

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Administration**

**Facilities Repair and Replacement**

The Governor recommends amending M.S. 16B.24, subd.5d to eliminate the transfer of funds from the Department of Administration's Facilities Repair and Replacement (FR&R) account to the general fund. This change will provide the Department with the account's full funding for repairs and other capital improvements to state buildings and structures.

General	Transfer In	\$0	(\$4,672)	(\$4,672)	(\$4,672)
Other Misc Special Revenue	Expenditure	\$0	\$4,672	\$4,672	\$4,672
Other Misc Special Revenue	Transfer Out	\$0	(\$4,672)	(\$4,672)	(\$4,672)

**Building Efficiency Revolving Loan Account**

The Governor recommends onetime funding to establish a building efficiency revolving loan account to improve energy efficiency in state facilities. As energy efficiency projects result in operational savings, agencies will make loan repayments that will replenish the account, allowing the Department to continue to distribute resources.

General	Expenditure	\$0	\$3,000	\$0	\$0
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**Capitol Complex Security Upgrades**

The Governor recommends onetime funding for upgrades to physical security associated with the Andersen, Freeman, Retirement Systems, and Transportation Buildings. Improvements may include, but are not limited to, installation of bollards, blast protection, infrastructure security screen walls, door access controls, emergency call stations, security kiosks, locking devices, and traffic control.

General	Expenditure	\$0	\$9,135	\$0	\$0
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**Private Cemeteries Act Update**

The Governor recommends amending M.S. 307.08 to require the State Archaeologist to conduct cemetery condition assessments within 90 days and to review construction and development plans for projects within 300 feet of known or suspected cemeteries and American Indian cultural sites. The recommendation includes funding for two additional staff to assist with cemetery assessments and development plan reviews, and to allow the Office to work more closely with the Minnesota Indian Affairs Council.

General	Expenditure	\$0	\$200	\$200	\$200
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(Dollars in Thousands)

2018                      2019                      2020                      2021

### Administration

#### Total For: Administration

General	Transfer In	\$0	(\$4,672)	(\$4,672)	(\$4,672)
General	Expenditure	\$0	\$12,335	\$200	\$200
Other Misc Special Revenue	Expenditure	\$0	\$4,672	\$4,672	\$4,672
Other Misc Special Revenue	Transfer Out	\$0	(\$4,672)	(\$4,672)	(\$4,672)

### Agriculture

#### Capital Laboratory Equipment

The Governor recommends onetime funding for new lab equipment in the Department of Agriculture's laboratory. 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 needs to be replaced.

General	Expenditure	\$0	\$1,041	\$0	\$0
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#### Laboratory Building Infrastructure Improvements and Renovation

The Governor recommends onetime funding for relocation expenses associated with the capital improvements to the Department of Health and Department of Agriculture's laboratory building. The \$19.9 million capital improvement project is included in the Governor's 2018 capital budget recommendations.

General	Expenditure	\$0	\$720	\$0	\$0
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#### Rural Mental Health

The Governor recommends funding for the Rural Mental Health Initiative that will provide a grant from the Department of Agriculture to Minnesota State in order to hire one additional rural mental health specialist that will provide confidential, one-on-one counseling tailored to farmers and their unique concerns. Currently only one specialist serves the entire state. Funding is also included to conduct a coordinated public information campaign engaging farm groups and other stakeholders in order to reduce the stigma of mental health challenges and support mental health education.

General	Expenditure	\$0	\$200	\$200	\$200
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#### Total For: Agriculture

General	Expenditure	\$0	\$1,961	\$200	\$200
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**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

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**2018                      2019                      2020                      2021**

**Commerce**

**Utility Grid Assessment Extension**

The Governor recommends removing the current June 30, 2018 sunset date for the Energy Planning and Systems assessment. This will continue the Department’s participation in regional and federal electric and natural gas reliability oversight, ensuring adequate and secure generation and transmission resources to serve homes and businesses in Minnesota. This proposal is net neutral to state funds.

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

**Premium Security Plan Account Transfers Out**

The Governor recommends two one-time transfers in FY 2020 from the Premium Security Plan Account in the Special Revenue Fund totaling \$172.3 million. One transfer provides \$130.7 million in resources to the General Fund. The second transfer provides \$41.6 million to the Department of Human Services to fund the MinnesotaCare Buy-In Reserve; these funds reflect transfers from the pre-existing Minnesota Comprehensive Health Association program. This change results in a Premium Security Plan Account balance of \$210.7 million in FY 2021.

General	Transfer In	\$0	\$0	\$130,720	\$0
Restricted Misc Special Rev	Transfer Out	\$0	\$0	\$172,328	\$0

**Total For: Commerce**

<b>General</b>	<b>Transfer In</b>	<b>\$0</b>	<b>\$0</b>	<b>\$130,720</b>	<b>\$0</b>
<b>Restricted Misc Special Rev</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>Restricted Misc Special Rev</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$500</b>	<b>\$500</b>	<b>\$500</b>
<b>Restricted Misc Special Rev</b>	<b>Transfer Out</b>	<b>\$0</b>	<b>\$0</b>	<b>\$172,328</b>	<b>\$0</b>

**Corrections**

**Offender Health Care Contract**

The Governor recommends \$7.8 million to fund increasing healthcare costs, including pharmaceuticals and the provision of electronic health records (EHR), for an offender population of nearly 10,000 that has varied and complex illnesses and is less healthy than the general population.

General	Expenditure	\$0	\$7,800	\$2,668	\$3,868
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2018                      2019                      2020                      2021

#### Corrections

##### Opioid Treatment and Prevention: Expand Access for Offenders

The Governor recommends special revenue funding for two components of opioid treatment and services for offenders: 1) \$460,000 for four clinical program therapists to provide pre- and post-release services for offenders with substance use disorders who are returning to the community, and 2) \$250,000 for a Medication Assisted Treatment (MAT) program that will provide medications for offenders with opiate use disorders.

General	Expenditure	\$0	\$710	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$710	\$710

##### Prison Population Growth

The Governor recommends one-time funding for FY 2019 to cover operating costs for 335 more prison beds than originally forecasted when funds were appropriated for the FY 2018-2019 biennium. The funding will be used to ensure the continuity of current operations within state correctional facilities and to rent beds from county jails when state beds are unavailable.

General	Expenditure	\$0	\$7,864	\$0	\$0
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#### Total For: Corrections

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$16,374</b>	<b>\$2,668</b>	<b>\$3,868</b>
<b>Opioid Stewardship</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$710</b>	<b>\$710</b>

#### Education

##### Safe and Secure Schools Act: Equalize and Increase the Safe Schools Levy

The Governor recommends providing MN school districts and charter schools with additional revenue to improve student and school security. Funds may be used for building security improvements or to hire more school resource officers, counselors, or other student support staff. This recommendation provides one-time state aid to districts and charter schools equal to \$18 per pupil in FY 2019. In FY 2020 and beyond this proposal will: 1) double the Safe Schools Levy allowance from \$36 per pupil to \$72 per pupil and create a minimum levy amount of \$30,000; 2) equalize the levy to allow districts with low property tax capacity access to this revenue; and 3) give charter schools \$36 per pupil in Safe Schools Aid.

General	Expenditure	\$0	\$15,872	\$5,603	\$4,389
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**2018                      2019                      2020                      2021**

**Education**

**Special Education Funding Increase**

The Governor recommends increasing state special education aid to reduce the special education cross subsidy. Reducing the cross subsidy will mitigate district cost increases due to inflation and increases in the number of students requiring special education instruction and services.

