policy Aids and Credits

Federal Update

The Governor recommends conforming Minnesota’s tax code to the federal changes made in 2015 including deductions for tuition, expenses for teachers, and mortgage insurance premium, among other changes. This proposal reflects the impacts of conforming Minnesota tax law changes made at the federal level in the Bipartisan Budget Act of 2015 (passed in November of 2015) and the Protecting Americans from Tax Hikes Act of 2015 (passed in December of 2015). Also included in this recommendation is \$1.648 million in FY 2016-2017 and a smaller amount ongoing for the Department of Revenue to implement these changes.

General	Revenue	(\$23,800)	\$6,630	\$24,445	\$485
General	Expenditure	\$1,612	\$35	\$35	\$35

One-Time Increase to Local Government Aid

The Governor recommends increasing Local Government Aid (LGA) on a one time basis. This would bring the total LGA appropriation up to \$540.9 million for aid payable in 2016.

General	Expenditure	\$0	\$21,500	\$0	\$0
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One-Time Increase to County Program Aid

The Governor recommends increasing County Program Aid (CPA) on a one time basis. This would bring the total CPA appropriation up to \$233.5 million for aid payable in 2016.

General	Expenditure	\$0	\$25,000	\$0	\$0
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Total For: Tax Policy Aids and Credits

General	Revenue	(\$19,450)	(\$94,734)	(\$68,391)	(\$86,420)
General	Expenditure	\$1,612	\$47,945	\$1,347	(\$1,823)
County State Aid Highway	Revenue	(\$2,200)	(\$2,350)	(\$2,500)	(\$2,550)
Environmental	Revenue	\$0	\$280	\$320	\$330
Highway Users Tax Distribution	Revenue	\$0	(\$100)	(\$110)	(\$110)
Transit Assistance	Revenue	(\$2,200)	(\$2,350)	(\$2,500)	(\$2,550)

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

		2016	2017	2018	2019
Transportation					
NexTen for Transportation					
<p>The Governor recommends a major investment plan for transportation to fund the estimated \$6 billion gap that exists between funding needs and revenues in the next ten years. The Governor proposes addressing the gap in road and bridge funding through a 6.5% gross receipts tax on gasoline, an increase in registration fees, an additional \$2 billion in trunk highways bonds over the next 10 years, and through MnDOT efficiencies. These sources will fund roads and bridges at the state, county and municipal level. In addition, the Governor recommends a general fund increase for Greater Minnesota Transit of \$10 million per year and a general fund increase for bike and pedestrian infrastructure, including Safe Routes to School, of \$2.5 million per year. The cost of this proposal also includes administrative funding for the Department of Revenue and recognizes the interacting costs of the gross receipts tax and the increase in registration fees.</p>					
General	Revenue	\$0	(\$1,380)	(\$4,860)	(\$6,070)
General	Expenditure	\$0	\$12,530	\$12,630	\$12,630
All-Terrain Vehicle	Transfer In	\$0	\$696	\$1,069	\$1,063
County State Aid Highway	Transfer In	\$0	\$107,403	\$183,551	\$191,526
County State Aid Highway	Expenditure	\$0	\$107,403	\$183,551	\$191,526
Highway Users Tax Distribution	Revenue	\$0	\$338,244	\$576,484	\$600,912
Highway Users Tax Distribution	Expenditure	\$0	\$234	\$222	\$222
Highway Users Tax Distribution	Transfer Out	\$0	\$338,010	\$576,262	\$600,690
Municipal State Aid Street	Transfer In	\$0	\$28,212	\$48,214	\$50,309
Municipal State Aid Street	Expenditure	\$0	\$28,212	\$48,214	\$50,309
Off-Highway Motorcycle	Transfer In	\$0	\$119	\$182	\$181
Off-Road Vehicle	Transfer In	\$0	\$423	\$650	\$646
Restricted Misc Special Rev	Transfer In	\$0	\$362	\$556	\$552
Restricted Misc Special Rev	Expenditure	\$0	\$362	\$556	\$552
Snowmobile	Transfer In	\$0	\$2,579	\$3,960	\$3,937
Trunk Highway	Transfer In	\$0	\$194,348	\$332,139	\$346,571
Trunk Highway	Expenditure	\$0	\$184,348	\$342,139	\$346,571
Water Recreation	Transfer In	\$0	\$3,869	\$5,941	\$5,905

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

Transportation

Federal FAST Act State Road Construction

The Governor recommends increasing the state road construction appropriation in the trunk highway fund to enable MnDOT to spend the increase in federal funding due to the Fixing America's Surface Transportation Act (FAST Act) enacted in December 2015.