General	Expenditure	\$0	\$16,939	\$21,397	\$22,059
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**Voluntary PreK and School Readiness Plus**

The Governor recommends maintaining funding of Voluntary Prekindergarten and School Readiness Plus at FY 2019 levels and expanding the number of funded seats by 5% each year beginning in FY 2020. In FY 2019 the state may fund up to 7,160 participants in both Voluntary Prekindergarten and School Readiness Plus. However only 3,160 of those slots have permanent funding into FY 2020-2021. This proposal would increase the number of permanently funded prekindergarten seats to 7,518 in FY 2020 and 7,894 in FY 2021. Along with this permanent increase in prekindergarten funding MDE proposes changing the way funded seats are allocated. Currently all seats must be distributed proportionately into four groups based on each group's share of state total kindergarten enrollment; one of those groups is comprised of Minneapolis and St Paul School Districts. The Governor recommends making each district its own group to ensure an equitable distribution of funded seats between Minneapolis and St Paul. This proposal also includes \$204,000 a year in administrative support to MDE to fund 2.3 new full time positions.

General	Expenditure	\$0	\$204	\$25,982	\$31,047
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**Expand Early Learning Scholarships to 0-3 year olds**

The Governor recommends expanding access to Early Learning Scholarships to children from low-income families who are 3 years old or younger. Currently scholarships are available to children who are 3 or 4 years old by September of the current year who are not yet enrolled in kindergarten and whose families have incomes at or below 185% of the federal poverty guidelines. Younger siblings of preschool aged scholarship recipients are currently eligible for scholarships. This change would make all children from qualifying families under age 3 scholarship eligible.

General	Expenditure	\$0	\$0	\$0	\$0
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**2018                      2019                      2020                      2021**

**Education**

**Early Learning Scholarships Availability of Funds Extended**

The Governor recommends extending the time the Department of Education has to spend their annual appropriation for Early Learning Scholarships. Currently the agency has 24 months to spend the Early Learning Scholarships. This recommendation would allow the agency up to 27 months before unspent scholarship funds are canceled. This would allow more time for parents to use scholarships once they have been awarded and for the agency to reallocate scholarship money that was not used by the original recipients. This change is intended to lower the amount of unused dollars at the end of a biennium in the Early Childhood Scholarships appropriation. In 2017 \$3 million cancelled from the Early Childhood Scholarships program.

General	Expenditure	\$0	\$0	\$0	\$0
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**Help Me Grow**

The Governor recommends expanding Minnesota’s Help Me Grow System. Help Me Grow is designed to effectively connect children, families and providers to a broad array of information and existing services and supports in Minnesota. At the recommended funding level, in 2019 more than 630,000 young children and their families from birth to grade three will benefit from the referral and follow-up services provided by Help Me Grow.

General	Expenditure	\$0	\$1,500	\$1,500	\$1,500
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**Background Checks For All Head Start Locations**

The Governor recommends authorizing the Department of Human Services to conduct required background studies for all Head Start programs. Currently DHS is only authorized to provide these background studies for license-exempt Head Start programs that receive CCAP funds or are Tribal Head Start programs. This change would allow DHS to provide background studies for the small number that cannot currently use DHS.

Other Misc Special Revenue	Revenue	\$0	\$51	\$8	\$8
Other Misc Special Revenue	Expenditure	\$0	\$51	\$8	\$8

**Kindergarten Students with a Disability Average Daily Membership Calculation**

The Governor recommends aligning the number of hours required for a kindergarten student with a disability to generate one Average Daily Membership (ADM) with the number of hours required for all other kindergarten students. Currently the number of hours required for a kindergarten student with a disability is 875 and all other kindergartners is 850. This proposal corrects an inconsistency in ADM calculations and funding for kindergarten students with and without a disability.

General	Expenditure	\$0	\$153	\$170	\$170
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### Education

#### American Indian Tribal Contract Aid

The Governor recommends that the maximum American Indian tribal contract aid per pupil be continued at the FY 2019 level of \$3,230, and not decreased to \$1,500 as provided in current law.

General	Expenditure	\$0	\$0	\$1,653	\$2,017
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#### Minnesota Indian Teacher Training Program Changes

The Governor recommends a number of changes to the Minnesota Indian Teacher Training Program (MITTP) to provide clearer direction to the current tribal college grantees about the institutions they can partner with, what their budget allocation thresholds are, and who is eligible for scholarships. It will also eliminate the loan portion of the program, and instead focus all funding on scholarships, recruitment, and administration.

General	Expenditure	\$0	\$0	\$0	\$0
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#### Alternative Compensation (Q Comp)

The Governor recommends removing the funding cap for current Alternative Compensation (Q Comp) program participants. This would allow current participants to continue to receive 100% of their entitlement as enrollment grows for these districts and schools.

General	Expenditure	\$0	\$847	\$1,417	\$1,654
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#### Fully Fund GED Reimbursement

The Governor recommends fully funding the cost of taking the General Education Development (GED) once a year for any Minnesotan pursuing their High School Equivalency. 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	\$403	\$403	\$403
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#### College Entrance Exam Reimbursement Availability of Funds Extended

The Governor recommends extending the amount of time districts have to seek reimbursement for administering college entrance exams. This would allow the Minnesota Department of Education to finalize reimbursements to schools districts within a 28 month period rather than 24 months. This proposal would not increase appropriations for these activities, but would lower expected cancellations.

General	Expenditure	\$0	\$0	\$0	\$0
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**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Education**

**Standardized Testing Requirement Changes**

The Governor recommends eliminating the off-grade test questions and career and college readiness scores on the grades 3-8 math and reading Minnesota Comprehensive Assessment. This would create a one-time savings of \$15,000 in FY 2019, which would be reallocated to enhance data collection from districts and data reporting to the public.

General	Expenditure	\$0	\$0	\$0	\$0
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**Long-Term Facilities Maintenance Levy: Interdistrict Levy Burden Allocation**

The Governor recommends that districts participating in an agreement for secondary education or an interdistrict cooperation agreement be permitted to allocate Long-Term Facilities Maintenance (LTFM) revenue generated by indoor air quality, fire safety or asbestos projects between the districts participating in the agreement. This will allow the levy for needed safety projects to be equitably spread between the districts. There would be no change in total LTFM revenue, aid or levy, but the levy burden would be spread more equitably among the partners to an agreement.

General	Expenditure	\$0	\$0	\$0	\$0
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**Referendum/Local Optional Revenue Clarification**

The Governor recommends making the calculation of general education revenue simpler, more transparent, and more equitable by converting \$300 per pupil of referendum revenue to local optional revenue (LOR), making all districts statewide eligible for \$724 per pupil of LOR, and severing the current interactions between referendum revenue and LOR. All remaining referendum revenue would be voter approved. Simplification of referendum and LOR calculations would make general education funding simpler and more transparent with no impact on revenue aid or levy for any district.

General	Expenditure	\$0	\$0	\$0	\$0
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**Unused Regional Library Telecommunications Aid**

The Governor recommends amending Regional Library Telecom Aid (RLTA) to allow unexpended aid to be used to fund additional Telecom Equity Aid (TEA) projects. These funds would improve internet access at more public schools – increasing the total number of schools districts and charters schools with broadband access. This would lower expected cancellations by \$350,000 each biennium.

General	Expenditure	\$0	\$0	\$0	\$0
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2018                      2019                      2020                      2021

**Education**

**Total For: Education**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$35,918</b>	<b>\$58,125</b>	<b>\$63,239</b>
<b>Other Misc Special Revenue</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$51</b>	<b>\$8</b>	<b>\$8</b>
<b>Other Misc Special Revenue</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$51</b>	<b>\$8</b>	<b>\$8</b>

**Employment and Economic Development**

**Border-to-Border Broadband**

The Governor recommends one-time funding in FY 2019 for the Border-to-Border Broadband Development Grant Program, which funds the expansion of broadband service to areas of Minnesota that are unserved or underserved. This program provides grants for up to 50% of project development costs. This funding level is expected to expand broadband access to over 11,000 households, businesses, and community institutions. Three percent of this appropriation is reserved for program administration and broadband mapping.

General	Transfer Out	\$0	\$30,000	\$0	\$0
Other Misc Special Revenue	Transfer In	\$0	\$30,000	\$0	\$0
Other Misc Special Revenue	Expenditure	\$0	\$30,000	\$0	\$0

**Minnesota Investment Fund Language for a Paper Mill**

The Governor recommends one-time language to be added to the FY 2019 Minnesota Investment Fund (MIF) appropriation. This language sets aside \$2 million of the existing MIF appropriation for a paper mill in Duluth, assisting the plant to upgrade its facility and retain employees. This proposal is budget neutral.

General	Expenditure	\$0	\$0	\$0	\$0
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**Family Partnership**

The Governor recommends a onetime grant to the Family Partnership for the expansion of the facility. This project includes a new therapeutic early childhood education center, expanded children’s mental health services and earth science programs.

General	Expenditure	\$0	\$1,400	\$0	\$0
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**Family Tree Clinic**

The Governor recommends a onetime grant to the Family Tree Clinic, currently located in St. Paul. The clinic is seeking a new facility that will serve more patients, expand program offerings, and foster health equity across communities in the Twin Cities.

General	Expenditure	\$0	\$900	\$0	\$0
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**Employment and Economic Development**

**Tubman Center**

The Governor recommends a onetime grant to the Harriet Tubman Chrysalis Center to predesign and design the renovation of the South Minneapolis facility. Tubman provides shelter, legal services, counseling and education to nearly 25,000 people of all ages who have experienced relationship violence, sexual assault and exploitation, and elder abuse.

General	Expenditure	\$0	\$383	\$0	\$0
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**Total For: Employment and Economic Development**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$2,683</b>	<b>\$0</b>	<b>\$0</b>
<b>General</b>	<b>Transfer Out</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Misc Special Revenue</b>	<b>Transfer In</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Misc Special Revenue</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$0</b>	<b>\$0</b>

**Guardian ad Litem Board**

**Compliance with Federal and State Mandates**

The Governor recommends funding for an additional 45.5 positions to handle child protection and family court cases as mandated, but currently unfunded, by statute and court order.

General	Expenditure	\$0	\$3,667	\$4,000	\$4,000
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**Total For: Guardian ad Litem Board**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$3,667</b>	<b>\$4,000</b>	<b>\$4,000</b>
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**Health**

**Opioid Treatment and Prevention: Expanded Naloxone Access and Delivery**

The Governor recommends equipping all first responders with Naloxone kits. Funding will also be used to train first responders in Naloxone administration at the discretion of medical direction in coordination with regional directors of the Emergency Medical System. Naloxone is used to reverse the effects of an opioid overdose. This training will also include all law enforcement personnel and other first responders such as firefighters and prison and jail staff.

General	Expenditure	\$0	\$1,000	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$1,000	\$1,000

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#### Health

##### **Opioid Treatment and Prevention: Preventing Overdoses in American Indian Communities**

The Governor recommends grant funding to support overdose prevention programs in American Indian communities. Grants will be distributed among the eleven Tribal Nations and the urban American Indian population to strengthen American Indian culture around health and prevention, reduce adverse childhood experiences for American Indian youth, and build American Indian communities' ability to advocate for their own health.

General	Expenditure	\$0	\$4,000	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$4,000	\$4,000

##### **Opioid Treatment and Prevention: Community Prevention Action Teams**

The Governor recommends funding local community prevention action teams (CPATs) that will identify approaches to understanding the root causes of preventable deaths and work towards reducing nonfatal hospitalizations and fatalities by including representatives from high risk populations. Additionally, the CPAT process will identify program and policy opportunities for preventing opioid abuse.

General	Expenditure	\$0	\$1,000	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$1,000	\$1,000

##### **Senior and Vulnerable Adult Protection: Address Elder Abuse in Minnesota Long-Term Care Settings**

The Governor recommends funding to fix the systems that are vital to prevent elder and other vulnerable adult abuse in Minnesota. This proposal would implement an assisted living licensure system for health care facilities and strengthen the inspection and investigative processes through the Office of Health Facility Complaints. Additionally, the rights of older and vulnerable adults and their families will be strengthened and expanded. These recommendations are built on those of the independent work group AARP Minnesota as well as the Minnesota Office of the Legislative Auditor.

General	Expenditure	\$0	\$5,188	\$5,157	\$2,072
State Government Special Rev	Revenue	\$0	\$0	\$6,275	\$9,300
State Government Special Rev	Expenditure	\$0	\$1,557	\$4,715	\$9,303

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#### Health

##### Safe Drinking Water

The Governor recommends funding for drinking water protection activities from the state government special revenue fund. This proposal will support activities that protect Minnesota's public drinking water supplies providing 24-hour/365-day emergency response services to public water suppliers for drinking water system emergencies including contamination events, enhanced electronic data transfers capabilities and support, and increased monitoring and technical assistance to public water suppliers and the public. An annual fee of \$9.72 per household is recommended to offset the costs of these safe drinking water activities.

State Government Special Rev	Revenue	\$0	\$2,117	\$4,234	\$4,234
State Government Special Rev	Expenditure	\$0	\$2,117	\$4,234	\$4,234

##### Medical Cannabis Operations

The Governor recommends increasing the operating budget for the Medical Cannabis program due to the increase in patient volume from 1,520 in 2015 to 8,358 in 2018. The program is expected to have 26,000 registered clients by end of FY 2021. Unlike many states, Minnesota operates a highly regulated, pharmaceutical quality program of inspection, testing and oversight of its manufacturers. These regulatory requirements require funding for Minnesota's 24/7 patient registry, regulatory staff, and a busy call center.

State Government Special Rev	Expenditure	\$0	\$1,259	\$1,759	\$2,259
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##### Health Plan Certification Review

The Governor recommends funding for certification reviews of health care provider networks, accreditation standards, and quality improvement strategies for all carriers and plans, both on and off the exchanges. The funding also supports the review of forms and coverage for Health Maintenance Organizations regulated products.

General	Expenditure	\$0	\$326	\$326	\$326
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##### Capital Laboratory Equipment

The Governor recommends onetime funding for the purchase of new equipment for the agency's Public Health Lab that has reached the end of its useful life. 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.

General	Expenditure	\$0	\$2,327	\$0	\$0
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<b>Health</b>					
<b>Total For: Health</b>					
<b>General</b>	<b>Expenditure</b>	\$0	\$13,841	\$5,483	\$2,398
<b>Opioid Stewardship</b>	<b>Expenditure</b>	\$0	\$0	\$6,000	\$6,000
<b>State Government Special Rev</b>	<b>Revenue</b>	\$0	\$2,117	\$10,509	\$13,534
<b>State Government Special Rev</b>	<b>Expenditure</b>	\$0	\$4,933	\$10,708	\$15,796

### Higher Education, Office of

#### Minnesota Reconnect (Adult Promise) Program

The Governor recommends \$1.364 in FY 2019 and \$1.169 million in FY 2020 to fund a new pilot program, Minnesota Reconnect (Adult Promise), which includes reallocating \$1 million in unexpended funds from the Minnesota State Two-Year Occupational Grant Pilot Program. Minnesota Reconnect is a two-year program that targets 500 former students aged 25-44 who have completed 50% or more of a certificate or degree program in order to facilitate re-enrollment in college and certificate/degree completion.

General	Expenditure	(\$1,000)	\$1,364	\$1,169	\$0
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#### Minnesota State Grant

The Governor recommends allowing the Minnesota State Grant to fill in for unawarded Pell Grants. This would increase award amounts for students, such as Minnesota DREAMers, who financially qualify for a Pell Grant but are not receiving one because they do not meet program eligibility requirements.