Trunk Highway	Revenue	\$20,000	\$70,000	\$65,000	\$80,000
Trunk Highway	Expenditure	\$20,000	\$70,000	\$65,000	\$80,000

Snow and Ice Contingency

The Governor recommends establishing a snow and ice management appropriation in the trunk highway fund and establishing statutory language allowing MnDOT to access existing unappropriated trunk highway fund balance when costs exceed 110 percent of MnDOT's biennial appropriation for snow and ice management. This would provide greater assurance in extreme winters that MnDOT could meet public performance expectations, while helping to ensure that other maintenance activities are not compromised.

Trunk Highway	Expenditure	\$0	\$0	\$0	\$0
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Safety Improvements on Crude Oil Corridors

The Governor recommends \$32.5 million annually for planning, engineering, administration and construction of highway-rail grade crossing improvement projects along rail corridors transporting crude oil and other hazardous materials. Funding would be provided through an annual assessment on Class I railroads.

Restricted Misc Special Rev	Revenue	\$0	\$32,500	\$32,500	\$32,500
Restricted Misc Special Rev	Expenditure	\$0	\$32,500	\$32,500	\$32,500

Grade Crossing Safety Account

The Governor recommends an increase in funding for the grade crossing safety account from \$1 million to \$2.5 million per year. The increase in funding would be used to fund additional grade crossing improvements. In addition, new language would clarify that these funds can be used for the development, engineering and administration of grade crossing projects. The increase in grade crossing safety funding results in an equivalent decrease in trunk highway funds.

Restricted Misc Special Rev	Revenue	\$0	\$1,500	\$1,500	\$1,500
Restricted Misc Special Rev	Expenditure	\$0	\$1,500	\$1,500	\$1,500
Trunk Highway	Revenue	\$0	(\$1,500)	(\$1,500)	(\$1,500)

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

		2016	2017	2018	2019
Transportation					
Rail Inspectors					
The Governor recommends hiring up to four additional rail inspectors, plus a program manager to allow for more comprehensive rail safety inspection to ensure compliance with federal and state safety regulations. The Governor also recommends changes to the program language to clarify costs that can be funded by the program and assessed to railroads and to better align inspector duties to federal definitions. The increased revenue reflects an increase in the assessment to the railroads for the additional inspectors.					
Restricted Misc Special Rev	Revenue	\$0	\$446	\$709	\$665
Restricted Misc Special Rev	Expenditure	\$0	\$446	\$709	\$665
Interagency Rail Director and Rail Activities					
The Governor recommends funding a new Interagency Rail Director to address rail safety, rail service and rail impacts on communities. The director will work with a newly established Interagency Rail Working Group of state agencies to set priorities and develop and implement strategies. The Governor also recommends funding in fiscal year 2017 for critical freight rail activities at MnDOT.					
General	Expenditure	\$0	\$1,313	\$185	\$185
Drone Registration					
The Governor recommends a one-time appropriation from the state airports fund for system updates needed to accommodate the regulation of unmanned aircraft systems (drones) through aircraft registration and commercial operator licensing. These regulations will help to ensure aviation safety.					
State Airports	Expenditure	\$0	\$313	\$0	\$0
Duluth and Rochester Airports					
The Governor included grants to the Duluth Airport Authority and the City of Rochester for airport improvements as part of his 2016 capital budget recommendation.					
State Airports	Expenditure	\$10,259	\$0	\$0	\$0
Increased Debt Service for Bonding Bill					
The Governor recommends funding for debt service costs necessary to support the Department of Transportation's Facilities Capital Program included in his 2016 capital budget recommendations.					
Trunk Highway	Expenditure	\$0	\$352	\$1,807	\$3,272

Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

		2016	2017	2018	2019
Transportation					
Total For: Transportation					
General	Revenue	\$0	(\$1,380)	(\$4,860)	(\$6,070)
General	Expenditure	\$0	\$13,843	\$12,815	\$12,815
All-Terrain Vehicle	Transfer In	\$0	\$696	\$1,069	\$1,063
County State Aid Highway	Transfer In	\$0	\$107,403	\$183,551	\$191,526
County State Aid Highway	Expenditure	\$0	\$107,403	\$183,551	\$191,526
Highway Users Tax Distribution	Revenue	\$0	\$338,244	\$576,484	\$600,912
Highway Users Tax Distribution	Expenditure	\$0	\$234	\$222	\$222
Highway Users Tax Distribution	Transfer Out	\$0	\$338,010	\$576,262	\$600,690
Municipal State Aid Street	Transfer In	\$0	\$28,212	\$48,214	\$50,309
Municipal State Aid Street	Expenditure	\$0	\$28,212	\$48,214	\$50,309
Off-Highway Motorcycle	Transfer In	\$0	\$119	\$182	\$181
Off-Road Vehicle	Transfer In	\$0	\$423	\$650	\$646
Restricted Misc Special Rev	Revenue	\$0	\$34,446	\$34,709	\$34,665
Restricted Misc Special Rev	Transfer In	\$0	\$362	\$556	\$552
Restricted Misc Special Rev	Expenditure	\$0	\$34,808	\$35,265	\$35,217
Snowmobile	Transfer In	\$0	\$2,579	\$3,960	\$3,937
State Airports	Expenditure	\$10,259	\$313	\$0	\$0
Trunk Highway	Revenue	\$20,000	\$68,500	\$63,500	\$78,500
Trunk Highway	Transfer In	\$0	\$194,348	\$332,139	\$346,571
Trunk Highway	Expenditure	\$20,000	\$254,700	\$408,946	\$429,843
Water Recreation	Transfer In	\$0	\$3,869	\$5,941	\$5,905

University Of Minnesota

Cyber Security

The Governor recommends a one-time \$19 million appropriation for cyber security improvements. These improvements are part of a larger project that the University is supporting with \$78 million of its own funding over three years called the Next Generation Network initiative. This investment will improve security through a two-pronged approach: enhanced tools to aid in the prevention of security breaches and early detection if an attack does occur.

General	Expenditure	\$0	\$19,000	\$0	\$0
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Governor's FY 2016 - 17 Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

2016 2017 2018 2019

University Of Minnesota

Health Restoration

The Governor recommends a \$10.5 million ongoing appropriation to support medical and dental clinical training, education, and research by the University’s Department of Family Medicine and Community Health and the School of Dentistry Mobile Dental Clinic. UCare, although independent of the University, has provided significant annual funding for this work, but has eliminated this support due to the loss of its Medicaid services contract. \$9.5 million of this request would support the clinical training previously funded by UCare, including salary support for faculty physicians who provide training at primary care sites and eight residency sites in Duluth, Mankato, and St. Cloud. \$1 million would support the Mobile Dental Clinic which UCare had supported at that level since 2002.

General	Expenditure	\$0	\$10,500	\$10,500	\$10,500
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Healthy Minnesota

The Governor recommends \$5.75 million in FY 2017 and \$3.25 million in FY 2018 and ongoing to improve health and dental care access, address workforce needs, improve care coordination, institute new models of care, and address health disparities in Minnesota. This increased funding will support two initiatives: the Community University Health Care Center (CUHCC) and the School of Dentistry’s new Rural Dentist Associate Program (RDAP). CUHC is a primary care teaching clinic that currently hosts 220 students and residents each year and serves 11,000 low income patients a year. This funding would increase the number of residents that could be trained each year. The RDAP is a new program aimed at increasing access to dental care for rural Minnesotans. State funding would be used to create rural training sites and additional slots in the school of dentistry dedicated for rural Minnesota applicants.

General	Expenditure	\$0	\$5,750	\$3,250	\$3,250
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Total For: University Of Minnesota

General	Expenditure	\$0	\$35,250	\$13,750	\$13,750
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