General	Expenditure	\$0	\$1,100	\$1,100	\$1,100
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#### Spinal Cord Injury and Traumatic Brain Injury Special Revenue Fund Created

The Governor recommends transferring Spinal Cord Injury and Traumatic Brain Injury grant program appropriations to the special revenue fund. By transferring these dollars to the special revenue fund, grant recipients would have more time to execute research projects. This would not increase appropriations for these activities, but would eliminate cancellations.

General	Expenditure	\$0	(\$3,000)	(\$3,000)	(\$3,000)
General	Transfer Out	\$0	\$3,000	\$3,000	\$3,000
Other Misc Special Revenue	Transfer In	\$0	\$3,000	\$3,000	\$3,000
Other Misc Special Revenue	Expenditure	\$0	\$3,000	\$3,000	\$3,000

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**Higher Education, Office of**

**Amend Transfer Language**

The Governor recommends adding the following programs to the transfer authority language currently in law: Intervention for College Attendance Grants, Summer Academic Enrichment Program, and Student and Parent Information. This would allow the Office of Higher Education to transfer unencumbered balances in non-financial aid and administrative appropriations to these programs.

General	Expenditure	\$0	\$0	\$0	\$0
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**Total For: Higher Education, Office of**

<b>General</b>	<b>Expenditure</b>	<b>(\$1,000)</b>	<b>(\$536)</b>	<b>(\$731)</b>	<b>(\$1,900)</b>
<b>General</b>	<b>Transfer Out</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>
<b>Other Misc Special Revenue</b>	<b>Transfer In</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>
<b>Other Misc Special Revenue</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$3,000</b>	<b>\$3,000</b>	<b>\$3,000</b>

**Housing Finance**

**Homework Starts with Home**

The Governor recommends continuing and increasing funding for the Homework Starts with Home initiative to make the program ongoing and expand the program to 500 more families – including 1,000 children – each biennium. Homework Starts with Home provides housing assistance and collaborative responses for families with school-aged children that lack housing stability. By providing this stability, the program’s goal is to result in school success for participating students.

General	Transfer Out	\$0	\$4,000	\$4,000	\$4,000
Housing Finance Agency	Transfer In	\$0	\$4,000	\$4,000	\$4,000
Housing Finance Agency	Expenditure	\$0	\$4,000	\$4,000	\$4,000

**Manufactured Home Relocation Trust Fund**

The Governor recommends increasing the maximum level of the Manufactured Home Relocation Trust Fund from \$1 million to \$3 million in order to ensure that resources are available to owners of manufactured homes with relocation expenses in the event that their manufactured home park closes. The first year that the Trust Fund assessment will be collected as a result of this change is anticipated to be FY 2021.

Housing Finance Agency	Revenue	\$0	\$0	\$0	\$400
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**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

2018                      2019                      2020                      2021

**Housing Finance**

**Total For: Housing Finance**

General	Transfer Out	\$0	\$4,000	\$4,000	\$4,000
Housing Finance Agency	Revenue	\$0	\$0	\$0	\$400
Housing Finance Agency	Transfer In	\$0	\$4,000	\$4,000	\$4,000
Housing Finance Agency	Expenditure	\$0	\$4,000	\$4,000	\$4,000

**Human Services**

**Opioid Treatment and Prevention: Improve Response to Opioid Crisis Through Local Community Integration**

The Governor recommends funding to local communities to improve local coordination to fight the opioid crisis. This proposal would provide grants to approximately 20 communities. Grantees would focus on improving services around one of several areas, including care to pregnant women with opioid abuse disorders, chronic pain management, integrated care for individuals in the criminal justice system, and early access to medication-assisted treatment.

General	Expenditure	\$0	\$2,089	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$2,099	\$2,099

**Opioid Treatment and Prevention: Prevent Inappropriate Access to Controlled Substances**

The Governor recommends improvements to the Prescription Monitoring Program (PMP) and additional staff to enforce existing state law that prohibits pharmacies from dispensing controlled substances for cash to Medical Assistance (MA) and MinnesotaCare enrollees. Some patients with opioid use disorder or other substance use disorders use cash payment for prescriptions as a way to obtain an unsafe quantity of prescription drugs. The proposal adopts a model used in other states that would help identify any instances of pharmacies accepting cash payments from MA or MinnesotaCare enrollees for controlled substance prescription.

General	Expenditure	\$0	\$204	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$183	\$183

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Human Services**

**Opioid Treatment and Prevention: Increase Access to Substance Use Disorder Treatment**

The Governor recommends funding for screenings to improve timely access treatment for people with opioid use disorders and other substance use disorders. These services are funded through the state’s chemical dependency treatment program and medical assistance. This proposal would allow individuals to access a limited amount of treatment while a more comprehensive assessment of their needs is underway.

General	Transfer In	\$0	\$0	\$8	\$14
General	Expenditure	\$0	\$8	\$8	\$14
Opioid Stewardship	Transfer Out	\$0	\$0	\$8	\$14

**Offer MinnesotaCare Buy-In on Individual Market**

The Governor recommends creating a health insurance product based on the MinnesotaCare program to be sold on the individual market beginning in calendar year 2020. This product will offer consumers similar benefits and networks as the standard MinnesotaCare program. The cost of this proposal reflects the funding needed to implement and administer the program before any enrollee premiums are received. The proposal also establishes a reserve to support the program to provide cash flow, coverage, and claims and liabilities for the program.

General	Transfer Out	\$0	\$0	\$58,391	\$0
MinnesotaCare Buy-In	Transfer In	\$0	\$0	\$100,000	\$0
Health Care Access	Expenditure	\$0	\$2,691	\$10,234	\$0

**Safe and Secure Schools: Expand School-Linked Mental Health Grants**

The Governor recommends funding to expand school-linked mental health grants. These grants are awarded to community mental health providers who partner with schools to provide services to students. These resources would help improve access to mental health care for children and youth who are uninsured or underinsured.

General	Expenditure	\$0	\$5,223	\$5,248	\$5,248
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**Senior and Vulnerable Adult Protection: Increase Advocacy, Investigation and Communication Infrastructure**

The Governor recommends strengthening protections and rights for seniors and vulnerable adults by increasing capacity in the Office of Ombudsman for Long-Term Care and the Office of Inspector General, investing in infrastructure to facilitate increased reporting and communications with families, and granting county aid for protection activities. This is based on recommendations from an independent work group convened by AARP Minnesota.

General	Expenditure	\$289	\$6,583	\$7,361	\$7,311
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

2018                      2019                      2020                      2021

#### Human Services

##### Restructure Chemical Dependency Operating Funding

The Governor recommends moving funding for the Alcohol and Drug Abuse Division from the special revenue fund to the general fund. This would increase transparency and improve the Department of Human Service's ability to manage its administrative budget. Current funding for the division would be redirected to pay for chemical dependency treatment costs and would reduce general fund spending for those services.

General	Expenditure	\$0	(\$8,790)	(\$4,287)	(\$4,340)
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##### Clarify Duplicative Inflation in Disability Waiver Rate System

The Governor recommends aligning state statute with federal requirements for rates paid under the Disability Waiver Rate System.

General	Expenditure	\$0	\$0	\$0	\$0
Federal	Expenditure	\$0	\$0	\$0	\$0

##### Repeal Provider Tax Sunset

The Governor recommends repealing the sunset on the two percent taxes on hospitals, ambulatory surgical centers, providers and wholesale drug distributors. Provider taxes are deposited into the health care access fund, a fund that supports spending for Medical Assistance, MinnesotaCare, and other health care-related programs. Under current law, these taxes will expire on December 31, 2019. This change would restore structural balance to the health care access fund. This proposal increases spending through Medical Assistance and MinnesotaCare, which reimburse providers for the cost of the provider tax through a rate increase. The Governor also recommends transferring \$41 million from the health care access fund to the general fund to offset the cost of reinstating the tax.

General	Transfer In	\$0	\$0	\$12,073	\$29,002
General	Expenditure	\$0	\$0	\$12,073	\$29,002
Health Care Access	Expenditure	\$0	\$0	\$101	\$268
Health Care Access	Transfer Out	\$0	\$0	\$12,073	\$29,002

##### Increase Investment in Child Care Assistance Program

The Governor recommends increasing investments in the Child Care Assistance Program (CCAP) to support family stability and improve the school readiness of children served in child care settings across the state. It allows families to maintain eligibility for 12-month period, makes child care available to more homeless children and ensures children are cared for in a safe, nurturing environment.

General	Expenditure	\$0	\$2,523	\$7,191	\$7,702
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

2018                      2019                      2020                      2021

#### Human Services

##### Maintain Annual Fee for Families Receiving Child Support

The Governor recommends not increasing fees on families that receive child support payments. Federal law requires states to increase the fee from \$25 per year to \$35 per year by October 1, 2018. This recommendation includes funding to backfill the loss of federal revenues as a result.

General	Expenditure	\$0	\$382	\$382	\$382
Federal	Revenue	\$0	(\$382)	(\$382)	(\$382)

##### Improve Nonemergency Medical Transportation Program Integrity

The Governor recommends new program integrity provisions in the nonemergency medical transportation (NEMT) program. A 2017 federal audit found that over 75% of NEMT trips did not comply with state and/or federal law. The proposal funds a contract with an outside vendor to audit nonemergency medical transportation providers to ensure they are complying with state and federal standards.

General	Expenditure	\$0	\$60	(\$846)	(\$920)
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##### Rate Increase for Personal Care Assistance and Self-Directed Programs

The Governor recommends increasing rates for personal care assistance and self-directed programs by 1.69% effective July 1, 2018. He also recommends \$1.92 million in fiscal year 2019 for training and other investments needed.

General	Expenditure	\$0	\$12,000	\$12,180	\$11,820
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#### Total For: Human Services

General	Transfer In	\$0	\$0	\$12,081	\$29,016
General	Expenditure	\$289	\$20,282	\$39,310	\$56,219
General	Transfer Out	\$0	\$0	\$58,391	\$0
Federal	Revenue	\$0	(\$382)	(\$382)	(\$382)
Federal	Expenditure	\$0	\$0	\$0	\$0
MinnesotaCare Buy-In	Transfer In	\$0	\$0	\$100,000	\$0
Health Care Access	Expenditure	\$0	\$2,691	\$10,335	\$268
Opioid Stewardship	Expenditure	\$0	\$0	\$2,282	\$2,282
Health Care Access	Transfer Out	\$0	\$0	\$12,073	\$29,002
Opioid Stewardship	Transfer Out	\$0	\$0	\$8	\$14

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Indian Affairs Council**

**Private Cemeteries Act Update**

The Governor recommends amending M.S. 307.08 to require the Council of Indian Affairs to conduct American Indian cemetery condition assessments within 90 days and to review construction and development plans for projects within 300 feet of known or suspected American Indian cemeteries and other American Indian historic or cultural sites. The recommendation includes funding for two additional staff to assist with cemetery assessments and development plan reviews, and to allow the Council to work more closely with the Office of the State Archaeologist.

General	Expenditure	\$0	\$200	\$200	\$200
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**Total For: Indian Affairs Council**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>	<b>\$200</b>
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**Labor and Industry**

**Occupational Safety and Health Administration Penalty Conformance**

The Governor recommends increasing Minnesota Occupational Safety and Health Administration (OSHA) penalties for serious, willful, and repeat violations of workplace safety standards and tying future penalties to the Consumer Price Index to conform to federal law, which is anticipated to increase non-dedicated Workers Compensation Fund revenue.

Workers Compensation	Revenue	\$0	\$100	\$100	\$100
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**Wage Theft Prevention**

The Governor recommends strengthening state laws in order to better prevent wage theft, including increasing penalties for employers who commit wage theft or fail to keep employment records from \$1 thousand to \$10 thousand, and establishing a penalty of up to \$1 thousand for employers who fail to pay final wages. This proposal is anticipated to increase non-dedicated General Fund revenue.

General	Revenue	\$0	\$172	\$172	\$172
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**Total For: Labor and Industry**

<b>General</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$172</b>	<b>\$172</b>	<b>\$172</b>
<b>Workers Compensation</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

		2018	2019	2020	2021
<b>Management and Budget</b>					
<b>Reallocate Premium Subsidy Funding to MinnesotaCare Buy-In Reserve</b>					
General	Expenditure	(\$58,391)	\$0	\$0	\$0
<b>Sexual Harassment Prevention</b>					
<p>The Governor recommends funding for MMB to implement the recommendations of the January 2018 Sexual Harassment Prevention Policy and Procedures Report. The funds will be used to create an independent office for reporting complaints and investigating allegations of sexual harassment, expand training and reporting options at state agencies, conduct ongoing audits of agency policies and procedures, and recruit and retain more diverse senior leaders and managers.</p>					
General	Expenditure	\$0	\$6,364	\$3,625	\$3,655
<b>Total For: Management and Budget</b>					
<b>General</b>	<b>Expenditure</b>	<b>(\$58,391)</b>	<b>\$6,364</b>	<b>\$3,625</b>	<b>\$3,655</b>

**Minnesota State**

**ISRS Next Generation Data System**

The Governor recommends \$8.5 million each fiscal year through FY 2024 to support the replacement of Minnesota State's outdated, 20-year old enterprise data system, Integrated Statewide Record System (ISRS). The development and implementation of ISRS Next Generation is a multi-year technology infrastructure project.

General	Expenditure	\$0	\$8,500	\$8,500	\$8,500
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**Campus Support**

The Governor recommends \$10 million in one-time funding to offset inflationary operating cost increases in FY 2019 at Minnesota State. This additional funding will allow Minnesota State to maintain the planned tuition rates for the 2019-2020 academic year without reducing services.

General	Expenditure	\$0	\$10,000	\$0	\$0
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**Total For: Minnesota State**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$18,500</b>	<b>\$8,500</b>	<b>\$8,500</b>
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

		2018	2019	2020	2021
<b>MMB Non-operating</b>					
<b>Debt Service on Governor's 2018 Capital Investment Bill</b>					
The Governor recommends funding to cover debt service costs necessary to fund the projects included in his 2018 capital investment recommendations.					
General	Transfer Out	\$0	\$11,029	\$29,913	\$52,822
<b>Total For: MMB Non-operating</b>					
<b>General</b>	<b>Transfer Out</b>	<b>\$0</b>	<b>\$11,029</b>	<b>\$29,913</b>	<b>\$52,822</b>

### MN.IT Services

#### Securing the State

The Governor recommends funding to safeguard the state from cyber-attacks. With this funding, MNIT will consolidate and secure its data centers, conduct ongoing security risk assessments, and deploy tools to detect security gaps and mitigate risk of attacks.

General	Expenditure	\$0	\$19,681	\$5,931	\$5,931
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#### Total For: MN.IT Services

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$19,681</b>	<b>\$5,931</b>	<b>\$5,931</b>
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### Natural Resources

#### Emergency Fund for Cervid Disease Response

The Governor recommends onetime funding for an emergency response to slow the spread of chronic wasting disease, which will include surveillance and ecology research. This response is critical to prevent a broader outbreak and ensure the disease does not decimate wild cervid (deer, elk, and moose) populations.

General	Expenditure	\$0	\$1,560	\$0	\$0
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#### Environmental Research Relating to Mine Permitting

The Governor recommends appropriating funds to continue an applied research program studying the environmental effects of mining. The results and conclusions of the reports and papers will be used to inform environmental review and permit decisions related to mine proposals.

Mineral Management	Expenditure	\$0	\$319	\$319	\$319
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

2018                      2019                      2020                      2021

### Natural Resources

#### Forest Inventory

The Governor recommends strengthening forest inventory data collection and analysis. These funds will allow the Department of Natural Resources (DNR) to inventory 100,000 acres of forest annually. With an improved forest inventory, the DNR will more accurately assess forest conditions and reliably predict harvest volumes.

General	Expenditure	\$0	\$1,000	\$1,000	\$1,000
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#### Forests for the Future Program

The Governor recommends protecting up to 1,000 acres of private forest parcels using permanent working forest conservation easements and fee title acquisitions. These parcels provide bank stability, support habitat and recreational opportunities, and protect the water quality of lakes, rivers, and streams.

Clean Water Fund	Expenditure	\$0	\$1,000	\$0	\$0
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#### Lands Bill

The Governor recommends authorizing specific state land sales in Chisago, Mahnommen, Rice, and St. Louis counties and grants of specific no-fee easements to local units of government in Otter Tail and Sherburne counties.

Land Aquisition	Revenue	\$0	\$61	\$0	\$0
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#### Total For: Natural Resources

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$2,560</b>	<b>\$1,000</b>	<b>\$1,000</b>
<b>Clean Water Fund</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Land Aquisition</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$61</b>	<b>\$0</b>	<b>\$0</b>
<b>Mineral Management</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$319</b>	<b>\$319</b>	<b>\$319</b>

### Peace Officer Standards and Training Board

#### General Fund Supplement to Cover Dedicated Funding Shortage

The Governor recommends a one-time general fund supplement to cover a projected shortage of dedicated revenues from the criminal/traffic surcharge providing the primary funding source for the Board.

General	Expenditure	\$0	\$125	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	(\$125)	\$0	\$0

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

2018                      2019                      2020                      2021

**Peace Officer Standards and Training Board**

**Total For: Peace Officer Standards and Training Board**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$125</b>	<b>\$0</b>	<b>\$0</b>
<b>Restricted Misc Special Rev</b>	<b>Expenditure</b>	<b>\$0</b>	<b>(\$125)</b>	<b>\$0</b>	<b>\$0</b>

**Perpich Center for Arts Education**

**Perpich Technology Upgrades**

The Governor recommends reducing a prior appropriation to Perpich that will not be spent and reallocating \$600,000 to Perpich to invest in technology updates. This would fund the first of a five year technology plan for the agency. This funding would upgrade staff computers, classroom instructional technology, WIFI access across the campus, video conferencing, as well as pay for additional software licensing. Perpich estimates that at least \$600,000 of the 2018 appropriation to pay severance costs for teachers at Crosswinds can not be used.

General	Expenditure	(\$600)	\$600	\$0	\$0
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**Total For: Perpich Center for Arts Education**

<b>General</b>	<b>Expenditure</b>	<b>(\$600)</b>	<b>\$600</b>	<b>\$0</b>	<b>\$0</b>
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**Pharmacy, Board of**

**Opioid Treatment and Prevention: Improve and Enhance the Prescription Monitoring Program (PMP)**

The Governor recommends funding to improve and continue operation of the Prescription Monitoring Program (PMP) system which aids in the prevention of over-prescription of opioids. The transfer to a new platform will enhance the PMP's capabilities. Additionally, grants will be given to institutions that want to integrate their electronic health records with the PMP system.

General	Expenditure	\$0	\$1,029	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$1,279	\$1,526

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Pharmacy, Board of**

**Opioid Treatment and Prevention: Opioid Stewardship Fee**

The Governor recommends establishing an opiate stewardship program which will place an annual fee on opiate manufacturers in order to fund efforts related to prevention, treatment, and mitigation of the impact of opioid abuse in Minnesota. This fee will allow the Board of Pharmacy to collect information about units of opioids distributed and charge a fee per unit at the wholesale level. Funding will also be used for staffing and to support technology needs for the administration of the stewardship fee.

General	Expenditure	\$0	\$1,354	\$0	\$0
Opioid Stewardship	Revenue	\$0	\$0	\$19,200	\$19,200
Opioid Stewardship	Expenditure	\$0	\$0	\$965	\$965

**Total For: Pharmacy, Board of**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$2,383</b>	<b>\$0</b>	<b>\$0</b>
<b>Opioid Stewardship</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,200</b>	<b>\$19,200</b>
<b>Opioid Stewardship</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,244</b>	<b>\$2,491</b>

**Public Safety - Public Safety**

**Opioid Treatment and Prevention: Increase Capacity at BCA to Support Local Law Enforcement and the Criminal Justice System**

The Governor recommends funding to increase the number of drug scientists at the BCA drug chemistry lab to reduce turnaround time for drug evidence examinations and increase the number of BCA drug investigators to support tribal nations and DEA prescription diversion efforts. The proposal supports 9 FTEs.

General	Expenditure	\$0	\$1,432	\$0	\$0
Opioid Stewardship	Expenditure	\$0	\$0	\$1,154	\$1,154

**Total For: Public Safety - Public Safety**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$1,432</b>	<b>\$0</b>	<b>\$0</b>
<b>Opioid Stewardship</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,154</b>	<b>\$1,154</b>

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Public Safety - Transportation**

**Deputy Registrar Reimbursement**

The Governor recommends one-time funding to reimburse Deputy Registrars for actual additional costs incurred due to the implementation of MNLARS.

General	Expenditure	\$0	\$10,000	\$0	\$0
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**DVS Public Information Center**

The Governor recommends funding to support the Driver and Vehicle Services Public Information Center (PIC). Currently, approximately 40% of calls are answered by the PIC. To improve the quality of customer service, the proposal would fund 63 permanent staff who will enable the department to meet the steady volume of citizen calls and e-mails.

General	Expenditure	\$0	\$7,296	\$0	\$0
Restricted Misc Special Rev	Expenditure	\$0	\$0	\$5,973	\$4,783

**MNLARS IT**

The Governor recommends funding for the Minnesota License and Registration System (MNLARS). The proposal includes \$10M in FY18 from the special revenue fund to continue work in the current year on the MNLARS project roadmap. The proposal also includes a \$2 technology fee on transactions beginning in FY19 to support fixes of the MNLARS system and provide ongoing maintenance and support to both the driver and vehicle systems. The proposal also includes a one-time general fund appropriation of \$10.76M in FY19.

General	Expenditure	\$0	\$10,763	\$0	\$0
Restricted Misc Special Rev	Revenue	\$0	\$14,667	\$16,000	\$16,000
Restricted Misc Special Rev	Expenditure	\$10,000	\$14,667	\$15,200	\$11,350

**Total For: Public Safety - Transportation**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$28,059</b>	<b>\$0</b>	<b>\$0</b>
<b>Restricted Misc Special Rev</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$14,667</b>	<b>\$16,000</b>	<b>\$16,000</b>
<b>Restricted Misc Special Rev</b>	<b>Expenditure</b>	<b>\$10,000</b>	<b>\$14,667</b>	<b>\$21,173</b>	<b>\$16,133</b>

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Secretary of State**

**Election Cybersecurity**

The Governor recommends funding for election cybersecurity upgrades and to modernize Minnesota’s Statewide Voter Registration System (SVRS). This funding will allow the Secretary of State to implement recommendations from the U.S. Department of Homeland Security for modernizing election security ahead of the 2018 general election and overhaul the SVRS over the course of four years.

General	Expenditure	\$0	\$381	\$361	\$380
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**Total For: Secretary of State**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$381</b>	<b>\$361</b>	<b>\$380</b>
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**Statewide Agency**

**Pension Sustainability**

The Governor recommends funding for public pension sustainability measures. This proposal provides appropriations to state executive, judicial, and legislative branch agencies to offset employer contribution rate increases in Minnesota State Retirement System (MSRS) and Teachers Retirement Association (TRA) plans, pension adjustment formula aid to school districts to offset employer contribution rate increases in TRA and St. Paul Teachers' Retirement Fund Association (SPTRFA) plans, and direct aid to SPTRFA and the Public Employees Retirement Association (PERA) – Police and Fire Fund. These funding components are part of a comprehensive proposal to improve the funding trajectories of Minnesota’s public pension funds.

General	Revenue	\$0	\$132	\$258	\$340
General	Expenditure	\$0	\$27,336	\$47,160	\$67,037

**Total For: Statewide Agency**

<b>General</b>	<b>Revenue</b>	<b>\$0</b>	<b>\$132</b>	<b>\$258</b>	<b>\$340</b>
<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$27,336</b>	<b>\$47,160</b>	<b>\$67,037</b>

**Supreme Court**

**Safe and Secure Courthouse Grants**

The Governor recommends one-time funding of \$1 million to continue the Safe and Secure Courthouse Grants that were originally funded in FY 2017. The funds would be distributed to counties on a matching basis to fund a variety of courthouse security improvements.

General	Expenditure	\$0	\$1,000	\$0	\$0
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

2018                      2019                      2020                      2021

#### Supreme Court

##### Transfer Funding Responsibility for Judicial Appeal Panel Expenses from DHS to the Judicial Branch

The Governor recommends funding to cover the Judicial Appeal Panel expenses for reduction in custody hearings for indeterminately committed individuals. The Department of Human Services would remain responsible for expenses for attorneys, examiners, and transportation. These hearings are required by law and have not been fully funded.

General	Expenditure	\$0	\$840	\$840	\$840
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#### Total For: Supreme Court

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$1,840</b>	<b>\$840</b>	<b>\$840</b>
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#### Tax Aids, Credits and Refunds

##### State General Levy Inflation Reinstated

The Governor recommends reinstating the state general levy inflator. This levy affects commercial and industrial property as well as seasonal residential recreational property. This provision is effective beginning with taxes payable in 2019.

General	Revenue	\$0	\$12,140	\$32,970	\$56,640
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##### Restore Tobacco Tax Inflator and Restore Premium Cigar Tax

The Governor recommends restoring the cigarette and moist snuff tax indexing to ensure that the tax keeps up with the pace of inflation. This proposal also restores the maximum tax on premium cigars to its previous level of \$3.50 per cigar. These tobacco tax provisions are effective July 1, 2018.

General	Revenue	\$0	\$3,210	\$9,660	\$15,890
Arts & Cultural Heritage Fund	Revenue	\$0	\$0	\$0	\$2
Clean Water Fund	Revenue	\$0	\$0	\$0	\$3
Outdoor Heritage Fund	Revenue	\$0	\$0	\$0	\$3
Parks And Trails Fund	Revenue	\$0	\$0	\$0	\$1

##### Freeze Estate Tax Exclusion at \$2.4 million

The Governor recommends freezing the estate tax exclusion amount at \$2.4 million, the amount the exclusion is set at in 2018. The small business and farm property estate tax subtractions would remain at \$2.6 million to ensure that the \$5 million exclusion under current law would remain in place.

General	Revenue	\$0	\$0	\$11,500	\$27,100
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

2018                      2019                      2020                      2021

#### Tax Aids, Credits and Refunds

##### Minnesota Response to the 2017 Federal Tax Bill

The Governor recommends Minnesota respond to the 2017 federal tax bill by separating our state income tax system from the federal government's, giving Minnesota more control over the fairness of our taxes and the stability of our revenues. This proposal moves Minnesota away from using federal taxable income, replacing it with federal adjusted gross income. Minnesotans would keep their current standard deduction and personal and dependent exemptions for state tax purposes. This proposal will maintain existing tax benefits for Minnesota that are available under current Minnesota law, including charitable contribution deductions, unreimbursed employee expense deductions, and casualty losses, among others. This proposal would also introduce a new \$60 non-refundable tax credit per each individual on a taxpayer's return, giving 1.9 million returns an average of \$117 in tax relief. The proposal recommends conforming to many of the changes for business taxes in the 2017 federal tax bill, including Section 179 with no "add-back," bonus depreciation expansion with 80% addback, and accounting method options, among others. The proposal does not recommend conformity to the repeal of the corporate AMT, the estate tax exclusion increase, or the 20% deduction for pass-through income. The Governor also recommends updating Minnesota's tax code to the internal revenue code changes in the enactment of the Bipartisan Budget Act of February 2018 to extend relief to thousands of Minnesota families who take deductions for tuition, mortgage insurance premiums, and mortgage debt forgiveness.

General	Revenue	(\$40,330)	\$98,875	\$120,020	\$150,035
General	Expenditure	\$97	\$3,054	\$1,631	\$1,447

##### Expand the Working Family Tax Credit

The Governor recommends expanding the Working Family Credit. This expansion would allow the maximum credit at lower income levels, provide access to 21 through 24 year-olds a year sooner than current law, and increase the maximum credit for families with three or more children to better match the earned income tax credit at the federal level. This proposal increases the Working Family Credit for 329,000 taxpayers. On average qualifying families would save an additional \$160 per year.

General	Revenue	\$0	(\$52,100)	(\$50,300)	(\$51,300)
General	Expenditure	\$0	\$276	\$428	\$428

##### Homestead Classification - Allow ITIN

The Governor recommends allowing property owners to qualify for homestead classification by providing an Individual Taxpayer Identification Number (ITIN) to an assessor. The Internal Revenue Service issues ITINs in lieu of Social Security numbers to some immigrants who are required to file a federal tax return. This property tax change is effective for applications for homestead filed in 2018 and thereafter.

General	Expenditure	\$0	\$0	\$1,100	\$1,100
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**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Tax Aids, Credits and Refunds**

**Senior Property Tax Deferral Enhancement**

The Governor recommends amending the Senior Citizen Property Tax Deferral Program to lower the owner/occupancy requirements from 15 years to 5 years and to move the application date deadline from July 1 to November 1. These changes would let more Minnesotans participate in the Senior Citizen Property Tax Deferral Program and make it more affordable for them to stay in their homes.

General	Revenue	\$0	\$0	(\$170)	(\$250)
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**Angel Tax Credit**

The Governor recommends one-time funding in fiscal year 2019 for the Angel Tax Credit Program to fund calendar year 2018. The program provides a 25 percent credit to investors or investment funds that put money into startup companies focused on high technology, new proprietary technology, or a new proprietary product, process, or service in specified fields.

General	Revenue	\$0	(\$10,000)	\$0	\$0
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**Modify Data Center Exemption**

The Governor recommends the sales tax exemption for computer software used in a qualified data center be limited to computer software that exclusively operates, maintains, or monitors the enterprise information technology equipment used at the data center. The limitation does not apply to new data centers with a minimum investment of over \$200 million within 48 months. This proposal is effective for purchases made after June 30, 2018.

General	Revenue	\$0	\$6,600	\$35,800	\$32,200
Arts & Cultural Heritage Fund	Revenue	\$0	\$79	\$415	\$375
Clean Water Fund	Revenue	\$0	\$132	\$693	\$627
Outdoor Heritage Fund	Revenue	\$0	\$132	\$693	\$627
Parks And Trails Fund	Revenue	\$0	\$57	\$299	\$271

**Corporate Tax Reform**

The Governor recommends reforming corporate taxes to end advantageous tax breaks for certain types of businesses, level the playing field for certain business transactions, and simplify corporate taxes by clarifying current laws. This package includes six individual proposals, effective for tax year 2018 and after.

General	Revenue	\$0	\$5,500	\$8,900	\$13,600
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**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Tax Aids, Credits and Refunds**

**Tobacco Products Tax Changes**

The Governor recommends enacting a set of proposals to reduce tobacco tax evasion by some taxpayers, create fairness among those who sell similar tobacco products, and improve public health by reducing access to cheap tobacco (particularly among youth). This recommendation would reduce contraband tobacco products in Minnesota by standardizing the taxation of vapor products; establishing a process whereby the department can revoke a retailer's cigarette or tobacco license; requiring tax stamps be placed on other tobacco products similar to the cigarette tax stamp; expanding invoice retention requirements for cigarette and tobacco products and creating civil penalties for violations; increasing the license fees for cigarette and tobacco distributors and subjobbers, effective for tax years beginning after December 31, 2018; and providing the department greater authority to refuse to issue or renew a distributor or subjobber license.

General	Revenue	\$0	\$891	\$2,211	\$2,182
General	Expenditure	\$0	\$417	\$462	\$425
Arts & Cultural Heritage Fund	Revenue	\$0	(\$2)	(\$4)	(\$4)
Clean Water Fund	Revenue	\$0	(\$3)	(\$7)	(\$7)
Outdoor Heritage Fund	Revenue	\$0	(\$3)	(\$7)	(\$7)
Parks And Trails Fund	Revenue	\$0	(\$1)	(\$3)	(\$3)

**Repeal Sunset of the Provider Tax**

The Governor recommends repealing the sunset on the two percent taxes on hospitals, ambulatory surgical centers, health care providers, and wholesale drug distributors. Provider taxes are deposited into the health care access fund, a fund that supports spending for Medical Assistance, MinnesotaCare, and other health care-related programs. Under current law, these taxes will expire on December 31, 2019. This change would restore structural balance to the health care access fund. This proposal increases spending through Medical Assistance and MinnesotaCare, which reimburse providers for the cost of the provider tax through a rate increase. The Governor also recommends transferring \$41 million from the health care access fund to the general fund to offset the cost of reinstating the tax.

Health Care Access	Revenue	\$0	\$0	\$250,866	\$747,913
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## Governor's FY 2018 - 19 Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

	2018	2019	2020	2021
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#### **Total For: Tax Aids, Credits and Refunds**

General	Revenue	(\$40,330)	\$65,116	\$170,591	\$246,097
General	Expenditure	\$97	\$3,747	\$3,621	\$3,400
Arts & Cultural Heritage Fund	Revenue	\$0	\$77	\$411	\$373
Clean Water Fund	Revenue	\$0	\$129	\$686	\$623
Health Care Access	Revenue	\$0	\$0	\$250,866	\$747,913
Outdoor Heritage Fund	Revenue	\$0	\$129	\$686	\$623
Parks And Trails Fund	Revenue	\$0	\$56	\$296	\$269

## Transportation

### **Debt Service on Governor's 2018 Capital Investment Bill**

The Governor recommends funding to cover the debt service costs necessary to fund the Department of Transportation's Facilities Capital Program included in his 2018 capital investment recommendations.

Trunk Highway	Transfer Out	\$0	\$371	\$1,791	\$3,097
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### **Highway 53**

The Governor recommends a onetime grant to the city of Virginia to repay loans the city incurred for costs related to utility relocation for the Highway 53 project.

General	Expenditure	\$0	\$5,400	\$0	\$0
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### **Northstar St. Cloud Extension Study**

The Governor recommends one-time funding to study the extension of the Northstar commuter rail line from Big Lake to St. Cloud. The funding would allow MnDOT to hire a consultant to conduct a feasibility study and oversee the work.

General	Expenditure	\$0	\$850	\$0	\$0
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### **State Plane**

The Governor recommends onetime funding for the acquisition of two aircraft. Existing state aircraft, which would be replaced under this recommendation, are aging and facing substantial maintenance costs. The Trunk Highway portion of this request represents the percentage of time the state planes are used by Department of Transportation for Trunk Highway purposes.

General	Transfer Out	\$0	\$1,800	\$0	\$0
Trunk Highway	Transfer Out	\$0	\$7,200	\$0	\$0

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Transportation**

**Tribal Training Funding**

The Governor recommends funding for state agency costs of tribal training, currently absorbed by MnDOT. The training informs employees about consultation and coordination with tribal governments. The proposal will allow the training to continue without the sole cost being borne by MnDOT.

General	Expenditure	\$0	\$201	\$210	\$235
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**Total For: Transportation**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$6,451</b>	<b>\$210</b>	<b>\$235</b>
<b>General</b>	<b>Transfer Out</b>	<b>\$0</b>	<b>\$1,800</b>	<b>\$0</b>	<b>\$0</b>
<b>Trunk Highway</b>	<b>Transfer Out</b>	<b>\$0</b>	<b>\$7,571</b>	<b>\$1,791</b>	<b>\$3,097</b>

**University Of Minnesota**

**Resident Undergraduate Tuition Relief**

The Governor recommends \$10 million in one-time funding to offset resident undergraduate tuition increases at the University of Minnesota for the 2019-2020 academic year.

General	Expenditure	\$0	\$10,000	\$0	\$0
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**Clean Water Return-on-Investment Research Program**

The Governor recommends establishing a research program to assess the public value of clean water, evaluate the benefits and effectiveness of the clean water fund, and improve the efficiency of future clean water investments.

Clean Water Fund	Expenditure	\$0	\$343	\$0	\$0
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**Total For: University Of Minnesota**

<b>General</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$0</b>	<b>\$0</b>
<b>Clean Water Fund</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$343</b>	<b>\$0</b>	<b>\$0</b>

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Water and Soil Resources, Board of**

**Conservation Reserve Enhancement Program**

The Governor recommends enrolling additional environmentally sensitive agricultural land into perpetual conservation easements through the Conservation Reserve Enhancement Program. This land will remain in private ownership and be permanently restored and enhanced to protect drinking water, lakes, rivers, and streams. These easements will support implementation of buffers, safeguard wetland habitat, and protect areas where municipal waters recharge.

Clean Water Fund	Expenditure	\$0	\$15,000	\$0	\$0
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**Drinking Water Protection Grants**

The Governor recommends increasing grants to local governments to improve and protect drinking water sources. These funds will be used to safeguard areas where municipal water supplies recharge and prevent pollution from feedlots and subsurface sewer water.

Clean Water Fund	Expenditure	\$0	\$5,000	\$0	\$0
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**One Watershed, One Plan Grants**

The Governor recommends providing grants to local governments to support community plans that protect and improve watersheds. These plans provide strategic approaches to improve regional water quality, and may include developing water and sediment control basins, grade stabilization structures, grassed waterways, and side water inlets.

Clean Water Fund	Expenditure	\$0	\$4,422	\$0	\$0
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**Operating Adjustment**

The Governor recommends a supplemental appropriation for the Board of Water and Soil Resources to fund GO bond-ineligible costs related to its Reinvest in Minnesota and local roads bonding projects, rent increases at its Saint Paul building, and retirement payouts.

General	Expenditure	\$133	\$294	\$51	\$51
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**Total For: Water and Soil Resources, Board of**

<b>General</b>	<b>Expenditure</b>	<b>\$133</b>	<b>\$294</b>	<b>\$51</b>	<b>\$51</b>
<b>Clean Water Fund</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$24,422</b>	<b>\$0</b>	<b>\$0</b>

**Governor's FY 2018 - 19 Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**2018                      2019                      2020                      2021**

**Workers Compensation Court of Appeals**

**Workers' Compensation Court of Appeals Judges Salary Increase**

The Governor recommends increasing the salary of the five judges of the Workers' Compensation Court of Appeals (WCCA), which reviews workers' compensation cases decided by compensation judges at the Office of Administrative Hearings and certain cases decided by the Workers' Compensation Division at the Department of Labor and Industry. Decisions of the WCCA are appealable directly to the Minnesota Supreme Court. This proposal ensures that the pay scale for WCCA judges is higher than that of their lower court, and lower than that of their higher court.

Workers Compensation	Expenditure	\$0	\$49	\$49	\$49
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**Total For: Workers Compensation Court of Appeals**

<b>Workers Compensation</b>	<b>Expenditure</b>	<b>\$0</b>	<b>\$49</b>	<b>\$49</b>	<b>\$49</b>
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